

Society of Sumatera and Java's Preference to Save in Islamic Banking

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ARTICLE INFO

Keywords: Islamic Banking, Preference, Location, Service Quality, Knowledge

Received : 3 January

Revised : 18 January

Accepted: 20 February

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ABSTRACT

The research aims to identify the factors influencing the preference of the community for saving in Islamic banks. The respondents of this study are residents of Java and Sumatera, totaling 53 respondents. In this research, the independent variables used are the location factor (X1), service quality factor (X2), and knowledge factor (X3), while the dependent variable used is preference (Y). This study adopts a quantitative method, specifically multiple linear regression analysis processed using the SPSS tool, aimed at analyzing the influence of independent variables on the dependent variable. The research findings indicate that the variables influencing the preference for saving in Islamic banks are the service quality factor with a positive significant level of 0.033 and the knowledge factor with a positive significant level of 0.017. Meanwhile, the location factor variable does not significantly influence the preference for saving in Islamic banks partially, with a probability value of the t-statistic of 0.62. Additionally, simultaneously, all variables are declared to have a significant effect with a significance level of 0.000, indicating that simultaneously the location factor, service quality factor, and knowledge factor significantly influence the preference for saving in Islamic banks

INTRODUCTION

The Islamic finance industry in Indonesia has become a significant force in the development of Islamic finance globally. In July 2023, the total assets in the national Islamic finance sector reached US\$163.17 billion or approximately Rp2,461.11 trillion. There was a 13.00% increase from the previous year during the same period. This achievement resulted in a market share of 10.89% for Islamic finance. In terms of sectors, banking remains the main driving force in the development of the Islamic finance industry. According to the Islamic Finance Development Report 2022, the assets of Islamic banks reached US\$2.756 billion in 2021, accounting for about 70% of the total assets in the Islamic finance industry during that period (OJK, 2023).



Figure 1. Roadmap for the Development and Strengthening
Source: Roadmap for the Development And Strengthening of Islamic Banking in Indonesia 2023-2027, OJK

Although the market share of Islamic banking is increasing, its competitiveness and resilience are still relatively low compared to the overall banking industry in Indonesia. In this country, there are 13 Islamic commercial banks (BUS) and 20 Islamic business units (UUS) actively operating, but most of them have assets below 40 trillion rupiahs, namely 11 BUS and 17 UUS. Only 2 BUS and 3 UUS have assets above 40 trillion rupiahs. Therefore, maximum support is needed from main banks and controlling shareholders (PSP) to enhance the development of Islamic subsidiary businesses to be more competitive and resilient on a national scale compared to other Islamic industries (OJK, 2023).

The increase in market share of Islamic banking can be achieved if more people choose to deposit their money in Islamic banks rather than conventional banks. However, currently, many people in Indonesia, especially in Java and Sumatra, still prefer conventional banks over Islamic banks. This occurs despite conventional banks using an interest-based system that contradicts Islamic principles, while Islamic banks offer advantages such as no administrative fees, no interest (riba), and other services in line with Islamic principles (Furnawati et al., 2022).

There are two islands in Indonesia with the largest population, namely Java Island and Sumatra. Based on data from the Central Statistics Agency (BPS), around 56.1% of Indonesia's population lives on Java Island, making it the island

with the largest population in Indonesia, while Sumatra Island ranks second with around 21.68% of the total population. Although Java Island is the economic center of Indonesia, many people there are still trapped in loan shark practices, as is the case in Sumatra Island. One of the contributing factors is the lack of financial literacy caused by low levels of education.

Islamic banks are present to assist the community universally in facilitating their financial transactions, including savings, credit, investment, and others. This is to ensure that no more people are trapped by loan sharks and fraudulent investments. Thus, people can conduct transactions by Sharia principles and without obstacles. In this regard, research must be conducted to understand how people ultimately decide or choose Islamic banks as a place to save. This can then be used as a reference to improve the quality and market share of Islamic banks.

LITERATURE REVIEW

Islamic Banking

Islamic banking is a financial institution that conducts its activities according to Sharia principles. In terms of purpose, principles, and practices, Islamic banks are aligned with the teachings of the Quran and Sunnah. Islamic scholars propose that the banking system in Islam should be based on the concepts of Mudharaba, Murabahah, and Profit-Sharing (Sangmi & Khaki, 2011). Islamic banking is one segment of the financial industry characterized by several features: prohibition of interest-based loans, transactions involving uncertainty, investment in the production of alcohol, processing, and sale of pork, gambling, etc. This is based on transactions involving goods or assets, rather than money itself (Mahomadrizoevna et al., 2022).

In Indonesia, regulations related to Islamic banks are governed by Law Number 21 of 2008 concerning Sharia Banking. Islamic banks are financial institutions that operate by Sharia principles. Based on their types, Islamic banks consist of Sharia Commercial Banks, Sharia Business Units, and Sharia People's Financing Banks (BPRS).

1. Sharia Commercial Bank (BUS) is a Sharia financial institution responsible for payment services. BUS can operate as either a foreign exchange or non-foreign exchange bank. A foreign exchange bank is a bank authorized to conduct transactions with foreign countries or involving foreign currencies comprehensively, such as international transfers, foreign collections, letters of credit opening, and similar activities.

2. Sharia Business Unit (UUS) is a part of conventional commercial banks that acts as a center or unit conducting business activities based on Sharia principles. UUS can operate as the headquarters of a unit or branch of a bank applying Sharia principles, or as part of a branch of a bank overseas that typically operates conventionally but functions as a center for Sharia branches or units. UUS operates under the umbrella of the board of directors of conventional commercial banks and can perform functions as either a foreign exchange or non-foreign exchange bank.

3. Sharia People's Financing Bank (BPRS) is an Islamic bank that is not involved in payment services. BPRS has a legal structure as a limited liability company. Ownership rights of BPRS are restricted only to Indonesian citizens (WNI) and/or Indonesian legal entities, local governments, or partnerships between Indonesian citizens or legal entities with local governments (Soemitra, 2016).

Islamic Banking Institution

In Indonesia, the banking system that adopts Sharia principles, as in other Islamic countries, is known as the Islamic financial system. Economic development is conducted by adhering to the Sharia provisions found in the Quran. This system encompasses all economic and banking activities that comply with Islamic law. Islamic banks generate income through profit-sharing, where borrowers are required to share their profits with the bank, unlike the interest-based (*riba*) system used by conventional banks that have been operating in Indonesia for many years (Ratnasari, 2020).

Islamic banks are not only limited to being interest-free financial institutions but also focus on achieving prosperity. There are several basic characteristics inherent in Islamic banks:

1. Elimination of interest (*riba*).
2. Serving the community and achieving socio-economic goals in Islam.
3. A universal Islamic banking model that combines aspects of conventional banking and investment.
4. More careful evaluation of capital-oriented financing applications because Islamic banks apply profit-sharing principles in consortia, venture capital, and industrial sectors.
5. Profit-sharing strengthens the relationship between Islamic banks and businesses.
6. A framework for addressing banking liquidity constraints through the use of interbank money market instruments among Islamic banks and central bank instruments that comply with Sharia principles.

As a result, the structure and supervision system of Islamic banks differ from conventional banks. Supervision of Islamic banks includes two main aspects: first, oversight of financial aspects, compliance with general banking regulations, and the application of banking prudential principles; second, oversight of the application of Sharia principles in bank operations (Wirduyaningsih, 2005). Structurally, the management of Islamic banks consists of a Board of Commissioners and Directors, with a requirement to have a Sharia Supervisory Board responsible for overseeing the activities of the Islamic bank (Soemitra, 2016).

Savings

Savings is a form of deposit based on a *wadi'ah* agreement, investment of funds based on a *mudharabah* contract, or other agreements by Sharia principles. Withdrawals from savings can only be made according to the agreed terms and conditions, and cannot be done through checks, promissory notes, or equivalent instruments.

The Sharia principles related to savings are explained in the Fatwa of the National Sharia Council Number 02/DSN-MUI/IV/2000 regarding Savings. There are two types of savings: those that do not comply with Sharia principles, namely savings with an interest-based system, and those that comply with Sharia principles, namely savings based on the principles of wadi'ah and mudharabah. Features and mechanisms of savings based on wadi'ah:

1. The bank acts as the recipient of entrusted funds, while the customer acts as the depositor.
2. The bank is not allowed to promise rewards or bonuses to customers.
3. The bank may charge administrative fees to customers, such as transaction report printing fees, stamp duty fees, and account opening and closing fees, directly related to account management.
4. The bank guarantees the return and security of funds deposited by customers.

Features and mechanisms of savings based on mudharabah:

1. The bank acts as the fund manager (mudharib), while the customer acts as the owner of the funds (shahibul mal).
2. Profit sharing is agreed upon in the form of a pre-agreed ratio (nisbah).
3. Withdrawals by customers can only be made at agreed-upon times.
4. The bank may charge administrative fees to customers, such as transaction report printing fees, stamp duty fees, and account opening and closing fees, directly related to account management.
5. The bank is not allowed to reduce the profit-sharing ratio of the customer without the customer's consent (Soemitra, 2016).

Consumer Preferences

Consumer preferences have become increasingly important today, as studies related to consumer preferences provide valuable insights for bank managers to market their products (Koklic and Vida, 2009). This research depicts consumer preferences as customers in saving at Islamic banks. Consumer preferences are crucial for understanding the level of consumer product acceptance towards product offerings and can be used as a benchmark to measure the competitiveness of Islamic banks. Products are expected to be relevant and meet specific customer needs to achieve prosperity. Thus, the development of new products should leverage the importance of consumer preferences. Consumer preferences may be one of the competitive advantages of Islamic banks that help reduce failures and increase the likelihood of demand, performance, and success of Islamic banks (Amin, et al., 2017).

In this study, consumer/customer preferences at Islamic banks are assessed through location factors, service quality factors, and knowledge factors. Location factors are considered through aspects of accessibility, visibility, traffic, parking facilities, and surrounding environmental conditions. Meanwhile, for service quality factors, evaluation is conducted based on aspects of physical evidence, reliability, responsiveness, service assurance, and empathy toward customers. Lastly, knowledge factors are assessed through indicators of exposure to mass media, socioeconomic status, social interaction, and personal experience.

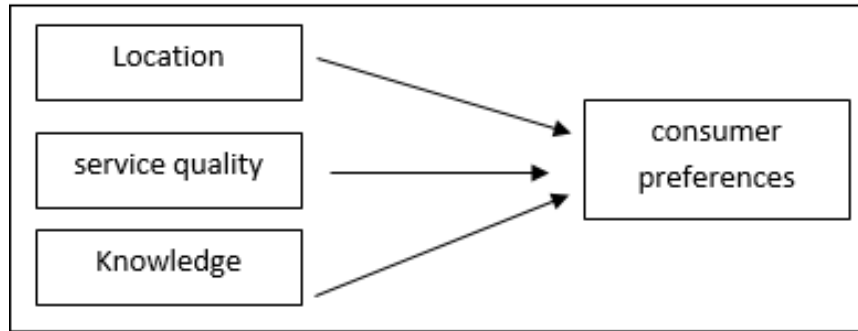
Previous Research

The study conducted by Ernawati, Hani'in et al., (2021) investigates the impact of education, social interaction, and level of knowledge on the interest of the community to save in Islamic banks, specifically in the village of Jatikuwung, Gondangrejo, Karanganyar. The variables used in this research are education, social interaction, and knowledge to measure the interest of the community in saving in Islamic banks. The results of the study indicate that collectively, education, social interaction, and knowledge significantly influence the interest of the community in saving in Islamic banks.

The study conducted by Haida (2022) aims to investigate the impact of product understanding and service quality on the interest of the community to save in Islamic Banks in Dumai City, Indonesia. This research focuses on Dumai City as the research location and uses variables of product understanding and service quality to assess the interest of the community in saving in Indonesian Islamic banks. The results of the study indicate that overall, product understanding and service quality collectively influence the interest of the community to save in Islamic Banks in Dumai City, Indonesia.

The study conducted by Muhlis et al., (2023), titled "Analysis of Product Knowledge and Bank Reputation Factors on Savings Preferences in Indonesian Sharia Banks (BSI)", aims to observe the influence of product knowledge and bank reputation on the preference for saving in Indonesian Sharia Banks (KC Pettarani). This research uses variables of product knowledge and bank reputation to evaluate their impact on the interest of the community to save in Sharia banks. The results of the study indicate that product knowledge has a positive and significant influence on the interest of the community to save in Indonesian Sharia Banks (KC Pettarani), indicating that the higher the community's knowledge of Islamic banking, the greater the likelihood of an increase in their interest to become customers. Additionally, the bank reputation variable also has a positive and significant influence on the interest of the community to save in Indonesian Sharia Banks (KC Pettarani).

The study conducted by Herawati (2020) on "The Influence of Promotion and Religiosity on the Interest of the Community to Save in Islamic Banks: A Case Study of the Community of Kalongsawah Village, Bogor" aims to evaluate the impact of promotion and religiosity on the interest of the community to save in Islamic banks. This research uses variables of promotion and religiosity to observe the interest of the community in saving in Islamic banks. The findings of the study indicate that promotion has a positive and significant partial influence on the interest of the community in Kp Kalong Sari, Kalongsawah Village, while religiosity also has a significant influence on the interest of the community in Kalong Sari, Kalongsawah Village.



Picture 1. Conceptual Framework

Research Hypothesis

This research has the following hypothesis formulation:

- B1** H0: $B1 = 0$ Location does not influence preferences
H0: $B2 \neq 0$ Location influences preferences
- B2** H0: $B1 = 0$ Service Quality does not influence preferences
H0: $B2 \neq 0$ Service Quality influences preferences
- B3** H0: $B1 = 0$ Knowledge not influence preferences
H0: $B2 \neq 0$ Knowledge influences preferences

METHODOLOGY

Data Collection Techniques

The data sources used in this research include primary data and secondary data. Primary data were collected through the completion of questionnaires distributed to respondents online using the Google Form platform. Meanwhile, secondary data were obtained from journals, books, and other relevant literature related to the topic of this research.

Object and Subject of Research

Object of Research : Provinces on the islan of Sumatera and Java

Subject : Residents who possess an ID card (KTP) from one of the provinces on the islands of Sumatra and Java.

Population and Sample Collection : The population in this study is the community holding ID cards (KTP) in one of the provinces on the islands of Sumatra and Java, totaling 214.11 million people based on data from the Population and Civil Registration Agency (Dukcapil) of the Ministry of Home Affairs of the Republic of Indonesia.

Sample

The sampling technique utilized in this study is Non-Probability Sampling, which is employed to examine populations with specific criteria or populations that are challenging to access. In this research, the chosen technique is purposive sampling, aiming to select samples based on specific objectives or purposes deemed important in the study (Indriantoro et al., 2002). The advantage of purposive sampling is that it enables researchers to select samples that align with the research objectives, thereby enhancing the validity of the study. Additionally, this technique facilitates data collection from hard-to-reach populations. The determined sample size for this study is 53 respondents. Based on the recommendation of Singarimbun et al., (1995), which suggests a minimum of 30

respondents for questionnaire trials, the researcher considered this theory in determining the sample size.

Data Analysis Method

This research utilizes the multiple linear regression analysis methods processed using the SPSS analysis tool. Multiple linear regression analysis is conducted to analyze the influence of independent variables on the dependent variable (Abhimantra, et al., 2013).

RESULTS

Validity Test

According to (Fielnanda and Wahyuningsih, 2021), validity tests are used to assess the validity of variables or the suitability of research using questionnaires to collect respondent data. Based on the data analysis results using SPSS, the coefficient of the correlation r is greater than the r -table. Therefore, the variables in the study are considered valid because their values are greater than 0.23, which is the r -table value for a sample of 53 respondents.

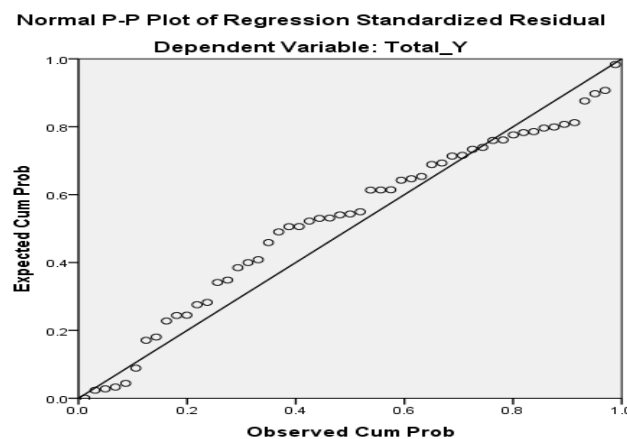
Reliability Test

According to (Fielnanda and Wahyuningsih, 2021), reliability tests are used to assess how consistent respondents' answers are to the questions in the questionnaire. According to Wiranta Sujerweni, a questionnaire is considered reliable if the Cronbach's alpha value exceeds 0.60. Based on the test results, all variables in this study exhibit satisfactory reliability, with a Cronbach's alpha value of 0.905. Therefore, it can be concluded that all variables in this study can be considered reliable because the Cronbach's alpha value exceeds the threshold of 0.60.

Classical Assumptions Test

Normality Test

The Normality test is needed to determine whether the data is normally distributed or not (Fielnanda & Wahyuningsih, 2021).



Source: Data Processed Using SPSS (2024)

Figure 1. Normality Test

Based on the Normal P-P Plot (Probability Plot) graph above, it can be concluded that the data follows a normal distribution. It can be observed that the spread of the data is centered around the diagonal line. Therefore, the data is

considered to have a normal distribution, allowing the regression model used to predict probability.

Multicollinearity Test

Table 1. Multicollinearity Test

		Coefficients ^a				Collinearity Statistics	
		Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Tolerance	VIF
Model		B	Beta				
1	(Constant)	.807		.175	.862		
	X1	.118	.066	.492	.625	.748	1.337
	X2	.433	.324	2.201	.033	.611	1.637
	X3	.670	.326	2.471	.017	.762	1.312

a. Dependent Variable: Y

Source: Data Processed Using SPSS (2024)

The multicollinearity test aims to show the presence of linear relationships among the independent variables in the regression model. The testing method involves comparing the tolerance values obtained from multiple regression calculations; if the tolerance value is < 0.1, multicollinearity occurs. The results of the multicollinearity test can be seen in the table above.

Based on the table above, here are the results of the testing for each independent variable:

Based on the SPSS output data on multicollinearity above, it can be stated that the location factor variable (X1) has a VIF value of 1.877, the service quality factor (X2) has a VIF value of 1.637, and the knowledge factor (X3) has a VIF value of 1.312, all of which have VIF values < 10, indicating avoidance of multicollinearity. Therefore, all three variables are free from multicollinearity. Thus, the assumption test of no multicollinearity can be considered fulfilled.

Multiple Linear Regression Analysis

Regression analysis is an analysis to explain the relationship between an independent variable and a dependent variable (Krisnawardhani et al., 2010). Therefore, multiple linear regression analysis is an analysis that examines the influence of more than one independent variable on the dependent variable. This analysis is used to predict or understand the condition of the dependent variable with independent variables that have more than one indicator (Putri, 2020).

The model used is the multiple linear regression equation, which can be formulated as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where :

Y : Public preference for choosing Islamic banks.

β_0 : Constant

$\beta_1, \beta_2, \beta_3, \beta_4$: The regression coefficients of each variable affecting preferences.

e : Error terms (Variables outside the model but do not affect the dependent variable)

The regression analysis technique is one of the methods used to determine the influence of two or more independent variables (X) on the dependent variable (Y). Named multiple because there is more than one independent variable, this multiple regression analysis is conducted by calculating the regression coefficients (b) of each independent variable. Regression analysis in this study is used to determine the influence of location factors, service quality factors, and knowledge factors on the preferences of Javanese and Sumatran communities in choosing Islamic banks. The independent variables used in this study are location factor (X1), service quality factor (X2), and knowledge factor (X3) on the preferences of Javanese and Sumatran communities in choosing Islamic banks. The results of data analysis with multiple regression can be seen in the following table:

Table 2. Multiple Linear Regression Analysis

Model		Coefficients ^a				Collinearity Statistics	
		Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Tolerance	VIF
1	(Constant)	.807			.175	.862	
	X1	.118	.240	.066	.492	.625	1.337
	X2	.433	.197	.324	2.201	.033	1.637
	Total_X3	.670	.271	.326	2.471	.017	1.312

a. Dependent Variable: Y

Source: Data processed using SPSS (2024)

Based on the regression analysis results in the table above, it is shown that the value of the constant generated is 0.807. The regression coefficient for the location factor variable (X1) is 0.118, the regression coefficient for the service quality factor variable (X2) is 0.433, and the regression coefficient for the education quality variable (X3) is 0.670. Therefore, the regression equation can be obtained as follows:

$$Y = 0.807 + 0.118X1 + 0.433X2 + 0.670X3 + e$$

$$\text{Preference} = 0.807 + 0.118\text{LocationFactor} + 0.433\text{ServiceQualityFactor} + 0.670\text{KnowledgeFactor} + e$$

The Simultaneous Testing Results with F Test

This test is intended to examine the simultaneous influence of the location factor variable (X1), service quality factor variable (X2), and knowledge factor variable (X3) on the preferences of people in Java and Sumatra to save in Islamic banks. This test is conducted by observing the significance probability value (p); if the probability value (p) < 0.05, then simultaneously the location factor (X1), service quality factor (X2), and knowledge factor (X3) significantly influence the preferences of people in Java and Sumatra to save in Islamic banks. Below are the test results using the F-test, as shown in the following table:

Table 3. The Simultaneous Testing Results with F Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	354.600	3	118.200	8.827	.000 ^b
	Residual	656.155	49	13.391		
	Total	1010.755	52			

a. Dependent Variable: Y

b. Predictors: (Constant), X3, X1, X2

Source: Data Processed Using SPSS (2024)

Based on the table above, the calculated F value is 8.827. The significance value ($0.000 < \alpha = 0.05$), indicates that the regression analysis model is significant. Therefore, it can be concluded that the dependent variable (Customer Preference) can be significantly influenced by the simultaneous independent variables of the location factor (X1), service quality factor (X2), and knowledge factor (X3) regarding the preferences of people in Java and Sumatra to save in Islamic banks.

Partial Testing with T-Test

This test is intended to examine the influence of each factor, consisting of the location factor (X1), service quality factor (X2), and knowledge factor (X3), on the preferences of people in Java and Sumatra to save in Islamic banks. This test is conducted using the t-test, which examines the significance probability value (p) testing the null hypothesis (H0). If the probability value (p) of each independent variable < 0.05 , then, partially, the regression coefficients of each variable, location factor (X1), service quality factor (X2), and knowledge factor (X3), influence the preferences of people in Java and Sumatra to save in Islamic banks. The results of the partial testing can be seen in the table below:

Table 4. Partial Testing with T-Test

		Coefficients ^a				Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients		Tolerance VIF	
Model		B	Std. Error	Beta	t	Sig.	
1	(Constant)	.807	4.617		.175	.862	
	X1	.118	.240	.066	.492	.625	.748 1.337
	X2	.433	.197	.324	2.201	.033	.611 1.637
	X3	.670	.271	.326	2.471	.017	.762 1.312

a. Dependent Variable: Y

Source: Data processed using SPSS (2024)

If the probability value is smaller than the significance level $\alpha = 0.05$, it means that the independent variable partially (individually) influences the dependent variable.

1. The significant t-value for the location factor is 0.625 with a probability value greater than the significance level $\alpha = 5\%$ ($0.625 > 0.05$), which means H_0 is accepted and H_1 is rejected. This indicates that partially, the location factor variable has a non-significant positive effect on customer preference.

2. The significant t-value for the service quality factor is 0.033 with a probability value smaller than the significance level $\alpha = 5\%$ ($0.033 < 0.05$), which means H_0 is rejected and H_1 is accepted. This indicates that partially, the service quality factor variable has a significant positive effect on customer preference.

3. The significant t-value for the knowledge factor is 0.017 with a probability value smaller than the significance level $\alpha = 5\%$ ($0.017 < 0.05$), which means H_0 is rejected and H_1 is accepted. This indicates that partially, the knowledge factor variable has a significant positive effect on customer preference.

Coefficient of Determination Test

According to Ajija (2011:34), the coefficient of determination, R-squared (adjusted R-squared), test. This coefficient of determination indicates the ability of the regression line to explain the variation in the dependent variable Y that can be explained by the independent variable X. The value of the R-squared (adjusted R-squared) coefficient ranges from 0 to 1, where closer to 1 indicates a better fit.

Table 5. Coefficient of Determination Test

Model Summary				
Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.801 ^a	.641	.619	2.01265

a. Predictors: (Constant), X3, X1, X2

DISCUSSION

This research aims to examine the factors influencing the preferences of people in Java and Sumatra in choosing Islamic banks, focusing on the variables of Location Factor (X1), Service Quality (X2), and Knowledge (X3). Additionally, it seeks to identify the most dominant factor influencing the preferences of people in Java and Sumatra when selecting Islamic banks. The impact of each independent variable on the dependent variable will be assessed individually, and then compared with both theoretical expectations and real-world observations during the research period, as reflected in the quantitative analysis conducted. The influence of each independent variable in this study, compared with theoretical expectations and real-world observations, is as follows:

1. The constant value of 0.807 indicates that when the independent variables are held constant, the average preference of the community is 0.807 percent. This value is influenced by other variables outside the model.

2. The coefficient value of the location factor is 0.118, and since this value is positive, it indicates that the location factor significantly influences the preferences of the community in Java and Sumatra to save in Islamic banks. If the

location factor increases by 1 unit, the preference of the community in Java and Sumatra to save in Islamic banks increases by 0.118 units. This suggests that the contribution of the location factor to the preferences of the community in Java and Sumatra to save in Islamic banks is quite significant. However, the t-test result for the location factor is 0.033 with a probability value greater than the significance level $\alpha = 5\%$ ($0.033 > 0.05$). This means that partially, the location factor does not have a significant positive effect on preferences. This is consistent with a study conducted by Ardiansyah (2020), which stated that the location of banks does not impact the decision to deposit funds in banks. This indicates that location is not a significant factor for the community because there are now many banking services that utilize continuously evolving technology such as e-banking (SMS banking, mobile banking, and internet banking). With the abundance of services that support the convenience and comfort of the community, the location factor is not a significant factor influencing preferences.

3. The coefficient value of the service quality factor is 0.433, and since this value is positive, it indicates that the service quality factor significantly influences the preferences of the community in Java and Sumatra to save in Islamic banks. If the service quality factor increases by 1 unit, the preference of the community in Java and Sumatra to save in Islamic banks increases by 0.433 units. This suggests that the contribution of the service quality factor to the preferences of the community in Java and Sumatra to save in Islamic banks is quite significant. The t-test result for the service quality factor is 0.625 with a probability value smaller than the significance level $\alpha = 5\%$ ($0.033 < 0.05$). This means that partially, the service quality factor has a significant positive effect on preferences. Therefore, it means that the better the services provided by Islamic banks, the more it influences the preferences of the community to save in Islamic banks. The service quality factor is consistent with previous studies such as Aisyah (2013), where the service quality factor, partially, influences preferences to save in Islamic banks. Furthermore, in the study by Reza (2017), service quality was also found to have a positive and significant effect on transaction preferences in Islamic banks. Given the consistency with previous research, it is clear that the service quality factor is the dominant factor influencing the preferences of the community to save in Islamic banks.

4. The coefficient value of the knowledge factor is 0.670, and since this value is positive, it indicates that the knowledge factor significantly influences the preferences of the community in Java and Sumatra to save in Islamic banks. If the knowledge factor increases by 1 unit, the preference of the community in Java and Sumatra to save in Islamic banks increases by 0.670 units. This suggests that the contribution of the knowledge factor to the preferences of the community in Java and Sumatra to save in Islamic banks is quite significant. The t-test result for the knowledge factor is 0.017 with a probability value smaller than the significance level $\alpha = 5\%$ ($0.017 < 0.05$). This means that partially, the knowledge factor has a significant positive effect on preferences. Therefore, it means that the better the knowledge of the community about Islamic banking, the more it influences their preferences to save in Islamic banks. This is consistent with the research conducted by Isnurhadi, et al. (2019), which stated that obtaining

knowledge related to Islamic banks is one of the factors influencing individuals to save in Islamic banks. This is supported by the analysis of the research results by Ratnawati (2000), which showed that the community's preference for Islamic banking is influenced by knowledge factors.

CONCLUSIONS AND RECOMMENDATIONS

From the research results regarding the analysis of the influence of location factor, service quality factor, and knowledge factor on the preferences of the community in Sumatra and Java to save in Islamic banks, the following conclusions can be drawn:

This study was conducted to determine which variables influence the preference for saving in Islamic banks. In this research, the independent variables used are the location factor (X1), service quality factor (X2), and knowledge factor (X3), while the dependent variable used is preference (Y). Based on the data analysis and discussion, the author can conclude as follows:

1. The model in this study has undergone classical assumption tests, where the partial test (t-test) shows that the variables influencing the preference for saving in Islamic banks are the service quality factor with a positive significant level of 0.033 and the knowledge factor with a positive significant level of 0.017. Meanwhile, the location factor variable does not significantly influence the preference for saving in Islamic banks partially, with a probability value of the t-statistic of 0.62.
2. Simultaneously, all variables are declared to have a significant effect with a significance level of 0.000, indicating that simultaneously the location factor, service quality factor, and knowledge factor significantly influence the preference for saving in Islamic banks.
3. The R-squared value of 0.641 indicates that 64.1% of the variation in the dependent variable is explained by the independent variables.
4. Recommendations for Islamic banks to improve their services and promote Islamic banking to the communities in Java and Sumatra are crucial to encourage more people to save in Islamic banks. In the future, it is hoped that Islamic banks can advance and grow further compared to conventional banks.

FURTHER STUDY

The researchers recommend to future researchers to broaden the scope of the study and also target respondents from specific age ranges. Additionally, the researchers also recommend adding more active variables in future research, thus providing more comprehensive results.

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