The Effect of Product Knowledge, Promotion and Reputation on Intention to Use Islamic Banking Products

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Abstract

This study aims to examine the relationship and the extent of the influence of product knowledge, promotion, and reputation on the intention to use Islamic banking products following the merger of Bank Syariah Indonesia (BSI). The study employs a quantitative approach, using questionnaires and multiple linear regression analysis techniques. The population consists of both customers and non-customers of Bank Syariah Indonesia (BSI), with a sample of 125 respondents from the Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek) area. The findings indicate that the three variables—product knowledge, promotion, and reputation—positively influence the intention to use Islamic banking products, whether tested individually or collectively. Among the three independent variables, promotion has the greatest influence, followed by product knowledge and reputation. These results are expected to inform the management of Bank Syariah Indonesia (BSI) in making decisions aimed at increasing its customer base and to serve as a reference for future research.

Keywords: Intention to Use, Product Knowledge, Promotion, Reputation.

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INTRODUCTION

The Islamic finance industry plays a crucial role in Indonesia's economic development, contributing to the smooth functioning of economic activities (Andespa, 2017). Islamic banks serve as intermediaries, connecting parties with excess funds to those in need of financing. Today, Islamic banks are increasingly competitive with conventional banks and other sectors by meeting the expectations and needs of the public. According to Yatie (2014), customers consider various factors when choosing a bank to deposit their funds, including the products offered by the bank. Consumer buying behavior begins with the intention to purchase, which is influenced by these considerations. As noted by Mujaddid and Nugroho (2019), one of the fundamental factors in promoting Islamic banking products is the public's knowledge of the products offered by Islamic banks. These products can be broadly categorized into three areas: financing (Distribution Fund), funding (Deposits), and services (Services). Besides product knowledge, promotion and the reputation of Islamic banks are also significant factors influencing people's intention to use Islamic banking products.

Currently, the merger of three state-owned Islamic banks—Bank Syariah Mandiri, BNI Syariah, and BRI Syariah—has brought considerable attention to the Islamic finance sector. Based on customer data from Bank Syariah Indonesia at 2021, the number of people intending to use Islamic banking products has reached 19,879,656 customers, a figure derived from the merger of these institutions and the migration of BNI Syariah customers through the Management Information System (MIS). This study focuses on the merger of these three banks into Bank Syariah Indonesia (BSI) and addresses the differing opinions in previous studies regarding the intention to use Islamic banking products. The aim of this study is to provide insights into the influence of product knowledge, promotion, and reputation on the intention of the Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek) people to use Islamic banking products after the merger.

LITERATURE REVIEW

Intention

According to Ajzen and Madden (1986) and Eagly & Chaiken (1993), the stronger one's intention, the greater the likelihood that an individual will act. Therefore, intention plays a key role in motivating people to engage in behavior as part of a conscious plan to achieve a specific outcome.

Product Knowledge

Nurhayati and Hendar (2019) describe product knowledge as a collection of various types of

information that consumers possess regarding a product. This includes knowledge about the product category, brand, terminology, attributes or features, pricing, and confidence in the product. To function as an efficient financial intermediary, Islamic banks offer products that can be categorized into three main areas: fund-raising products, financing products, and banking service products.

H1: Product knowledge influences the intention to use Islamic banking products after the merger of Bank Syariah Indonesia (BSI).

Promotion

Buchari (2011) states that promotion is a form of communication designed to persuade potential consumers about goods and services. Its main goals are to capture attention, educate, warn, and convince potential customers. According to Siregar (2018), when offering products, Islamic banks must inform the public through promotional activities. These efforts introduce consumers to products, allowing them to understand the advantages of a product before using or purchasing it.

H2: Promotion influences the intention to use Islamic banking products after the merger of Bank Syariah Indonesia (BSI).

Reputation

Company reputation refers to the perception of a service provider or brand, shaped by communication and consumer experience. When consumers are satisfied with the services provided, their attitudes toward the company become more positive (Mujaddid et al., 2019). Reputation is a critical factor that companies, especially banks, must manage carefully. A strong reputation is often a key consideration for consumers when deciding to use banking products, making reputation management a shared responsibility within the company.

H3: Reputation influences the intention to use Islamic banking products after the merger of Bank Syariah Indonesia (BSI).

Islamic Banking

Islamic banking refers to a banking system that operates in accordance with Islamic law (sharia principles). The operational activities of Islamic banks are guided by the teachings found in the Qur'an and Hadith, ensuring that they avoid activities involving usury or actions contrary to sharia. As noted by Pertiwi et al. (2012), despite its potential, Islamic banking in Indonesia is
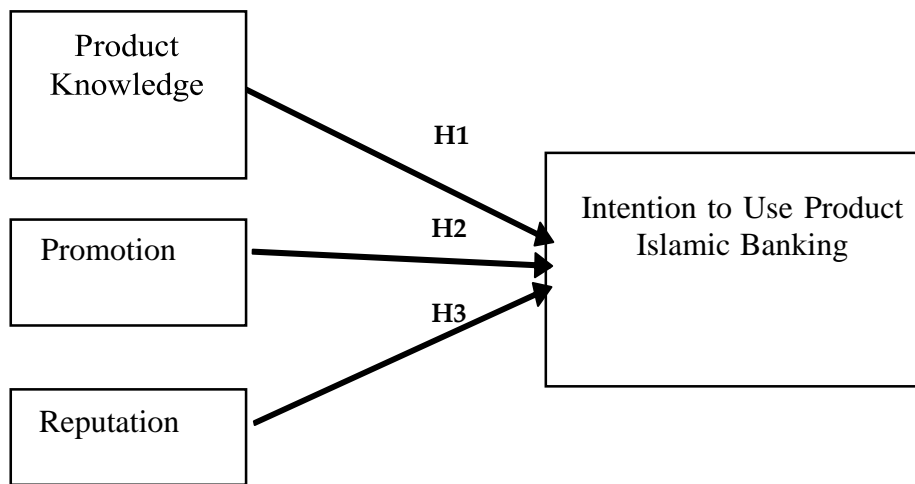
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┌──────────────┐
│   Product    │
│  Knowledge   │ ──────────┐ H1
└──────────────┘           │
                            │      ┌──────────────────────┐
┌──────────────┐    H2     │      │ Intention to Use Product │
│  Promotion   │ ──────────┼─────→│   Islamic Banking      │
└──────────────┘           │      └──────────────────────┘
                     H3     │
┌──────────────┐           │
│  Reputation  │ ──────────┘
└──────────────┘
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Figure 1. Framework of Thought

still facing challenges, particularly with respect to its core capital, which remains small compared to other commercial banks. One significant effort to strengthen the sector is the merger of three state-owned Islamic banks—BRI Syariah, Bank Mandiri Syariah, and BNI Syariah—aimed at having a multiplier effect on the national financial industry.

Framework of Thought

The framework of thought illustrates the relationship between independent and dependent variables in this study. The independent variables include Product Knowledge, Promotion, and Reputation, while the dependent variable is the public's intention to use Islamic banking products. Based on the theoretical foundations and previous research, a conceptual framework can be developed for this study, as shown in the following figure 1.

RESEARCH METHODE

The objects of this research include several variables to be studied, namely product knowledge, promotion, and reputation. The research was conducted in the Greater Jakarta area, specifically focusing on the community in the Jabodetabek region. This study employs quantitative research design and utilizes a cross-sectional approach. The criteria for respondents in this research are age between 17 and 40 years; residing in the Jabodetabek area; respondents must be either customers or non-customers of Bank Syariah Indonesia.

The population in this study is unknown, according to Wibisono (Riduwan and Akdon, 2013), the formula for calculating the sample in an unknown population is:

$$n = \left[\frac{Z_{\alpha/2} \cdot \delta}{\varepsilon}\right]^2 = \left[\frac{(1,96)(0,25)}{0,05}\right]^2 = 96,04$$

n = number of samples

Zα = Z table value = 0.05

δ = standard deviation

ε = margin of error

Primary data from a minimum of 96 respondents was collected through a questionnaire. Data analysis was performed using multiple linear regression and SPSS 20. The operational definitions and indicators of this research are in table 1.

ANALYSIS AND DISCUSSION

Analysis

The study involved 125 respondents who met the necessary criteria, including being customers or non-customers of Islamic banks, aged between 17 and 40 years, and residing in the Jabodetabek area.

Based on the table above, most respondents in this study are female, with a total of 75 respondents (60%). The age group of 17-25 years was the most represented, accounting for 104 respondents (83.2%), while the Depok area had the highest number of respondents, with 51 participants (40.8%). Respondents with a high school education made up the largest group, totaling 75 respondents (60%). Students were the most dominant demographic, comprising 88 respondents (70.4%), and individuals with an income of less than 1,000,000 IDR per month accounted for 49 respondents (39.2%). Additionally, non-customers of Islamic banks were the majority in the study, with 72 respondents (57.6%).

Table 3 above presents the results of validity testing conducted with 125 samples. One statement was excluded because it was found to be invalid during the initial respondent sample test. The results indicate that each statement has an rcount value greater than the rtable value, demonstrating that all instruments are valid and possess strong validity. From the results table 4 of the reliability test on the knowledge variable the product has high reliability because the value of Cronbach's Alpha is at 0.70-0.90. Meanwhile, the variables of promotion, reputation and intention can be stated as perfect reliability (*Excellent Reliability*) because they valued *Cronbach's Alpha* > 0.90.

Based on the results in the table above, product knowledge, promotion and reputation variables on the intention to use Islamic banking products after the merger of Bank Syariah Indonesia (BSI). Where theresults of the study indicate that the value of t count is greater than t table withthe overall results of the variables less than 0.05 significance. In addition to seeing the Partial Test (t test), this study also tested all variables by performing the F test. Where the F test was used to test how much influence the overall independent variables had on the dependent variable by looking at the calculated F value > f table 2.68 then Ha accepted. Based on data processing using the SPSS

program, the calculated F value is 160.885 > F Table 2.68. So, itcan be concluded that there is an influence between Product Knowledge, Promotion and Reputation simultaneously on the intention to use Islamic banking products after the merger of Bank Syariah Indonesia (BSI).

Furthermore, the Coefficient of Determination Test in this study was used to measure how far the model's ability to explain independent variables. The value of R Square on the Coefficient of Determination is 0.800 and the value of *Adjusted* R *Square is* 0.795. This shows that the effect of Product Knowledge, Promotion and Reputation variable on the variable of Intention to use Islamic banking products is 80% while the remaining 20% is influenced by other variables in this study.

Table 1. Operational Variable

No.	Variables	Indicator	Calculation Scale
1	Product Knowledge	a. Objective Knowledge b. Subjective Knowledge(James et al, 1994)	Likert 1-5
2	Promotion	a. Advertising b. Personal Selling c. Sales Promotion d. Public Relation e. Direct Marketing (Kotler et al, 2012)	Likert 1-5
3	Reputation	a. Customer Trust in the Company b. Company Competence c. Company Advantage d. Company Experience(Subhan, 2006)	Likert 1-5
4	Intentions	a. Transactional b. Referral c. Preferential d. Explorative(Ferdinand, 2002)	Likert 1-5

Table 2. Characteristics of Respondents

Gender	Frequency	Percentage
Male	50	40
Female	75	60
Total	**125**	**100**
Age	**Frequency**	**Percentage**
17-25 years	104	83,2
25-30 years	13	10,4
30-35 years	1	0,8
35-40 years	7	5,6
Total	**125**	**100**
Area	**Frequency**	**Percentage**
Jakarta	45	36
Bogor	10	8
Depok	51	40,8
Tangerang	15	12
Bekasi	4	3,2
Total	**125**	**100**
Last Education	**Frequency**	**Percentage**

	Frequency	Percentage
SMA	75	60
SMK	2	1,6
D3	14	11,2
S1	34	27,2
Total	**125**	**100**
Occupation	**Frequency**	**Percentage**
Students	88	70,4
Employees	28	22,4
Enterpreneurs	1	0,8
Professions (Teachers/Doctor/Nurses/Lawyers)	5	4
Housewife	2	1,6
Civil Servants	1	0,8
Total	**125**	**100**
Monthly Income	**Frequency**	**Percentage**
< 1.000.000	49	39,2
1.000.000-3.000.000	35	28
3.000.000-5.000.000	20	16
>5.000.000	21	16,8
Total	125	100
Having Sharia Bank Account	**Frequency**	**Percentage**
Yes	53	42,4
No	72	57,6
Total	**125**	**100**

Table 3. Validity Test

No.	Product Knowledge			
	Item Statement	**R hitung**	**R Table 5% (125)**	**Criterion**
1	PP1	0,554	0,176	VALID
2	PP2	0,739	0,176	VALID
3	PP3	0,695	0,176	VALID
4	PP5	0,814	0,176	VALID
5	PP6	0,841	0,176	VALID
6	PP7	0,846	0,176	VALID
7	PP8	0,846	0,176	VALID
8	PP9	0,730	0,176	VALID
No.	Promotion			
	Item Statement	**R hitung**	**R Table 5% (125)**	**Criterion**
1	P1	0,848	0,176	VALID
2	P2	0,809	0,176	VALID
3	P3	0,821	0,176	VALID
4	P4	0,869	0,176	VALID
5	P5	0,877	0,176	VALID
6	P6	0,813	0,176	VALID
7	P7	0,800	0,176	VALID
No.	Reputation			
	Item Statement	**R hitung**	**R Table 5% (125)**	**Criterion**
1	R1	0,788	0,176	VALID
2	R2	0,829	0,176	VALID
3	R3	0,800	0,176	VALID
4	R4	0,784	0,176	VALID
5	R5	0,823	0,176	VALID
6	R6	0,823	0,176	VALID
7	R7	0,768	0,176	VALID

No.	Intentions			
	Item Statement	R hitung	R Table 5% (125)	Criterion
1	N1	0,795	0,176	VALID
2	N2	0,905	0,176	VALID
3	N3	0,902	0,176	VALID
4	N4	0,884	0,176	VALID
5	N5	0,861	0,176	VALID
6	N6	0,813	0,176	VALID
7	N7	0,822	0,176	VALID
8	N8	0,739	0,176	VALID

Table 4. Reliability Test

No	Variables	Number of Statements	Cronbach's Alpha	Information
1	Product Knowledge	8	0,896	*High Reliability*
2	Promotion	7	0,925	*Excellent Reliability*
3	Reputation	7	0,904	*Excellent Reliability*
4	Intention	8	0,939	*Excellent Reliability*

Table 5. Multiple Regression Analysis

Variable	t hitung	t table	Sig.	Information
Product Knowledge	4,119	1,9797	0,000	Significant
Promotion	5,621	1,9797	0,000	Significant
Reputation	2,867	1,9797	0,000	Significant

*Dependent Variable: Intention

DISCUSSION

The Effect of Product Knowledge on Intentions in Using Islamic Banking ProductsAfter the Merger of Indonesian Sharia Banks (BSI)

Based on the test results in this study, **H1** is accepted, indicating that product knowledge influences the intention to use Islamic banking products. These findings align with previous research by Romdhani and Ratnasari (2018), Widowati and Mustikawati (2018), and Firmansyah (2019), which state that product knowledge influences the intention to use Islamic banking products. Specifically, these studies suggest that Indonesian Islamic banks have demonstrated that their services are in accordance with Islamic principles or sharia, ensuring that they are free from interest and based on profit-sharing arrangements.

The Effect of Promotion on Intention to Use Islamic Banking Products After the Merger of Indonesian Islamic Banks (BSI)

Based on the results of hypothesis testing in this study, **H2** is accepted, indicating that promotion

influences the intention to use Islamic banking products. Promotion is a highly influential variable in this study. These findings align with previous research by Qomariah (2011) and Siregar (2018), which states that promotion affects the intention to use Islamic banking products. Specifically, the offers provided by Bank Syariah Indonesia have been shown to instill confidence and motivate people to use their products.

The Effect of Reputation on Intention to Use Islamic Banking Products Afterthe Merger of Indonesian Islamic Banks (BSI)

Based on the results of hypothesis testing in this study, **H3** is accepted, indicating that reputation influences the intention to use Islamic banking products. This finding aligns with previous research by Albaity and Rahman (2019) and Jasin et al, (2021), which suggests that reputation affects the intention to use Islamic banking products. Specifically, following the merger of the three state-owned banks into Islamic banks in Indonesia, the public has developed a strong sense of trust. As a result, they are more likely to consider and seek information about the bank's condition and reputation in serving its customers.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the research conducted to determine the effect of product knowledge, promotion, and reputation on the intention to use Islamic banking products, the following conclusions can be drawn:

1. Product knowledge has a positive effect on the intention to use Islamic banking products after the merger of Bank Syariah Indonesia (BSI).
2. Promotion has a positive effect on the intention to use Islamic banking products after the merger of Bank Syariah Indonesia (BSI).
3. Reputation positively affects the intention to use Islamic banking products after the merger of Bank Syariah Indonesia (BSI).

Based on these conclusions and the limitations of this study, several suggestions can be made:

1. **For Bank Syariah Indonesia (BSI):** Given the results of this study, where the variables of product knowledge, promotion, and reputation affect the intention to use Islamic banking products, it is recommended that Bank Syariah Indonesia (BSI) improve public education and socialization regarding its products and services. Additionally, BSI should focus on developing and enhancing marketing strategies and promotional efforts to highlight the benefits of using Islamic banking products. The bank should also prioritize maintaining and improving its reputation, particularly after the merger of the three state-owned banks into BSI.

2. **For Future Researchers:** For those interested in further research in this field, it is suggested that they consider adding and developing additional variables that may affect the intention to use a product. This study found that 20% of the intention to use Islamic banking products is influenced by other variables and factors such as service quality, religiosity, customer satisfaction, and risk. Exploring these factors could provide deeper insights into the drivers of customer behavior in Islamic banking.

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