

## **Non-Muslim Determinants Using Islamic Financial Institutions**

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### **Abstrak**

Lembaga keuangan syariah memiliki market share yang cukup besar, terdiri dari masyarakat Muslim maupun non Muslim. Berdasarkan data yang ada, jumlah non Muslim di Padangsidempuan mencapai 8,27% dari total jumlah penduduk. Namun yang telah menjadi nasabah lembaga keuangan syariah belum mencapai 10% dari jumlah yang ada. Tujuan penelitian menganalisis pengaruh lokasi, pelayanan, fasilitas, keuntungan, religiusitas, produk, dan promosi terhadap perilaku nasabah. Penelitian ini merupakan jenis penelitian kuantitatif, dengan menggunakan analisis regresi linier berganda. Sampel penelitian berjumlah 57 orang nasabah non Muslim. Teknik sampling yang digunakan adalah *accidental sampling*. Hasil penelitian menyimpulkan bahwa secara parsial lokasi, fasilitas, stimulan religi, dan produk tidak memiliki pengaruh yang signifikan terhadap keputusan non Muslim memilih lembaga keuangan syariah di Padangsidempuan. Sementara itu, secara parsial pelayanan, keuntungan, dan promosi memiliki pengaruh yang signifikan terhadap keputusan non Muslim memilih lembaga keuangan syariah di Padangsidempuan. Namun secara simultan, semua variabel bebas memiliki pengaruh signifikan terhadap variabel terikat.

**Kata Kunci: Non Muslim, Lembaga, Keuangan Syariah**

### **Abstract**

Islamic financial institutions have a large market share, consisting of Muslim and non-Muslim communities. Based on existing data, the number of non-Muslims in Padangsidempuan reaches 8.27% of the total population. However, those who have become customers of Islamic financial institutions have not yet reached 10% of the existing amount. The research objective is to analyze the effect of location, service, facilities, benefits, religiosity, product and promotion on customer behavior. This research is a type of quantitative research. The research sample is 57 non-Muslim. The sampling technique used is accidental sampling. The results, that partially location, facilities, religious stimulants, and products did not have a significant effect on the decision of non-Muslims to choose an Islamic financial institution. Meanwhile, partially, services, benefits, and promotions have a significant influence on the decision of non-Muslims to choose Islamic financial institutions. But simultaneously, all independent variables have a significant influence on the dependent variable.

**Keywords: Non Muslim, Institution, Sharia Finance**

### **Introduction**

The development of Islamic financial institutions has contributed quite well to many parties, including the public, investors and financial institutions. Islamic financial institutions are expected to be an alternative to the conventional financial

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system in driving the real sector. Therefore, Islamic financial institutions require special arrangements. These rules must be able to accommodate the various interests of consumers, regardless of religion because Islamic financial institutions are universal. As befits a product, Islamic financial institutions are not only eyed by the Muslim community, but also non-Muslims have started using the services of these financial institutions. Moreover, there is a ban on bank interest for most other religions outside of Islam.

There are many things that influence non-Muslims to decide to choose various products provided by Islamic financial institutions. For financial institutions, this is certainly a big opportunity to increase market share. This is because from an operational perspective Islamic financial institutions have similarities with conventional financial institutions. However, in terms of principle clearly different. Islamic financial institutions are also sharia-based business institutions. Therefore, like conventional financial institutions, Islamic financial institutions compete freely in getting customers. The condition of fairly tight business competition encourages each institution to apply the best strategies in order to attract new customers and retain old customers.

Islamic banking, shows a good increase every year. However, it still has a low market share. According to the Islamic Financial Services Board (IFSB) in the Islamic Financial Services Industry (IFSI) Stability Report 2014, Indonesia's market share is only 4.9%. This figure is clearly lagging behind when compared to other Muslim-majority countries. For example Bangladesh (16.8%), Pakistan (9%), and Turkey (5.3%). Thus, non-Muslim customers also have great opportunities that have the potential to become customers. The biggest competitor for Islamic financial institutions is conventional financial institutions. Therefore, Islamic financial institutions must be able to offer various advantages compared to conventional financial institutions. Among the advantages referred to are; strategic location, satisfactory service, availability of complete facilities, high profit levels, diverse and attractive products, good and attractive promotions.

Padangsidempuan is one of the cities in the province of North Sumatra which has a Muslim majority population with various developing ethnicities and races. According to the census conducted by the Central Statistics Agency (BPS), in 2016 the Muslim community of Padangsidempuan numbered 172,290 people, Christians 17,123 people, Catholics 878 people, Buddhists 670 people, and Confucianism 512

people. Thus, the non-Muslim population of 8.58% has the potential to become a market share for Islamic financial institutions in the city of Padangsidempuan

## **Literature Review**

Consumer behavior is "activities of individuals who are directly involved in obtaining and using goods and services, including the process of making decisions, preparing, and determining" these activities. Consumer behavior according to the theory of "veblen effects" namely attractive consumption by consumers is influenced by elements of sociology and psychology, where this will affect the demand function. These elements become factors that the utility of a unit of commodity used does not only depend on the level of utility of the item, but also the price paid for the unit of the item. (Swastha & Handoko, 2000)

Consumer behavior cannot be directly controlled by the company. Therefore, various information is needed because consumer behavior is a direct action in obtaining, consuming and spending a product and service, including the decision processes that precede and follow these actions. In this case consumer behavior is divided into two types, namely: first; Tangible behavior, such as; the number of purchases (in this case the customer), time, because of whom, with whom and how consumers make purchases. Second: Behavior that is intangible, such as; perception, memory of information and feelings of ownership.

There are many factors that influence customer behavior in choosing a product (including banking products). These factors include: cultural, social, personal, and psychological. Some of the factors that influence customer behavior used in this study are as follows:

1. Factors of belief or religiosity; Religion is a bond that must be held and obeyed which has a major influence on human life. The term religion in this study is called religiosity, which is an attitude seen in a person's behavior that is internalized by religious values or teachings. Religiosity in an Islamic perspective means carrying out Islamic religious teachings as a whole (kaffah), including customer behavior in choosing a bank as a place of transaction
2. Profit Sharing; factors that influence customers in transactions at Islamic banks are the profit sharing system used. The concept of Islamic economics offers a system of profit sharing (profit and loss sharing) as an alternative to

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the interest system run by conventional banks. Profit sharing according to Ktut Silvana is a partnership between two or more parties in a business activity or project where each party is entitled to all profits and is responsible for any losses that occur. (Silvana, 2009)

3. Service; Service is the main requirement for the survival of a bank, including Islamic banks. The services and convenience provided to customers will determine the growth rate of a bank. According to Malay S.P. Hasibuan, good service is service that is carried out in a friendly, fair, fast, precise manner, with good ethics so that it meets the needs and satisfaction of those who receive it. (Hasibuan, 2009)
4. Facilities; facilities are physical resources that exist before a service can be offered to consumers. Facilities can also be anything that can facilitate consumers in obtaining satisfaction. (Tjiptono & Fandy, 2011)
5. Product; product quality is the understanding that the product offered has a higher selling value than competing products. Therefore, companies try to focus on product quality and compare it with products offered by competitors. Product quality has several dimensions, namely; performance, reliability, features, durability, conformance, serviceability, and aesthetics.

In addition to the several theoretical studies above, this research is also supported by previous research, namely:

1. That the loyalty of non-Muslim Islamic banking customers in Malaysia is influenced by convenience, product prices, reliability and responsiveness, operational and security risks and services as added value. Meanwhile, accessibility does not significantly affect customer loyalty. (Mohd Thas Thaker et al., 2020)
2. For the Muslim community attitudes, subjective norms, sharia compliance, knowledge and religiosity very significantly affect the intention to transact in sharia banking. Meanwhile for non-Muslims, only attitudes and subjective norms have a positive and significant effect. (Johan et al., 2020)
3. Subjective norms are the most significant factor influencing the choice of Islamic banking accompanied by perceived behavioral and attitudinal controls. Therefore, it is important for Islamic banking to take pre-emptive steps that can protect and enhance these factors in an effort to promote Islamic banking in Nigeria, especially in the face of growing skepticism. (Saiti et al., 2019)

4. Muslims are more knowledgeable about Islamic banking than non-Muslims, even though they both have low awareness about Islamic banking. There are inconsistencies in the attitudes of Muslims and non-Muslims towards Islamic banking. Non-Muslims are more likely to be affected by profitability. (Lujja et al., 2018)

## **Methods**

This research is a type of quantitative research. The type of data used is primary data. The data source comes from non-Muslim customers of Islamic financial institutions in Padangsidempuan. The data collection instrument was carried out through observation of Islamic financial institutions, direct interviews with Islamic financial institutions, as well as distributing questionnaires to a number of non-Muslim customers of Islamic financial institutions.

The research sample was 57 people

## **Result and Discussion**

Some of the findings from the research that has been obtained are: First, there are non-Muslim customers at each of the financial institutions in question. However, every financial institution cannot confirm the exact number of non-Muslims who are their customers. This is because there is no application system that can detect customer lists based on their religion. This causes the research population to be unknown. Second, there are non-Muslim customers who are customers of third parties, services and financing. As for pawnshops, there are those who become customers who pawn their assets. Third, the intended non-Muslim customers are adherents of various religions, including Protestants, Catholics, and Konguchu.

Data in this study were analyzed using the help of the Statistical Program Service Solution (SPSS) Version 26 software. The results of the analysis for the partial test are as follows:

**Table 1.1**  
**Partial Hypothesis Test Results (t test)**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	17,267	6,553		2,635	,011
Lokasi	,058	,102	,053	,564	,576
Pelayanan	,218	,089	,195	2,440	,018
Fasilitas	,056	,144	,025	,387	,701
Keuntungan	,519	,105	,476	4,958	,000
Stimulan					
Religi	-,070	,068	-,062	-1,035	,306
Produk	,076	,097	,072	,782	,438
Promosi	-,649	,193	-,310	-3,368	,001

The results of hypothesis testing based on the table, it can be concluded that:

- 1) Location variable ( $0.564 < 1.675905$ ). This means that there is no significant influence between the office location of the Islamic financial institution and the decision of non-Muslim customers to choose an Islamic financial institution in Padangsidempuan City.
- 2) Service variable ( $2.440 > 1.675905$ ). This means that there is a significant influence between the services provided by Islamic financial institutions on the decision of non-Muslim customers to choose Islamic financial institutions in Padangsidempuan City.
- 3) Facility variable, ( $0.387 < 1.675905$ ). This means that there is no significant influence between the availability of facilities from Islamic financial institutions and the decision of non-Muslim customers to choose Islamic financial institutions in Padangsidempuan City.
- 4) Profit variable ( $4.958 > 1.675905$ ). This means that there is a significant influence between the level of benefits provided by Islamic financial

institutions on the decisions of non-Muslim customers choosing Islamic financial institutions in Padangsidempuan City.

- 5) Religious stimulant variable, ( $1.035 < 1.675905$ ). This means that there is no significant influence between religious stimulants from non-Muslim customers on the decisions of non-Muslim customers choosing Islamic financial institutions in Padangsidempuan City.
- 6) Product variable, ( $0.782 < 1.675905$ ). This means that there is no significant influence between the variety of products provided by Islamic financial institutions on the decision of non-Muslim customers to choose Islamic financial institutions in Padangsidempuan City.
- 7) Promotion variable, ( $3.368 > 1.675905$ ). This means that there is a significant influence between the promotions carried out by Islamic financial institutions on the decisions of non-Muslim customers choosing Islamic financial institutions in Padangsidempuan City.

The simultaneous hypothesis test results (F test), it can be seen in the simultaneous hypothesis testing table, as follows.

**Tabel 2**  
**Simultaneous Hypothesis Test Results (Test F)**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	213,911	7	30,559	55,528	,000 <sup>b</sup>
Residual	26,966	49	,550		
Total	240,877	56			

Based on the table above, it is known that  $55.528 > 1.843094$ . This means that there is a significant influence between location, service, facilities, benefits, religious stimulants, products, and facilities on the decision of non-Muslims to choose Islamic financial institutions in the city of Padangsidempuan simultaneously.

According to the research assumptions, there are several reasons why location does not have a significant effect on the decision of non-Muslims to choose an Islamic financial institution in the city of Padangsidimpua. These

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reasons are: First, the locations of the six Islamic financial institutions in Padangsidempuan are in the city center, making access for each customer easier. Second, there are no Islamic financial institutions located outside the city center of Padangsidempuan, causing almost the same answers for all respondents regarding location. Third, to the best of the researcher's knowledge, over a long period of time, the location of this Islamic financial institution has never moved or changed. Fourth, all the locations of these financial institutions are relatively close together, therefore it is very likely that all respondents have relatively similar answers, thus considering that location is not significant as a determining factor in the decision to choose an Islamic financial institution.

As for service variables, non-Muslim customers of Islamic financial institutions in Padangsidempuan are rational customers and think modernly. Therefore, these customers expect to get good service. Thus, if a financial institution provides excellent service, it will be a priority choice for transactions. The facility variable is not an important factor for non-Muslim customers in choosing Islamic financial institutions because the facilities offered by Islamic financial institutions so far are almost the same or not much different from the facilities provided by conventional banks. One of the effects of the rational nature of customers (in this case non-Muslim customers) is profit orientation. Thus, the level of expected profit can influence the decision to choose an Islamic financial institution. Meanwhile, this religious stimulant had no effect (as was the result of research conducted by researchers in 2018). This is one of them as an effect of the rational behavior of customers.

In general, the products of financial institutions are equally good between Islamic banking and conventional banking. Likewise between non-bank Islamic financial institutions and non-bank conventional financial institutions. The existence of this uniformity is certainly in line with the functions of banks as stated in the banking law. What makes it different are the various facilities attached to it. Islamic financial institutions need to be more aggressive in their promotions, both through various types of media. Because through the promotion of the various advantages possessed will be known by the public. Without rational promotion, people cannot see the advantages that are offered

## Conclusion

Meanwhile, partially, services, benefits, and promotions have a significant influence on the decision of non-Muslims to choose Islamic financial institutions. But simultaneously, all independent variables have a significant influence on the dependent variable.

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