Determinants of Muslim Customers' Preferences towards Islamic Banks Products and Services

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Abstract (English)

As Indonesia has the biggest Muslim population in the world, Islamic banks starts to bloom in Indonesia rapidly. This paper aims to investigate the determinants of Muslim people to be customers of Indonesian Islamic banks. The determinants which are empirically tested are product knowledge of Islamic bank, product information dissemination, the profit margin of Indonesia Islamic banks, and service quality provided by Indonesia Islamic banks towards the preferences of Muslim people to be customers of Islamic banks. This research uses quantitative design which there are 155 samples conducted in this research and analyzed using SPSS. The sampling technique is purposive sampling where there are some criteria required to obtain respondents. The findings show that product knowledge, product information dissemination, and profit margin affect the preferences of being Islamic banks' customers while service quality does not affect the preferences of being Islamic banks customers.

Abstrak (Bahasa Indonesia)

Sebagai negara yang memiliki penduduk Muslim terbanyak di dunia, perbankan syariah di Indonesia mulai berkembang dengan pesat. Penelitian ini bertujuan untuk menginvestigasi determinan dari masyarakat Muslim di Indonesia untuk menjadi nasabah bank syariah di Indonesia. Adapun determinan yang akan diuji secara empiris adalah pengetahuan tentang produk bank syariah, diseminasi tentang informasi produk, tingkat margin profit, dan kualitas pelayanan yang ditawarkan oleh bank syariah terhadap preferensi masyarakat Muslim untuk menjadi nasabah bank syariah. Penelitian ini menggunakan disain kuantitatif dimana terdapat 155 sampel dan dianalisis menggunakan multiple regression model dengan SPSS. Teknik sampel yang digunakan adalah purposive sampling, dimana ada beberapa syarat dan kriteria ditetukan untuk mendapatkan responden. Hasil dari penelitian ini menyatakan bahwa untuk variable pengetahuan tentang produk, diseminasi informasi produk, dan tingkat margin keuntungan berpengaruh secara signifikan terhadap preferensi masyarakat muslim untuk menjadi nasabah bank syariah. Sementara itu, untuk kualitas pelayanan tidak mempengaruhi preferensi masyaraat Muslim untuk menjadi nasabah bank syariah.

Introduction

The existence of Islamic financial institutions (IFIs) in Indonesia is still relatively new and limited in the financial business although Indonesia has the biggest Muslim population in the world. Unfortunately, the growth of Islamic financial institution and Muslim population does not equal. The number of Muslim Indonesia reaches 85% of the total of 270 million but the progress of the Islamic economics in the country shows contrary. The intention to use Islamic Bank are still relatively low (Cheteni, 2014). Cham (2018) argues that Islamic countries suffering from slow growth should develop their banking sector through modernizing in the legislative, regulatory, and infrastructure environment

in order not suffer from low growth. Indonesia began to develop Islamic financial institution in 1991 by establishing sharia bank namely Bank Muamalat Indonesia (BMI) (Abdul, 2018). Hosen et al (2019) has analysed the expectation and perception of customers at Bank Muamalat Indonesia (BMI). They have found that the level of customer satisfaction is satisfied. As the first sharia commercial bank in Indonesia and remained the only commercial bank operating sharia from 1992 to 1998, BMI has 45 branches which are located in big cities in Indonesia until September 1999.

By 2000, the development of IFIs particularly in sharia banking, increases continuously. Said and Ali (2016) argued that the percentage of growth rate at Islamic bank was better if compared to conventional bank since 2010. It is also supported by the revision of Islamic financial institutions, from Law no. 10 of 1998 which is deemed insufficient and now has been changed into Law No. 21 of 2008 concerning about sharia banking which defines as every activity related to sharia banks and sharia business units, including institutions, business activities, as well as ways and processes in carrying out their business activities. Lone and Ahmad (2017) also explained that Islamic finance can further improve the industry ad serve the society better. Having supported by the issuance of this regulation from Financial Services Authority (FSA), the development of Islamic banking in Indonesia grows rapidly.

Based on sharia banking statistics published by the Financial Services Authority (OJK) as of November 2019, there are 14 Sharia Commercial Banks (BUS) in Indonesia with a total of 1,914 offices with some details; 480 Branch Offices, 1,237 Supporting Branch Offices, and 197 Supporting Cash Office with total assets of 335,482 billion rupiah. And the number of conventional commercial banks that have Sharia Units (UUS) in Indonesia are 20 units with 378 offices with 160 Branch Offices, 157 Sub-Branch Offices, and 61 Supporting Cash Offices with total assets of 172,279 billion rupiah. And there are 164 Sharia Rural Banks (BPRS) in Indonesia with 569 offices.

However, the development of Islamic banking financial institutions can not only be observed from the increasing number of Islamic bank offices. It also needs to be observed from the amount of bank funds. The biggest source of bank funds is from the public, so the ability of banks to raise funds or called third-party funds (DPK) is an indicator in the growth rate of each bank. According to sharia banking statistics published by the Financial Services Authority (OJK) as of November 2019, the composition of third-party funds, both in terms of demand deposits, savings and deposits, has always increased. Indicators of the development of Islamic banking business can be observed in table 1.1 below:

Table 1.1

Products of Banks — Deposits of Islamic

Items	2017	2018	2019
a. iB Wadia	47.033	54.344	61.192
1.Demand Deposits Wadia (giro)	24.897	26.435	28.776
2. iB Saving Deposits Wadia	22.137	27.909	33.417
b. Non-Profit Sharing Investment Fund	287.854	317.484	346.205
1. Demand Deposits (giro)	15.291	17.161	23.228
2. Saving Deposits	76.631	86.529	91.068
3. Time Deposits	196.202	213.794	231.908

Source: Sharia Banking Statistics, November 2019. (www.ojk.go.id)

The rapid growth of Islamic financial institutions in Indonesia is inseparable from the role of the Indonesian people themselves. With the composition of the population, which is predominantly Muslim, the development of Islamic financial institutions has more promising prospects. Nevertheless, Islamic banking can coexist with conventional banking. In other countries, Bahrain, Bangladesh, Egypt, Indonesia, Jordan, Malaysia. Among countries that have an Islamic banking system, Bahrain is considered a center of money in the Muslim world (Mawardi et.al, 2020). Islamic banks are not only devoted to the Muslim community, but everyone can use Islamic banking services. However, there are still many Muslim communities in Indonesia who have less interests to be customers of Islamic banks. Based on the preliminary interview to Islamic banking customers conducted by researcher, some traders and customers who need loans, state that credit in Islamic banks is more complicated and has convoluted process. Some argue that what triggered this growth was the rise of Islam throughout the world since the late 1960s, while other arguments argue that sensitivity factors to religion such as religious beliefs, interest restriction, cost and benefits afford by banks, banking efficiency, location, service quality affect customers to use Islamic banking (Mawardi et.al, 2020)

Misunderstanding of Islamic banks and other Islamic financial institutions shows that many people still have limited understanding about Islamic financial institutions, including the operational concepts, the system used, kinds of products offered and the other advantages of Islamic financial institutions when compared to conventional financial institutions. This should be a challenge for Islamic banking in increasing the promotion of product introduction, in order to meet the needs of customers at least in line with conventional banks in order to increase customer interest, especially the Muslim community. Wahyuni et.al (2017) argue there is an advantage in sharia banking that is close to moral value, fairness, and common interest based on Islamic value, which is far from materialistic and consumptive behavior.

Another problem faced by Islamic banks is that the public is accustomed to conventional banking institutions and system which have already operated and served the banking needs of Indonesian people. It is not easy to swift Muslim community paradigm from conventional bank to Islamic bank in terms of saving and deposits. Mawardi et.al (2020) stated that the accumulation of Islamic assets and the growth rate of Islamic banking assets over the past few decades have had a significant impact on a global finance. Generally, people only know that Islamic banks are banks without interest and do not know anything about the mechanism of profit sharing and the products. Islamic banks are also still seen as social institutions such as zakat distributors. Even though Islamic bank is not only engaged in the distribution of zakat and there are still many Islamic bank products that are not yet known to the public.

In terms of the number of Islamic banking accounts in Indonesia which shows 31.89 million sharia accounts out of a total of 301.69 million total accounts at commercial banks, which means that only about 10% of the total accounts are customer accounts for sharia commercial banks. In addition, the evidence by the sharia banking depicts that the assets only reach 5% and never increase every year Judging from the very large gap between the number of conventional bank accounts and sharia bank accounts, this can be one of the reasons that the author examines the determinants can affect the preference of the Indonesian Muslim people to become customers of Islamic banks.

The specific research question will be detailed as follows;

  a) Does the product knowledge influence the decision of the Muslim community to choose the products offered by Islamic banks?
  b) Does the product information dissemination influence the decision of Muslim communities to choose the products offered by Islamic banks?
  c) Does the profit margin influence the decision of Muslim communities to choose products offered by Islamic banks?
  d) Does the service quality influence the decision of Muslim customers to choose the products offered by Islamic banks?

Literature Review and Hypothesis Development

Consumer Behavior Theory

Consumer behavior is the study of how individuals, groups, and organizations choose, buy, and use goods, services, ideas, or experiences to satisfy their needs and desires. Product is everything that is offered to the market to get attention to be bought, can be used, and can satisfy the wants and needs of consumers. Whereas product knowledge is a collection of various kinds of information about a product which includes product categories, brands, product terminology, product attributes or features, product prices and beliefs about the product. The Muslim's literacy about sharia products is a source for consumers to create trust in the product so that consumers will know and believe that the product consumed is Consumer behavior itself is dynamic, so there are many factors that drive changes in consumers over time.

The products offered by Islamic banking can be grouped into three parts, namely the Fund-Raising products, Fund Distribution / Financing products, and Financial Services products. But in this research, researchers will only explain about four products offered by Islamic bank as a representative of each category to define the product knowledge, product information dissemination, profit margin and service quality to the decision of Muslim customers to choose the sharia products, namely *Mudharabah* saving, *Mudharabah* financing, *Murabahah*, and *Qardh* products. Product is everything that is offered to the market to get attention to be bought, can be used, and can satisfy the wants and needs of consumers. Whereas product knowledge is a collection of various kinds of information about a product which includes product categories, brands, product terminology, product attributes or features, product prices and beliefs about the product. The Muslim's literacy about sharia products is a source for consumers to create trust in the product so that consumers will know and believe that the product consumed is beneficial to meet their needs and will decide to choose the sharia product.

Understanding the extent to which costumers' knowledge of the products offered is very important for marketers. Regarding information about what products will be purchased, where to buy, when to be purchased, and what the benefits of buying these products will depend on consumer knowledge. When consumers have adequate knowledge, then they will be more confident, more efficient, and more precise in making decisions. Costumers' knowledge will influence the purchase decision and even make a repeat purchase which will create the customer loyalty.

Product information dissemination is about how and to what extent the dissemination of information about the product reaches customers and makes customers interested in information disseminated through promotions conducted by marketers. Promotion is the most powerful means to attract and retain customers, Promotion is a variety of company activities to communicate and introduce products in the target market. Therefore, promotion is the most effective means of product information dissemination. Information about products that need to be distributed is about product strength, prices, where it can be obtained, and product advantages compared to rivalry products, which in this case the customer has knowledge of sharia banking products such as *Mudharabah*, *Murabahah*, and *Qardh*.

Financing customers generally make payment in installments for bills arising from the sale and purchase and / or lease transactions based on *Murabahah*, salam, istishna 'and / or ijarah contracts referred to as receivables. Islamic banks as sellers by offering a selling price based on the honestly announced base price plus the expected profit and the customer as the buyer makes an offer of the base price plus the profit desired by the customer. Islamic banks set profit margins on financing products based on Natural Certaint Contracts (NCC), which are business contracts that provide payment certainty, both in terms of quantity and time such as murabaha, ijarah, salam, and istishna financing, the intended margin is the profit offered to the customer when the customer decides to save on *Mudharabah* savings products or *Mudharabah* deposits and or on *Mudharabah* financing products with the profit sharing principle, or the benefits offered to the customer when the customer decides to choose *Murabahah* financing product, and the benefits offered to customers when Nasaba decides to choose *Qardh* loan service products. The intended benefits will be compared with products offered in conventional banks. Service is all activities, actions, performance or intangible benefits, which can be

given from one party to another party but does not result in ownership of anything or anything and has a level of quality to the service.

Product Knowledge on the Customer Preference of Islamic Bank's Products

When people have more knowledge, they will be better at making decisions, they will be more efficient and more precise in processing information well. Anouze et.al (2019) stated that Islamic banks are satisfied when important requirements are met, for instance that the bank is implementing Sharia' compliance guidelines. Customers' knowledge about the optimal value of the available range of Islamic products and their differences from conventional products can affect their satisfaction level. However, according to Maulidi (2018) knowledge can affect the interest in saving and transaction because if someone does not know the sharia banking system then the possibility of interest in using Islamic banks is less. Therefore, the hypothesis one can be stated:

> H_1: *Product Knowledge influences the on the customer preference: of Islamic bank's products*

Product Information Dissemination on the Customer Preference of Islamic Bank's Products

In the banking world, of course there are marketing activities aimed at marketing products that will be offered / promoted to customers in order to expedite banking activities. Product information dissemination is about how and to what extent the dissemination of information about the product reaches customers and makes customers interested in information disseminated through promotions conducted by marketers. Therefore, promotion is the most effective means of product information dissemination.

> H_2: *Product Information Dissemination influences the customer preference of Islamic bank's products*

Profit Margin on the Customer Preference of Islamic Bank's Products

The profit is the bank's revenue which is shared between the bank and the customer with an agreed ratio at the beginning of the contract. The greater the profits obtained by banks, the greater the profits obtained by customers. The division of profit sharing should use the principle of profit sharing. The profit-sharing rate has a positive effect on decisions to the use of *Mudharabah* savings sharia banking services.

> H_3: *Profit Margin influences the customer preference of Islamic bank's products*

Service Quality on the Customer Preference of Islamic Bank's Products

Service Quality is the expected level of excellence and control over the level of excellence to meet customer desires. In other words, there are two main factors that affect the quality of services, namely expected service and perceived service. If the service received or felt is as expected, the service quality is perceived as good and satisfying. If the service it receives exceeds customer expectations, then quality is perceived as the ideal quality. Conversely, if the service received is lower than expected, the perceived quality of service is poor. Thus, good or bad service quality depends on the ability of service providers to consistently meet the expectations of their customers. Anouze (2019) also adds that understanding how to satisfy customer is particularly important in Arabic countries, such as Jordan, where banks are struggling to compete with other international banks.

> H_4: *Service Quality influence the customer preference of Islamic bank's products*

Methodology

This type of research used in this study is field research with quantitative methods. The type of data used in this study is the type of primary data. The population in this study is a Muslim community in

several selected cities that can be reached by writers in the Province of West Sumatera. In this study, researchers used a non-probability sampling technique that is sampling technique without the same opportunity for each member of the population to be selected as a sample.

This research was conducted using a questionnaire. This research aims to examine and give empirical evidence about the influence of the independent variable (product knowledge, product information dissemination, profit margin, and service quality) on the dependent variable (products of Islamic bank). It uses a quantitative approach which is based on measurable data and will be tested by multiple linear regression analysis. The model of multiple linear regression analysis is shown by the following equation:

$$PiB_{it} = \beta_0 + \beta_1 PK_{It} + \beta_2 PID_{It} + \beta_3 PM_{It} + \beta_4 SQ_{It} + \varepsilon_{It}$$

Where:
PiB = Products of Islamic Bank (dependent variable)
β = Constanta
PK = Product Knowledge (independent variable)
PID = Product Information Dissemination (independent variable)
PM = Profit Margin (independent variable)
SQ = Service Quality (independent variable)
ε = Error

This study involved five variables consisting of one dependent variable and four independent variables. Dependent variable is the decision to choose the products of Islamic bank, while the independent variables are product knowledge, product information dissemination, profit margin, and service quality of products offered in Islamic bank. Internal scale is used in the questionnaire's question of this research. Interval scale is used when responses to various items that measure a variable can be trapped on a five-point scale, which can be summated across the items.

a). Dependent Variable (Y)
The preference of customers to choose products of Islamic bank is a dependent variable measured by Likert scale to the three products choosen, namely *Mudharabah*, *Murabahah*, and al *Qardh*. The questionnaires have a range of values from 1 to 5, with details 1 (stongly disagree), 2 (disagree), 3 (neutral), 4 (agree), and 5 (strongly agree).

b). Independent Variable (X)
The independent variable of this research is an assessment of the perception of Muslim customers based on the following factors in relation to products offered by Islamic banking such as *Mudharabah*, *Murabahah*, and *Qardh*. The independent variables of this research are : Product Knowledge (X_1), Product Information Dissemination (X_2), Profit Margin (X_3) and Service Quality (X_4)

Measuring Indicator of Research Variable

No	Variable	Definition	Measuring Indicator	Scale
1	Products of Islamic Bank (Y)	to determine whether the factors of knowledge, information dissemination, margin products, and service quality are related to the respondents' decision in	-Product knowledge influences product selection -Information dissemination affects product selection	Likert

		choosing Islamic banking products.	-Profit margin offered affects product selection -service quality affects product selection	
2	Product Knowledge (X₁)	to find out whether respondents have knowledge related to types of Islamic banking products.	knowledge of the types of sharia products offered	Likert
3	Product Information Dissemination (X₂)	to find out whether the dissemination of information regarding types of Islamic banking products is good enough.	-access to product information - publicity types of types of products -clarity of information about the product	Likert
4	Profit margin (X₃)	to find out whether the profit / return factor is included in the respondents' considerations in choosing the Islamic banking product	-profit loss sharing system -determination of the magnitude of the ratio -percentage of nisbah	Likert
5	Service Quality (X₄)	to find out how respondents feel about the quality of services provided by Islamic banking.	-tangibles -reliability -responsiveness -empathy	Likert

The data analysis technique used in this study is multiple linear regression analysis. management, SPSS (Statistical Product and Service Solution) tool version 24 is used.

Result and Discussion

Table. 1
Total Samples

Description	Frequency	F (%)
Total Respondent	155	100
Total Respondent who did not meet the criteria	0	0
Total Respondent who meet the criteria	155	100

The respondents in this research are Muslim, being a customer of Islamic bank, and domiciled in Indonesia. The criteria of respondents who were sampled in this research were divided according to religion, age, and domicile. In detail, the data of respondent is presented in following table:

a). Respondent based on Religion

Table. 2
Respondent based on Religion

Religion	Frequency	F (%)
Islam	155	100 %
Non-Islam	0	0
Total	155	100%

Source: a processed primary data

According to the table above, it can be seen that 100% of respondents are Muslim.

b). Respondent based on Gender

Table 3
Respondent based on Gender

Gender	Frequency	F(%)
Male	76	49
Female	79	51
Total	155	100

Source: a processed primary data

According to the table above, it can be seen that there is not significant difference between male and female respondents. The number of female respondents is 79, while male as many as 76 respondents.

c). Respondent based on Age

Table. 4
Respondent based on Age

Age	Frequency	F (%)
<21 th	5	3.2
21 th – 30 th	122	78.7
31 th – 40 th	23	14.8
41 th – 50 th	2	1.3
51 th – 60 th	3	1.9
>60 th	0	0
Total	155	100

Source: Primary data are processed in 2020

According to the table above, it can be seen that there are dominant respondents within the age range of 21 to 30 years with value of 78.7% respondents.

d). Respondent based on Domicile

Table 5
Respondent Based on Domicile

Domicile	Frequency	F (%)
Padang	78	50.3
Bukittinggi	31	20
Payakumbuh	31	30
Solok	15	9.7
Total	155	100

Source: Processed Primary data

According to the table above, it can be seen that the target of sample has been fulfilled by portion 50% of respondents from Padang, 20% of respondents from Bukittinggi, 20% of respondents from Payakumbuh, and 10% of respondents from Solok.

e). Respondent status as a customer

Table 6
Respondent Status as a Customer

Customer Status	Frequency	F(%)
Islamic Bank Only-Customer	45	29
Conventional Bank Only-Customer	21	14
Islamic & Conventional Bank Customer	89	57
Total	155	100

Source: Processed Primary data

Descriptive Statistical Test

Analysis of data presented in this research includes minimum, maximum, mean, median, mode, and standard deviation. The mean is average, the median is a value that limits 50% of the upper-frequency distribution and 50% of the lower frequency distribution, the mode is a variable value or data that has a high frequency in distribution, while the standard deviation is the root of the variance. In addition, a frequency distribution table is presented and categorized the value of each indicator.

Table 4.7
Descriptive Statistics

Variable	Min	Max	Mean	Median	Mode	Std. Dev
Products of Islamic Banks	8	40	24.00	24	20	7.085
Product Knowledge	4	20	10.63	11	4	4.885
Product Information Dissemination	5	25	15.97	16	18	5.028
Profit margin	7	35	23.01	22.5	28	6.261
Service Quality	7	35	29.22	30	28	4.411

Source: Processed Primary data

The steps used in presenting the frequency distribution table taken as follows:
1. Count the number of interval classes (Sturges Formula)

$K = 1 + 3.3 \log n$

Where:

K = number of interval class

n = number of observation data

Log = logarithm

2. Determine the range of data that is the largest data minus the smallest data.

3. Calculate the length of class that is data ranges divided by the number of classes.

Customers' Preference of Product's Islamic Bank

The measurement of dependent variable consists of 8 questions. The Determination of scores for each question item using a scale that consists of 5 alternative answers, ranging from strongly disagree to strongly agree. The score given is a maximum of 5 and a minimum of 1, so the answers given by the participants have a theoretical range of weight answers between 8-40 with a theoretical average of 24. The results of empirical answers to this research range from 8-40 with mean 24.00, median 24, mode 20, and standard deviation of 7.085. The number of interval classes is $1 + 3.3 \log 155 = 8.2$ (rounded to 9). The data range is 32 and the length of the class is 3.555 (rounded to 4).

Table. 8

Frequency distribution of products of Islamic bank (Y variable)

No	Class	Frequency	F (%)
1	8 – 11	7	5%
2	12 – 15	8	5%
3	16 – 19	20	13%
4	20 – 23	38	25%
5	24 – 27	43	28%
6	28 – 31	19	12%
7	32 – 35	6	4%
8	36 - 39	7	5%
9	40	7	5%
Total		155	100%

Source: Output of data processing with SPSS 24

Product Knowledge

The measurement of Product knowledge consists of 4 question items. The Determination of scores for each question using a scale that consists of 5 alternative answers, ranging from strongly disagree to strongly agree. The score given is a maximum of 5 and a minimum of 1, so the answers given by participants have a theoretical range of weight answers from 4-20 with a theoretical average of 12. The results of empirical answers to this research range from 4-20 with mean 10.63, median 11, mode 4, and standard deviation of 4.885. The number of interval classes is $1 + 3.3 \log 155 = 8.2$ (rounded to 9). The data range is 17 and the length of the class is 2.125 (rounded to 2).

Table 4.9

Frequency distribution of product knowledge

No	Class	Frequency	F (%)
1	4 – 5	34	22%

2	6 – 7	9	6%
3	8 – 9	23	15%
4	10 – 11	18	12%
5	12 – 13	24	15%
6	14 – 15	9	6%
7	16 – 17	25	16%
8	18 – 19	8	5%
9	20 – 21	5	3%
Total		155	100%

Source: Output of data processing with SPSS 24

The table above shows that the biggest frequency in product knowledge variable is 34 respondent at the interval class 4-5 with a percentage of 22% while the lowest frequency is 5 respondent in the interval class 20-21 with a percentage 3%.

Product Information Dissemination
The measurement of the product information dissemination consists of 5 questions. The Determination of scores for each question item using a scale that consists of 5 alternative answers, ranging from strongly disagree to strongly agree. The score given is a maximum of 5 and a minimum of 1, so the answers given by participants have a theoretical range of weight answers from 5-25 with a theoretical average of 15. The results of an empirical answer to this research range from 5-25 with mean 15.97, median 16, mode 18, and standard deviation of 5.028. The number of interval classes is $1 + 3.3 \log 155 = 8.22$ (rounded to 8). The data range is 20 and the length of the class is 2.625 (rounded to 3).

Table 10
Frequency distribution of the product information dissemination

No	Class	Frequency	F (%)
1	5 – 7	7	5%
2	8 – 10	17	11%
3	11 – 13	30	19%
4	14 – 16	27	17%
5	17 – 19	35	23%
6	20 – 22	22	14%
7	23 – 25	17	11%
8	26 – 28	0	0%
Total		100	100%

Source: Output of data processing with SPSS 24

The table above shows that the biggest frequency in the code of ethics variable is 35 respondents at the interval class 17-19 with a percentage of 23% while the lowest frequency is 7 respondents in the interval class 5-7 with a percentage 5%.

Profit Margin

The measurement of profit margin consists of 7 questions. The Determination of scores for each question item using a scale that consists of 5 alternative answers, ranging from strongly disagree to strongly agree. The score given is a maximum of 5 and a minimum of 1, so the answers given by participants have a theoretical range of weight answers between 7-35 with a theoretical average of 21. The results of the empirical answers to this research range from 7-35 with mean 23.01, median 22.5, mode 28, and standard deviation of 6.261. The number of interval classes is 1 + 3.3 log 100 = 8.22 (rounded to 8). The data range is 29 and the length of the class is 3.62 (rounded to 4).

Table 11
Frequency Distribution of Profit Margin

No	Class	Frequency	F (%)
1	7 – 10	2	1%
2	11 – 14	11	7%
3	15 - 18	30	19%
4	19 – 22	35	23%
5	23 – 26	23	15%
6	27 – 30	32	21%
7	31 – 34	14	9%
8	35	8	5%
Total		155	100%

The table above shows that the biggest frequency in profit margin variable is 35 respondents is at the interval class 19-22 with a percentage of 23% while the lowest frequency is 2 respondents in the interval class 7-10, and 1%.

a). Service Quality
The measurement of service quality consists of 7 questions. The Determination of scores for each question item using a scale that consists of 5 alternative answers, ranging from strongly disagree to strongly agree. The score given is a maximum of 5 and a minimum of 1, so the answers given by participants have a theoretical range of weight answers between 7-35 with a theoretical average of 21. The results of the empirical answers to this research range from 7-35 with mean 29.22, median 30, mode 28, and standard deviation of 4.411. The number of interval classes is 1 + 3.3 log 100 = 8.22 (rounded to 8). The data range is 29 and the length of the class is 3.62 (rounded to 4).

Table 12
Frequency Distribution of Service Quality (X variable)

No	Class	Frequency	F (%)
1	7 – 10	1	1%
2	11 – 14	0	0%
3	15 - 18	0	0%
4	19 – 22	10	6%
5	23 – 26	29	19%

6	27 – 30	43	28%
7	31 – 34	52	34%
8	35	20	13%
Total		155	100%

Source: Output of data processing with SPSS 24

The table above shows that the biggest frequency in Islamic religiosity variable is 52 respondents is at the interval class 31-34 with a percentage of 34% while the lowest frequency is 0 respondent in the interval class 11-14, 15-18 with a percentage 0%.

Data Quality Test

a) Validity Test

Validity test is conducted to determine the feasibility of the items in the questionnaire. The item can be said to be valid if $R_{count} \geq R_{table}$.

Table 4.13
The Results of the Validity Test for Products of Islamic Bank Variable

No	R_{Count}	R_{table}	Explanation
1	0.316	0.1567	Valid
2	0.537	0.1567	Valid
3	0.646	0.1567	Valid
4	0.590	0.1567	Valid
5	0.642	0.1567	Valid
6	0.769	0.1567	Valid
7	0.541	0.1567	Valid
8	0.577	0.1567	Valid

Source: Output of data processing with SPSS 24

Table.14
The Results of the Validity Test for Product Knowledge

No	R_{Count}	R_{table}	Explanation
1	0.854	0.1567	Valid
2	0.942	0.1567	Valid
3	0.901	0.1567	Valid
4	0.735	0.1567	Valid

Source: Output of data processing with SPSS 24

Table.15
The Results of the Validity Test for the Product Information Dissemination

No	R_{Count}	R_{table}	Explanation
1	0.710	0.1567	Valid

2	0.804	0.1567	Valid
3	0.824	0.1567	Valid
4	0.848	0.1567	Valid
5	0.714	0.1567	Valid

Source: Output of data processing with SPSS 24

Table.16
The Results of the Validity Test for Profit Margin

No	R_{Count}	R_{table}	Explanation
1	0.661	0.1567	Valid
2	0.598	0.1567	Valid
3	0.738	0.1567	Valid
4	0.620	0.1567	Valid
5	0.657	0.1567	Valid
6	0.688	0.1567	Valid
7	0.802	0.1567	Valid

Source: Output of data processing with SPSS 24

Table 17
The Results of The Validity Test for Service Quality

No	R_{Count}	R_{table}	Explanation
1	0.369	0.1567	Valid
2	0.744	0.1567	Valid
3	0.781	0.1567	Valid
4	0.718	0.1567	Valid
5	0.717	0.1567	Valid
6	0.663	0.1567	Valid
7	0.747	0.1567	Valid

Source: Output of data processing with SPSS 24

Based on the results above, it can be seen that all R_{count} values $\geq R_{table}$, so that all questions are proven valid and can be used as research data.

b) Reliability Test

A questionnaire is said to be reliable if the respondent's answer to the question is consistent and stable. If the variable has a Cronbach Alpha value is greater than 0.60, it is said to be reliable and vice versa.

Table 18
The Result of the Reliability Test

Cronbach's Alpha	N of Items
.949	31

Source: Output of data processing with SPSS 24

From the table above, it can be seen that the question items have positive Cronbach's Alpha values and Cronbach's Alpha = 0.949 > 0.6 means that all question items prove to be reliable.

Classic Assumption Test

a) Normality Test

The normality test aims to observe if there are disturbing or residual variables that have a normal distribution in the regression model. One of the ways to detect normality data is through observing residual values. If the graph shows normality, then the residual will be normally distributed.

Normal distribution testing is conducted with normal or near normal data. Testing for the normal distribution is done by looking at the Asymp. Sig. (2 tailed) value. If Asymp. Sig. (2 tailed) results show a significant value above 0.05 then the residual data is normally distributed whereas if the significant value is below 0.05 then the residual data is distributed abnormally.
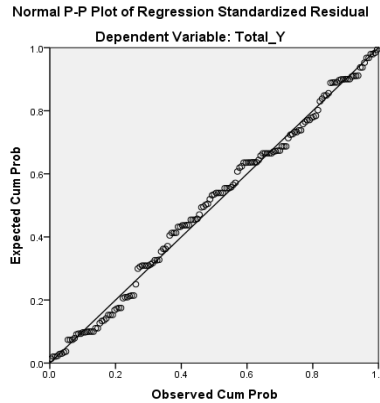
Picture 1
Histogram graph
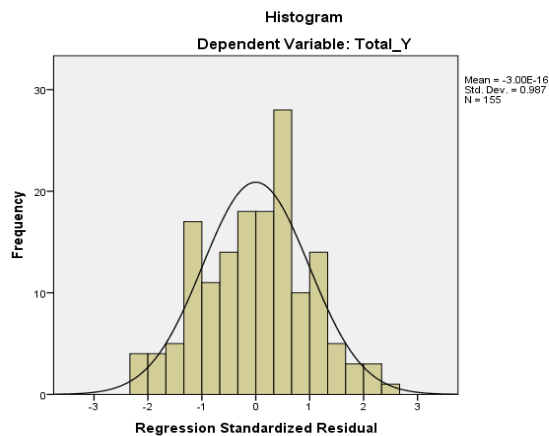
Source: Output of data processing with SPSS 24

In the histogram graph above, it can be seen a comparison between observational data with a distribution that is close to normal. So, it can be concluded that the regression model meets the normality assumption.

Picture 2
Normal P-Plot

Source: Output of data processing with SPSS 24

In the normal plot graph, there are points that spread around a diagonal line while the spread follows the diagonal direction. It can be concluded that the regression model meets the assumption of normality.

Table 19
The Result of the Normality Test

	Unstandardized Residuals
Asymp. Sig. (2 tailed)	0.200

Source: Output of data processing with SPSS 24

From the results above it can be seen that sig. value = 0.200 > alpha = 0.05, it means the data tested is normally distributed. Therefore, it can be concluded that the regression model is feasible because it meets the assumptions of normality.

b). Linearity Test
In general, the linearity test aims to determine whether two variables have a significant linear relationship or not. Good data should have a linear relationship between variable X and variable Y. This test is usually used as a prerequisite in linear regression analysis.

Table 20
The Result of the Linearity Test

| Variable	Linearity	Explanation
Product Knowledge	0.144	Linear
Product Information Dissemination	0.137	Linear
Profit Margin	0.922	Linear
Service Quality	0.513	Linear

Source: Output of data processing with SPSS 24

From the results of the linearity test in the table above shows that linearity for four variables (product knowledge, product information dissemination, profit margin, and service quality) have a significance value greater than 0.05 so that indicates those variables have a linear relationship.

c). Heteroscedasticity Test
The purpose of heteroscedasticity test is to determine the deviation from the classical assumption requirements in linear regression, wherein the regression model, heteroscedasticity should not be met.

If the value of $t_{count} < t_{table}$ and the significance value > 0.05, then there is no heteroscedasticity. The following is a scatter plot graph in this research

Picture 4.3
Scatterplot graph
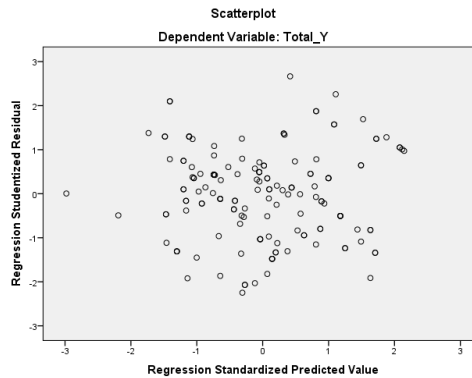
Source: Output of data processing with SPSS 24

From the scatter plot graph, it can be seen that the points spread randomly and are scattered above or below the number 0 on the Y axis. It can be concluded that there is no heteroscedasticity in the regression model, so that the regression model is feasible to use. Therefore, statistical tests are needed that can better guarantee the accuracy of the results. In this study using glacier test. Glejser test is performed to strengthen the results of scatterplot graphs in the heteroscedasticity test, in order to obtain better statistical results.

Table 4.21
The Result of Heteroscedasticity Test

Variable	Heteroscedasticity	Explanation
Product Knowledge	0.630	No heteroscedasticity
Product Information Dissemination	0.509	No heteroscedasticity
Profit Margin	0.766	No heteroscedasticity
Service Quality	0.929	No heteroscedasticity

Source: Output of data processing with SPSS 24

From the results of the heteroscedasticity test in the table above shows that no heteroscedasticity for independent variables due to sig value > 0.05.

d). Multicollinearity

Multicollinearity test is used to indicate the presence of a linear relationship between independent variables in the regression model. A good regression model has no multicollinearity

Table 4.22
The Results of Multicollinearity Test

Variable	Tolerance	VIF	Explanation
Product Knowledge (X1)	0.660	1.515	No Multicollinearity
Product Information	0.435	2.298	No Multicollinearity

Dissemination (X2)			
Profit margin (X3)	0.453	2.208	No Multicollinearity
Service Quality (X4)	0.659	1.517	No Multicollinearity

Source: Output of data processing with SPSS 24

From the result above, it can be seen that VIF value ≤ 10 and Tolerance value ≥ 0.01, which means there is no multicollinearity.

Hypothesis Test

Multiple linear regression analysis is a linear relationship between two or more independent variables with the dependent variable. This analysis is used to determine whether each independent variable is positively or negatively related.

Table 4.23
The result of Multiple Linear Regression Analysis

Variable	B	T	t_{table}	Sig.	Description
Product Knowledge	0.361	3.808	1.976	0.000	Significant
Product Information Dissemination	0.424	3.736	1.976	0.000	Significant
Profit margin	0.280	3.132	1.976	0.002	Significant
Service Quality	0.202	1.920	1.976	0.057	Not-Significant

Source: Output of data processing with SPSS 24

From the results above, a regression equation can be formed as follows:
$PiB_{it} = \beta_0 + \beta_1 PK_{It} + \beta_2 PID_{It} + \beta_3 PM_{It} + \beta_4 SQ_{It} + \varepsilon_{It}$

$Y = 1.035 + 0.361_{X1} + 0.424_{X2} + 0.280_{X3} + 0.202_{X4} + \varepsilon$
      Where:
      $\beta_0 =$ Constanta
      Y = Products of Islamic Bank
      X_1 = Product Knowledge
      X_2 = Product Information Dissemination
      X_3 = Profit Margin
      X_4 = Service Quality
      ε = Error

Discussion

The influence of product knowledge on the preference of Customer to choose the Islamic banks' product

From the results obtained in multiple linear regression analysis, it can be seen that the product knowledge variable has a significance level of 0.000 which is lower than the predetermined significance level of 0.05. It can be concluded that product knowledge variables significantly influence the customer in choosing products of Islamic bank. The regression coefficient for the relationship between product knowledge and products of Islamic bank is equal to 0.361. It means that there will be an increase in product selection of 0.361 points if the product knowledge rises by one point provided as long as other variables are constant. The results of this study support the hypothesis 1 which said that "product knowledge influences customer decision in choosing Islamic banks' products.

The knowledge factor has a significant effect on saving decisions. According to Yuliawan (2011), knowledge is all information held by consumers regarding products and services. The more information a person has about a product, the higher his knowledge. The higher the knowledge of the people will make them interested in using Islamic financial institution products, because they know the advantages of Islamic financial products. Mbawuni et al (2018) argue that Muslim customer in Ghana also has low knowledge about Islamic Bank, particularly the product of Islamic bank either aimed to Muslim or non-Muslim customers. Thus, increasing knowledge owned by customers, will also be followed by an increase in the decision to use products offered by Islamic banks. someone does not know the sharia banking system then the possibility of interest in using Islamic banks is less. The influence of product information dissemination on the preference of Customer to choose the Islamic banks' product

From the results obtained in multiple linear regression analysis, it can be seen that the product information dissemination variable has a significance level of 0.000 which is lower than the predetermined significance level of 0.05. It can be concluded that product information dissemination variable has significant effects on the customer decision in choosing products of Islamic bank. The regression coefficient for product information dissemination and products of Islamic bank relationship is equal to 0.424. It means that there will be an increase in products selection of 0.424 points if the product information dissemination level rises by 1 point as long as other variables are constant. The results of this study support hypothesis 2 which said that "product information dissemination influences customer decision in choosing products of Islamic bank". The promotion has a positive relationship and influence on the interests of non-Muslim communities in choosing Islamic banks (Raumieh et al, 2018). Indra (2015) in his research also stated that advertising / information has a positive and significant relationship to saving interest in Islamic banks. Both of these studies can be supporting in this study, which states that the promotion or dissemination of product information has a significant relationship to the interests of traders in choosing Islamic banks. Promotions and information spread in research have a strong relationship with customers' interests in choosing Islamic bank products.

The influence of the profit margin on the preference of Customer to choose the Islamic banks' product

It can be seen from the result that the profit margin variable has a significance level of 0.002 which is lower than the predetermined significance level of 0.05. It can be concluded that the profit margin variable significantly influences the customer decision in choosing products of Islamic bank. The regression coefficient for the profit margin relationship and products of Islamic bank is equal to 0.280. It means that there will be an increase in products selection of 0.280 points if the level of profit margin rises by one point as long as other variables are constant. The results of this study support hypothesis 3 which said that "profit margin influence customer decision in choosing products of Islamic bank" Sutrisno and Widaryono (2018) stated that profit margin of Islamic bank is not the only indicator of the intention of Muslim customers to do saving at Islamic banks, there is also other factor such as how Maqasid Sharia at Islamic bank which will be the determinant by Muslim customers.

The influence of service quality on the preference of customer to choose the Islamic banks' product

From the results obtained in multiple linear regression analysis, it can be seen that service quality variable has a significance level of 0.057 which is greater than the predetermined significance level of 0.05. It can be concluded that variable service quality has no significant effects on the customer decision

in choosing products of Islamic bank. The service quality in a partial way does not affect the customer decision in choosing the products of Islamic bank. One of the reasons that conventional banks and Islamic banks have good service quality based on the survey conducted in each bank.

This research is also strengthened by research conducted by Suhartanto et.al (2019) who argue that there are some factors such as service quality, emotional attachment, and religiosity in developing customer loyalty towards Islamic banking. So, it can be concluded that service quality itself does not determine the preference of customer to choose Islamic bank's products. Roumieh et al (2018) stated that one of the way to attract Muslim customers in Islamic bank is by doing e-marketing. In addition, this study was also strengthened by interviews to get an in-depth explanation why statistically, the service did not affect customer decisions, the results of interviews conducted on 10 respondents, they argued that a customer uses an Islamic bank not because of the services provided from the bank but rather from other factors such as the proximity of the location of the bank to the customer's residence, if the location of the customer's residence is closer to the Islamic bank, then the customer will use the Islamic bank and vice versa.

Conclusion

This research was conducted to examine several factors that influence the preference of customers in choosing Islamic bank's products. These factors include product knowledge, product information dissemination, profit margin, and service quality. Based on the results of the data analyzed using SPSS, it can be concluded that product knowledge, product information dissemination, and profit margin have significant effect on the preferences: of customers in choosing Islamic bank products. While the service quality does not have significant effect on the preferences of customers in choosing Islamic banks' products.

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