



Sharia Financial Literacy Influences Students' Decisions in Using Sharia Banking Services

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ARTICLE INFORMATION	ABSTRACT
HISTORI ARTIKEL Received: (12-04-2024) Revised: (26-04-2024) Accepted: (10-05-2024)	This research aims to explore the impact of sharia financial literacy on students' decisions in using sharia banking services. The research method used is field research with an associative descriptive quantitative approach. The analysis technique applied is simple linear regression. Data was collected through the use of questionnaires with a sample size of 85 people. The research results show that sharia financial literacy has a positive and significant influence on students' decisions in choosing sharia banking services in Batusangkar. The contribution of sharia financial literacy to student decisions reached 58.9%. Other factors that might influence students' decisions were not examined in this study.
Keywords Keywords 1; Islamic Banking Services Keywords 2; Batusangkar Keywords 3; Islamic Financial Literacy	

1. Introduction

According to the Financial Services Authority (OJK), financial literacy refers to a series of procedures or activities that aim to increase an individual's financial understanding, confidence and skills (OJK, 2019). This concept of financial literacy was expanded to include the principles of Islamic law, forming what is referred to as Islamic financial literacy. Islamic financial literacy covers various aspects, including money and wealth management (such as retirement accounts and emergency funds), financial planning, investment, and insurance. Bantuan sosial seperti Wakaf, Infaq, dan Sadaqah, serta kewajiban seperti zakat dan warisan, menjadi fokus utama dalam pembahasan (Djuwita, 2018).

Financial literacy refers to an understanding of the concept of money in an Islamic context, as well as knowledge of contracts in financial institutions and Islamic financial products. In Islamic economics, sharia principles are daily guidelines. Low levels of sharia financial literacy can result in limited access to sharia financial institutions, which in turn can hinder economic growth. On the other hand, a high level of sharia financial literacy in society can encourage the development of sharia-based financing, enabling individuals to save and invest through sharia financial institutions. This situation has the potential to increase overall economic growth. Islamic financial literacy develops when individuals actively use available financial institutions and services (Djuwita, 2018).

The results of a study on financial literacy and inclusion conducted by the Financial Services Authority (OJK) in 2019 revealed that 38.03% of Indonesian people had an adequate understanding of finance, while only 8.93% of those who were Muslim. Sharia financial literacy scores per sector are still relatively low, indicating that only 9 out of 100 people in

Indonesia have knowledge and utilize sharia financial products and services. OJK continued by conducting a survey in the same year in all Indonesian provinces, involving 12,773 respondents from 67 cities/provinces, selected taking into account gender ratios and urban-rural ratios (OJK, 2019).

Table 1.
Comparison of the Literacy Index and Inclusion Index in Sharia Sectoral Financial Services in Indonesia in 2016 and 2019

Produk dan Jasa Keuangan Syariah	Indeks Literasi Syariah		Indeks Inklusi Syariah	
	2016	2019	2016	2019
Perbankan Syariah	6,63%	7,92%	9,61%	10,9%
Asuransi Syariah	2,51%	3,99%	1,92%	3,4%
Pegadaian Syariah	1,63%	1,63%	0,71%	0,71%
Pembiayaan Syariah	0,19%	0,19%	0,24%	0,24%
Pasar Modal Syariah	0,02%	0,02%	0,01%	0,01%
Dana Pensiun Syariah	0,00%	0,00%	0,00%	0,00%

Sumber: OJK, Survei Nasional Literasi dan Inklusi Keuangan 2019

According to the data in Table 1, it can be seen that sharia financial literacy has increased over the last three years, although it is still at a low level. This is due to the fact that sharia financial literacy is still far behind compared to the national financial literacy index, which is below 30%. According to the Financial Services Authority (OJK), in 2020, participation in sharia finance only reached 9.1%, far below the national participation rate of 76.10%. The low level of sharia financial literacy can have an impact on patterns of use and consumption of financial services, resulting in the financial market share, especially sharia banking, being lower compared to conventional banking. Although financial literacy has experienced rapid growth in recent years, challenges such as low savings rates, high levels of bankruptcy and debt, as well as greater personal responsibility for financial decisions, are still inhibiting factors (OJK, 2019).

Initiatives to increase sharia financial literacy are an important effort to educate the public about the principles of Islamic finance. The targets of this economic education program include various groups, such as housewives, Micro, Small and Medium Enterprises (MSMEs), freelance employees, retirees and students. For example, a student who does not have an adequate understanding of financial management based on sharia principles, may lack strong financial literacy. This lack of understanding can occur both in the context of formal education provided by formal educational institutions such as schools and universities, and in the context of informal education obtained from the family environment. Therefore, increasing awareness of the importance of financial management must be accompanied by the development of better financial management skills, which can be possessed by every individual.

A person's financial knowledge, skills, and beliefs have a significant impact on that individual's financial attitudes and behavior. Increased knowledge can encourage active participation in financial activities and produce wiser financial behavior. According to the Organization for Economic Co-operation and Development (OECD), individuals who lack

financial literacy are vulnerable to the risk of fraud and may not be able to choose appropriate savings and investment products (OJK, 2017).

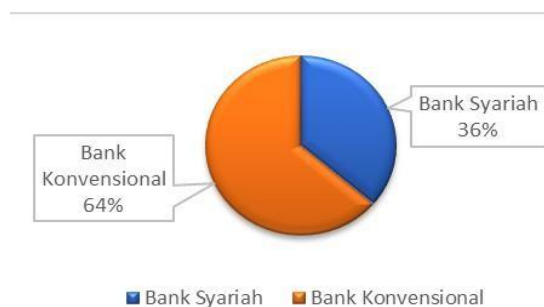
Students from the Faculty of Islamic Economics and Business (FEBI) at IAIN Batusangkar are involved in the dynamics of financial literacy learning as part of their curriculum. They have taken various courses related to sharia financial literacy, such as Fiqh Muamalah, Introduction to Islamic Economics, Introduction to Sharia Banking, Management of Sharia Financial Institutions, Banking Fund Management, Banking Law, Banking Risk Management, and Human Resources Management and Banking Operations.

Table 2.
Number of Sharia Banking Students FEBI IAIN Batusangkar

No	Semester	Jumlah (orang)
1	Semester 2	136
2	Semester 4	145
3	Semester 6	137
4	Semester 8	134
Total		552

Sumber: Data diolah (2023)

Based on the data listed in Table 2, it can be seen that as many as 359 students are involved in the field of sharia banking within the Faculty of Islamic Economics and Business (FEBI) IAIN Batusangkar. FEBI IAIN Batusangkar also provides Mini Sharia Bank services which provide sharia financial education to FEBI students as well as general financial education to students from other majors. However, only 200 students, or around 36%, have sharia bank accounts. From observations of 552 students majoring in sharia banking carried out by researchers, it was revealed that 352 other students, or around 64%, used conventional bank services.



Gambar 1 Diagram Hasil Observasi

Within the IAIN Batusangkar Faculty of Islamic Economics and Business (FEBI) campus, various activities related to Islamic financial literacy are held regularly. These activities include teaching and learning carried out by professors and students, holding seminars or webinars, industrial visits, and research carried out by faculty.

2. Literature Review and Hypothesis Development

According to Regulation No 76/POJK/07/2016, financial literacy is defined as "knowledge, skills and beliefs that influence attitudes and behavior in an effort to improve the

quality of decision making and financial management to achieve a better level of prosperity" (OJK, 2018).

According to the Indonesian National Financial Literacy Strategy guide issued by the OJK in 2016, sharia financial literacy refers to "a group of actions or activities that aim to improve an individual's skills, knowledge, beliefs, attitudes and behavior in making financial decisions." The goal of financial literacy is to increase the number of individuals who have a good understanding of financial products and services. Various factors, such as economic growth, per capita income, income distribution, poverty level, education level, productive age, and use of information technology, are factors that encourage the achievement of this goal.

According to Siagian (2008), decision making is basically a structured process in dealing with the problems faced. This structured approach involves understanding the nature of the problem, gathering facts and data to analyze the situation, finding alternative solutions, evaluating the most rational solution proposals, and assessing the results obtained as a consequence of the choices made. When deciding which product to buy, some consumers adopt a similar mindset in decision making. Although consumer preferences may vary, this is caused by variations in individual characteristics as well as the influence of the social environment. Identification of problems and information needs, evaluation of product alternatives, as well as use and post-use evaluation, are important indicators in the implementation of sharia financial institutions (Cahyati, 2018).

3. Research Methods

The research method used is associative descriptive quantitative. The population that is the focus of this research is 552 active students majoring in Sharia Banking in 2021. The sampling technique was carried out through probability sampling, taking into account that students have studied the basics of sharia banking and economics for at least two semesters. Using the Slovin method to calculate the sample size, researchers selected 85 respondents. Before distributing the questionnaire to respondents, a data validity and reliability test was carried out. Next, data analysis was carried out using simple linear regression to evaluate the influence of sharia financial literacy on product usage decisions in sharia banking.

4. Results and Discussion

The validity test was carried out to evaluate the usefulness of the questionnaire by comparing the r-calculated value with the r-table. Statements or questions that are considered valid have a calculated r-value that is greater than the r-table. The validity test results are:

Table 3.
Sharia Financial Literacy Validity Test Results (X)

Literasi Keuangan Syariah	r Hitung	r Table	Ket
X1	0,602	0,2199	Valid
X2	0,640		Valid
X3	0,333		Valid
X4	0,686		Valid
X5	0,678		Valid
X6	0,692		Valid
X7	0,617		Valid
X8	0,594		Valid
X9	0,531		Valid
X10	0,661		Valid

Sumber Data Diolah (SPSS) 2023

From the data listed in Table 3, each statement for the instrument variable (X) shows a

value that is declared valid. This validity can be confirmed by comparing the calculated r-value (Pearson correlation) with the values listed in the r-table. The results show that "r count > r table", so it can be concluded that these results can be considered valid.

Table 4.
Sharia Financial Literacy Validity Test Results (X)

Keputusan Mahasiswa Menggunakan Jasa Perbankan Syariah	r Hitung	r Table	Ket
Y1	0,734	0,2199	Valid
Y2	0,707		Valid
Y3	0,589		Valid
Y4	0,651		Valid
Y5	0,762		Valid

Source: Processed (SPSS) 2023

Based on the results from all of Table 4, the average decision variable (Y) for each question item or student who uses sharia banking services shows that the values resulting from questions 1 to 5 are valid. This is proven because the total r-calculated value exceeds the r-table value, with a value of 0.2199 or 0.220.

Table 5.
Reliability Test Results

Variabel	Minimal Cronbach Alpha	Cronbach Alpha	Ket
Literasi Keuangan Syariah	0,70	0,787	Reliabel
Keputusan Mahasiswa Menggunakan Jasa Perbankan Syariah		0,711	Reliabel

Source: Processed (SPSS) 2023

Based on the data listed in Table 5, the Cronbach's alpha value for the variable "Sharia financial literacy" (X) is 0.787, while for the variable "Students' decision to use sharia banking services" (Y) is 0.711. This shows that these two variables have a Cronbach's alpha value greater than 0.70. Thus, it can be concluded that the statements used as indicators for both variables X and Y are reliable measuring tools.

Normality test

The normality test was carried out using the "One Sample Kolmogorov-Smirnov" statistical method. Here are the results:

Table 6.
Normality test

One-Sample Kolmogorov-Smirnov Test			Unstandardized Residual
N			85
Normal Parameters ^{a,b}	Mean		.0000000
	Std. Deviation		1.86260900
Most Extreme Differences	Absolute		.068
	Positive		.067
	Negative		-.068
Test Statistic			.068
Asymp. Sig. (2-tailed)			.200 ^{cd}

Source: Processed (SPSS) 2023

Based on the data listed in Table 6, the Asymptotic Significance (2-tailed) significance value is 0.200, which is greater than the alpha value that is generally used (0.05). This shows that the data has a normal distribution.

Simple Linear Regression

Table 7.
Simple Linear Regression

Coefficients ^a					
Model	B	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
		Std. Error	Beta		
1 (Constant)	2.617	1.583		1.653	.102
Literasi Keuangan Syariah	.437	.040	.768	10.916	.000

Source: Processed (SPSS) 2023

The interpretation of the regression model equation is as follows: When the independent variable (Sharia Financial Literacy) is zero, then the student's choice to adopt Islamic banking has a value of 2,617 units. The Sharia Financial Literacy regression coefficient is 0.437. This means that every 1 unit increase in sharia financial literacy will cause an increase in students' decisions to use sharia banking services by 0.437 units.

Test t

Based on the data contained in Table 8, the Sig. of 0.000, which is less than the commonly used alpha value (0.05). This shows that there is a significant influence of the Sharia Financial Literacy variable on the Student Decision variable in Using Sharia Banking Services.

Table 7.
Test t

Coefficients ^a					
		Unstandar dized Coefficients	Stan dard ized Coef ficients	t	Sig.
Model	B	Std. Error	Beta		
1 (Constant)	2.61 7	1.58 3		1.65 3	.102
Literasi Keuangan Syariah	.437	.040	.768	10.9 16	.000

The interpretation of the regression model equation is as follows: When the independent variable (Sharia Financial Literacy) is zero, then the student's choice to adopt Islamic banking has a value of 2,617 units. The Sharia Financial Literacy regression coefficient is 0.437. This means that every 1 unit increase in sharia financial literacy will cause an increase in students' decisions to use sharia banking services by 0.437 units.

The results of the t test analysis (partial) show that understanding sharia finance has a positive and significant impact on students' tendency to choose sharia banking majors at IAIN Batusangkar and adopt sharia banking services. It can be observed from the calculated t value of 10.916, which exceeds the t table value at the significance level of $0.000 < 0.05$. This shows that the deeper students' understanding of sharia financial concepts, the stronger their tendency to support sharia banking.

More specifically, a deeper understanding of Islamic finance includes an understanding of Islamic banking products and types of services, as well as an awareness of the principles governing Islamic banks that avoid usury. Therefore, it can be concluded that through sharia financial literacy lectures and webinars, students have succeeded in internalizing the basic concepts of sharia finance. As a result, this increased understanding contributes positively to students' decisions to utilize sharia banking services.

The results of the research mentioned, namely "The Influence of Knowledge Level, Service Quality, and Sharia Financial Literacy Level on Decision Making in Muslim Communities Using Sharia Banking Products in the Special Region of Yogyakarta" by Rahmawati Deylla Handida and Maimun Sholeh, show that factors such as service quality and the level of sharia financial literacy has a positive impact on the decisions taken by Muslim communities in using sharia banking products in the Special Region of Yogyakarta. In the research mentioned, it was found that service quality and the level of sharia financial literacy had a positive impact on the Muslim community's decision to utilize sharia banking products in the Special Region of Yogyakarta (Sholeh, 2018).

Nilai R-Squared sebesar 0,589 menunjukkan bahwa variabel "literasi keuangan Syariah" memiliki kontribusi signifikan terhadap pilihan mahasiswa terkait penggunaan layanan perbankan syariah. Dengan kata lain, terdapat korelasi sebesar 58,9% antara pengetahuan tentang keuangan syariah dengan keinginan untuk memanfaatkan layanan perbankan syariah. Sementara itu, 41% sisanya dipengaruhi oleh faktor-faktor lain seperti agama, kualitas layanan, dan lain sebagainya.

The R-Squared value of 0.589 indicates that the variable "Sharia financial literacy" makes a significant contribution to students' decisions regarding the use of Islamic banking services. In other words, there is a correlation of 58.9% between understanding sharia finance and the desire to use sharia banking services. Meanwhile, the remaining 41% is

influenced by other factors such as religion, service quality, and other things.

5. Conclusion

Based on the findings of the partial statistical tests described previously, it is proven that Islamic financial literacy has a positive and significant influence on students' decisions in utilizing Islamic banking services. This shows that the better a student's sharia financial knowledge, the more likely he is to use sharia banking services. Awareness of the importance of Islamic financial education is not only relevant for financial institutions, but also for the general public.

When looking at financial institutions and society in general, Islamic financial education has significant benefits for the development of Islamic financial services. These findings confirm that students' decisions in using sharia banking services are influenced by 58.9% by their knowledge of sharia finance. Meanwhile, the remaining 41.1% is influenced by factors such as confidence, service quality and other variables that have not been studied in depth.

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