

The Influence of Sharia Financial Literacy and Social Environment on the Interest in Saving at Sharia Banks

^[1]Azizah Awaliah, ^[2]Baiq Anggun Hilendri Lestari

^[1]Faculty of Economics and Business, State University of Mataram

^[2]Faculty of Economics and Business, State University of Mataram

^[1]azizahawaliah2003@gmail.com, ^[2]hilendria@unram.ac.id

ABSTRACT

There was an increase in the market share of Islamic finance, which reached 10.41% in June 2022. This study aimed to determine the effect of Sharia financial literacy and social environment on the interest in saving of college students in Sharia banks. The population in this study consisted of students from the Faculty of Economics and Business at the University of Mataram. Samples may taken by purposive sampling of 100 respondents who are active students of the Faculty of Economics and Business at the University of Mataram. Data were collected using a questionnaire distributed online via Google Forms. The analytical technique used to test the hypothesis is the multiple regression method, processed with the SmartPLS 4 data processing program. The results show that (1) Sharia financial literacy has a significant effect on the interest in saving of college students in Sharia banks, and (2) the social environment has a significant effect on the interest in saving of college students in Sharia banks. This research also contributes to improving the marketing strategy of Islamic banks through factors that influence students' interest in saving.

Keywords: Interest in Saving; Sharia Banks; Sharia Financial Literacy; Social Environment.

I. INTRODUCTION

In June 2022, there was an increase in the market share of Islamic finance, which reached 10.41%, compared to the previous year, which amounted to 10% (OJK, 2023). Regarding demographic data, most of Indonesia's population is indeed Muslim, reaching 229.62 million people or around 87.2% of Indonesia's total population of 269.6 million (HS, 2020). It would be a pity if this opportunity is not optimized, especially by Islamic banks, which have great potential to grow (Indana, 2023)

The Islamic banking industry in Indonesia was introduced in 1992 through Law No. 7/1992, which permitted banks to carry out business activities by applying the murabahah or profit-sharing system. Over time, Islamic banking has faced several challenges and problems. One of the problems that arise is the low public understanding of the Islamic banking system (Yeni et al., 2023)

In 2020, Islamic financial literacy in banking institutions only reached 8.11%, with an index inclusion rate far above 11% (Canggih, 2021), indicating the low Islamic financial literacy of the community. Financial literacy includes knowledge, skills and beliefs about finance

that influence a person's attitudes and actions in terms of decision making and financial management to improve their feelings (Mutmainnah et al., 2022). Financial literacy encourages interest in saving at Islamic banks because understanding money management makes a person wiser in choosing a place to save (Khairunnisa, 2023)

In addition, the Theory of Planned Behavior (TPB) suggests that individuals are more likely to intend to take action if they feel they have resources and support from the surrounding environment (Harahap et al., 2022) to carry out this behaviour. This indicates that the social environment also plays a role in increasing interest in saving at Islamic banks.

Educational institutions under higher education provide education or knowledge to students (Fauzi & Murniawaty, 2020). The Faculty of Economics and Business, University of Mataram, provides various courses that contain Islamic finance material. With the knowledge they have, students should be interested in saving at Islamic banks and know the difference between the interest system in conventional banks and profit sharing in Islamic banks (Canggih, 2021)

Research has been conducted on the influence of Location, Service, Knowledge, Promotion, Products and Prices on interest in saving at Bank Jateng Syariah (Akhmad et al., 2019). Other studies examined the impact of Financial Literacy, Self-Control, and lifestyle on saving interest (Janice et al., 2023). The impact of Financial Literacy and Computing Ability on saving behaviour has been studied in Zimbabwe (Towo et al., 2023); research with the dependent variable of saving behaviour was also conducted (Anggun & Kinayung, 2022) to determine the effect of financial literacy, financial inclusion, peers and pocket money, research with the dependent variable of saving behaviour was also conducted by (Anggun & Kinayung, 2022) to determine the effect of financial literacy, financial inclusion, peers and pocket money. There is also research that finds out the effect of financial literacy, parental socialization, peers, and self-control on saving behaviour (Angela & Satria, 2022)

Research by (Janice et al., 2023) shows that Financial literacy positively affects student interest in saving. This is in line with research conducted by (Anggun & Kinayung, 2022) that financial literacy has a significant effect on student saving

behaviour; contrary to the results of this study, the results of research by (Hakim, 2020) state that Islamic financial literacy does not have a significant effect on saving interest.

H1: Islamic financial literacy (LKS) has a significant effect on interest in saving at Islamic banks

In addition to sharia financial literacy, the social environment can influence saving interest. (Indana, 2023) the social environment has a positive and significant effect on saving intentions, but this differs from the findings (Supri, 2019) that the social environment does not have a positive and significant effect on saving interest in Islamic banks.

H2: Social environment (LS) has a significant effect on interest in saving at Islamic banks.

This study identifies a significant gap in the literature related to the inconsistency of previous research results regarding the influence of Islamic financial literacy and social environment on interest in saving at Islamic banks. This research combines the two variables in one research model, which has not been widely studied before, and uses a purposive sampling method that

specifically targets students who have taken courses related to Islamic financial literacy.

Based on what has been described, this study aims to determine the effect of Sharia Financial Literacy and Social Environment on Student Saving Interest in Islamic Banks (Case Study on Students of the Faculty of Economics and Business, University of Mataram).

The results of this study are helpful for Islamic banks, as they provide them with a better understanding of the factors that influence customers' saving decisions. With this information, Islamic banks can develop more effective marketing strategies, improve products and services, and increase Islamic financial literacy among potential customers.

II. RESEARCH METHOD

This study applied associative research. The type of data used is quantitative data, and the main data source is primary data. The population group in this study included all active students of the Faculty of Economics and Business, University of Mataram; the sampling technique used was a purposive sampling method with criteria of students who have taken courses related to Islamic financial literacy totalling 6553. Calculation using the Slovin formula shows that the

minimum number of samples required in the study is 98 respondents.

This data comes from a questionnaire distributed to 100 respondents who are active students of the Faculty of Economics and Business, University of Mataram. The data is then processed in Excel and SmartPLS 4 software to test the inner and outer models.

The Outer Model is a measurement model that connects indicators to their latent variables. The Outer Model test aims to specify the relationship between latent variables and their indicators. The Outer Model consists of a reliability test and a validity test.

The inner Model is a structural model that connects latent variables. The Inner Model test is a test of the structural Model, which is carried out by looking at the R-squared value, which is a goodness-fit model test. The Inner Model consists of the coefficient of determination and hypothesis testing.

III. RESULT AND DISCUSS

The data obtained through the distribution of questionnaires to active students of the Faculty of Economics and Business, Mataram University, who have studied courses related to Islamic financial literacy, generate statistical data that can be processed and analyzed.

Table 1. Convergent Validity Test

	Outer Loadings	AVE
X1.1	0,831	
X1.2	0,865	
X1.3	0,785	0,630
X1.4	0,712	
X1.5	0,769	
X2.1	0,720	
X2.2	0,784	
X2.3	0,794	0,613
X2.4	0,781	
X2.5	0,832	
Y.1	0,813	
Y.2	0,918	
Y.3	0,934	0,758
Y.4	0,808	

Source: Author's compilation, 2024

Convergent validity consists of the factor loading value and the Average Variance Extracted (AVE) value. Based on (Dr Duryadi, 2021), convergent validity can be fulfilled if the factor loading value is > 0.70 and the AVE value is > 0.50. Based on the results of data processing shown in Table 1, the factor loading value for each indicator is more than 0.70, and the AVE value of each variable is > 0.50, so it can be concluded that the convergent validity criteria are met.

Table 2. Discriminant Validity Test

	X1	X2	Y
X1.1	0,831	0,323	0,451
X1.2	0,865	0,252	0,528
X1.3	0,785	0,307	0,405
X1.4	0,712	0,293	0,508
X1.5	0,769	0,384	0,514
X2.1	0,379	0,720	0,423

X2.2	0,259	0,784	0,460
X2.3	0,367	0,794	0,527
X2.4	0,295	0,781	0,488
X2.5	0,249	0,832	0,528
Y.1	0,475	0,569	0,813
Y.2	0,554	0,558	0,918
Y.3	0,543	0,580	0,934
Y.4	0,563	0,454	0,808

Source: Author's compilation, 2024

In this study, the Discriminant Validity of each indicator was tested with cross-loadings. This test is to see that each construct indicator will be different from other construct indicators. Based on the cross-loading value in Table 2, the loading factor value of the construct variable indicator is > 0.70 and higher than the other variables, so it can be concluded that the construct has an excellent discriminant validity value.

The reliability test can be seen from the composite reliability and Cronbach's alpha values. According to (Dr Duryadi, 2021), to be said to be reliable, the values of composite reliability (CR) and Cronbach's alpha (CA) must be > 0.70.

Table 3. Composite Reliability (CR)

	CR
X1 (LKS)	0,888
X2 (LS)	0,895
Y (MM)	0,926

Source: Author's compilation, 2024

Based on the values listed in Table 3, the composite reliability value of Sharia financial literacy, social environment, and interest in saving is > 0.70 , so all constructs can be said to be reliable.

Table 4. Cronbach's Alpha (CA)

	CA
X1 (LKS)	0,842
X2 (LS)	0,852
Y (MM)	0,891

Source: Author's compilation, 2024

The Cronbach's alpha value listed in Table 4 shows that all constructs are reliable. Thus, all constructs in this study are reliable.

Table 5. R-Square

	R-Square	R-Square Adjusted
Y (MM)	0,548	0,539

Source: Author's compilation, 2024

After the outer Model is fulfilled, the next stage is testing the inner Model. According to (Dr Duryadi, 2021), an R-square value > 0.19 means that the constructed Model is categorized as weak, an R-square value > 0.33 means that the constructed Model is categorized as medium and if the R-square value > 0.67 means that the constructed Model is categorized as vital. Based on table 4 shows that the Adjusted R-Square value is 0.539, so it can be said that the percentage of the influence of the independent variables, namely the Sharia

financial literacy variable (X1) and the social environment (X2) on the interest in saving at Islamic banks (Y) is 53.9%. In comparison, other variables influence the remaining 46.1%.

Table 6. Bootstrapping Test

	T-Statistik	P Value
X1 → Y	4,638	0,000
X2 → Y	5,809	0,000

Source: Author's compilation, 2024

The bootstrapping test is conducted to test the hypothesis. According to (Dr. Duryadi, 2021), the hypothesis is accepted if the t-statistic value > 1.96 and the p-value < 0.05 .

Based on Table 5, the results of testing the first hypothesis show a t-statistic value of 4.638 and a p-value of 0.000. So, the first hypothesis is accepted: Sharia financial literacy significantly affects interest in saving at Islamic banks. This is supported by research (Anggun & Kinayung, 2022) that financial literacy has a significant effect on student saving behaviour. The more advanced knowledge about a person's Sharia financial literacy, the higher the interest or a person's in saving at an Islamic bank.

The results of testing the second hypothesis show a t-statistic value of 5.809 and a p-value of 0.000. Thus, the second hypothesis is accepted: the social environment has

a significant effect on interest in saving at Islamic banks. This is supported by research from (Indana, 2023) that the social environment has a positive and significant effect on saving intentions.

This is also supported by the Theory of Planned Behavior (TPB), which suggests that individuals are more likely to intend to take action if they feel they have resources and support from the surrounding environment (Harahap et al., 2022) to carry out this behaviour. Indicates that the social environment also plays a role in increasing interest in saving at Islamic Banks

IV. CONCLUSION

Based on the results of research that has been conducted by researchers regarding the influence of Islamic financial literacy and social environment on students' interest in saving at Islamic banks, the following conclusions can be drawn :

1. Islamic financial literacy (X1) significantly affects students' interest in saving at Islamic banks.
2. Social environment (X2) significantly affects student interest in saving at Islamic banks.

This study's limitations include testing only several variables that influence students' interest in saving

at Islamic banks, so future research is expected to test other variables.

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