

# THE INFLUENCE OF PROMOTION ON PEOPLE'S INTEREST IN SAVING AT ISLAMIC BANKS

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## Abstract

The Indonesian Sharia banking system does not only work based on traditional principles but can also accommodate sharia principles as well. Traditional banks operate their systems on an interest rate system, whereas Islamic banks operate their systems on the basis of Sharia. Efforts to establish this system are based on the Islamic prohibition against interest and usury as well as investment in companies that are considered illegitimate and guaranteed by the traditional banking system. Growth in Islamic banking in Indonesia is still very low. This shows that people's interest in saving in Islamic banking is still relatively low. This situation is also directly proportional to what happened in Makassar City. The purpose of this study was to determine the effect of promotion on people's interest in saving in Islamic banking in Makassar City. This research uses quantitative methods. The location of this research is at two Islamic banks in Makassar City, namely Bank Syariah Indonesia and Bank Muamalat. The total number of respondents was 200, and the sampling technique used in this study was purposive sampling. The data analysis technique used is SEM analysis. The results of this study indicate that promotion has a positive influence on people's interest in saving in Islamic banking in Makassar City.

**Keywords:** Promotion, Saving Interest, Sharia Banking system.

## 1. INTRODUCTION

Indonesia is a country in the world with the largest Muslim majority population today, but in the world of banking, it is still dominated by conventional banks. Islamic banks seem to find it difficult to penetrate the dominance of conventional banking. This is of course something that needs special attention because it is inversely proportional to the number of Muslim populations and the Islamic banking market in Indonesia which in 2020 only reached around 6.51% while the market share of national or conventional banking dominates with 93.49%. Do not even rule out the possibility that this will increase as time goes by and the times develop (Financial Services Authority, 2020).

The growth in Islamic banking is still low nationally, so it is an indication that people's interest in saving is still relatively low. This situation is also directly proportional to what happened in Makassar City. This is supported by the findings of Indi (2019) that people in Makassar City tend to be less interested in saving at Islamic banks, one of which is due to the lack of public knowledge of Islamic banks.

Knowledge plays an important role in fostering public interest in using banking services, especially Islamic banking. Consumer knowledge of a product becomes a certain consideration in influencing consumer buying interest, either directly or indirectly. Knowledge of a product

can be defined as consumer awareness of specific information about a product (Wang & Hazen, 2016). In this case, knowledge refers to facts, feelings, or experiences possessed by a person or group of people.

Knowledge is a customer's perception of a particular product based on their previous experience using the product (Sanggor et al., 2018). Product knowledge summarizes how customers feel about the product, including any direct or indirect experiences they have with it. Product knowledge can change a customer's opinion about a particular product and the way he uses that product (Salazar-Odonez et al., 2018).

One effort that can be used to introduce people to Islamic bank products is to carry out promotions. Promotion carried out by a company is needed to attract consumers to use the product or service. In accordance with its nature, the purpose of promotion is to inform, persuade, and remember consumers. Promotion is a marketing strategy carried out by banks to explain bank products to customers so that they get clear information about the products offered by banks and will choose the appropriate product (Lupiyoadi & Hamdani, 2006). Promotional activities are a means to present unique bank products so that customers can better understand the products offered.

Gitosudarmo (1999) argues that we believe that advertising is an activity aimed at influencing consumers to get to know, like, and buy company products. In this case, promotion is an important activity for every company, including banks. Because no matter how good your product is, if your customers don't recognize it, it will fail in the market. With the promotion, it will generate knowledge about the products offered by Islamic banks, so that in the end, it will have implications for increasing interest in saving.

Promotion in this study is an activity aimed at influencing consumers so that they can become familiar with Islamic bank products offered to the public and be happy to become customers by having savings at Islamic banks. Promotion indicators in this study are adopted from the view of Kotler & Keller (2012), which include advertising, sales promotion, personal selling, public relations, and direct selling. Therefore, the purpose of this research is to find out and analyze the effect of promotion on public knowledge about Islamic banking in Makassar City.

## **2. METHODS**

The location for this research is at two Islamic banks in the city of Makassar, which consist of Bank Syariah Indonesia and Bank Muamalat. This research was conducted for two months, from October to November 2021. The total number of respondents was 200, and the sampling technique used in this study was purposive sampling.

This research uses quantitative methods. The data obtained in this study were then analyzed using SEM (Structural Equation Modeling) analysis with the AMOS 4 program.

### 3. RESULT AND DISCUSSION

Based on the model built in this study, the variables studied were Promotion (X1) and Interest in Saving (Y2). Descriptive analysis can be done by calculating the average value (mean) of the indicator scale and variables, especially indicators that meet valid criteria. The basis for interpretation is given in Table 1.

**Table 1: Basis for Interpretation of Variable Descriptions**

No.	Scale Interval	Information
1	1,00 – 1,80	Very Low
2	1,81 – 2,60	Low
3	2,61 – 3,40	Medium
4	3,41 – 4,20	High
5	4,21 – 5,00	Very High

*Source: adopted from Riyanto and Hatmawan, 2020.*

Based on the model built in this study, the variables studied were Promotion (X1) and Interest in Saving (Y2). Descriptive analysis can be done by calculating the average value (mean) of the indicator scale and variables, especially indicators that meet valid criteria. The basis for interpretation is as follows:

The results of the descriptive analysis of each variable are described in the following sub-subjects:

#### a. Promotion (X1)

Promotion in this study is an activity aimed at influencing consumers so that they can become familiar with Islamic bank products offered to the public and be happy to become customers by having savings at Islamic banks. Promotion indicators in this study are adopted from the views of Kotler & Keller (2012), namely: 1) Advertising (X1.1) 2) Sales promotion (X1.2) 3) Personal Selling (X1.3) 4) Public relations (X1.4) 5) Direct sales (X1.5).

Respondents' perceptions regarding the Promotion (X1) of Islamic Banks in Makassar City are presented in Table 2.

**Table 2: Promotion Variable Description (X1)**

Indicator	STS		TS		KS		S		SS		Total	Mean
	F	%	F	%	F	%	F	%	F	%		
X1.1	16	8,0	21	10,5	37	18,5	83	41,5	43	21,5	716	3,58
X1.2	15	7,5	22	11,0	47	23,5	80	40,0	36	18,0	700	3,50
X1.3	12	6,0	22	11,0	46	23,0	74	37,0	46	23,0	720	3,60
X1.4	10	5,0	23	11,5	70	35,0	74	37,0	23	11,5	677	3,39
X1.5	7	3,5	28	14,0	43	21,5	73	36,5	49	24,5	729	3,65
<b>Total Mean Promotion Variabel (X1)</b>											<b>3,54</b>	

According to the respondents' perceptions in Table 2, it is clear that the average evaluation of the promotion aspect is high (3.54 on average). This finding implies that the promotion of Islamic Banks in Makassar City for respondents has been carried out well, for example, by

advertising through various media (both print and electronic). Promotion of Islamic Bank Savings products in the form of gifts or souvenirs, then there is the role of customer service in providing information about Islamic Bank Savings products in an attractive manner according to reality. Islamic Banks, which always foster and establish good relations with customers, as well as direct selling activities carried out by employees, are considered effective in attracting customers to save.

The results of the study show that of the five valid indicators related to promotions, the indicator "direct sales" (X1.5) with the statement item "Direct sales made by employees of Islamic Banks are effective in attracting customers to save" is the most highly rated indicator by respondents; the majority of respondents agreed (36.5%) with an average answer of 3.65 (in the High category). That is, promotional activities by Islamic banks, especially those related to direct selling, are considered the best because this technique directly promotes the target market. In other words, marketers will go directly to the target market or potential customers to sell and offer Islamic bank products, making it easier to explain Islamic banking. On the other hand, the indicator that was actually rated the lowest by respondents related to the Promotion aspect was the "public relations" indicator (X1.4). With the statement "Sharia Bank always fosters and maintains good relations with customers", the majority of respondents agreed (37%), with an average answer of 3.39 (in the medium category). This condition has the implication that creating good relationships with customers needs to be further improved, although in general Islamic banks have tried to build good communication with customers, but for customers this has not been maximized.

### b. Interest in Savings (Y2)

Interest in saving is a person's situation before taking action in response to the customer's desire to search for information on a particular product or the customer's tendency to choose a savings product that the customer feels is suitable so that someone who has an interest will pay attention to that product. According to Schiffman & Kanuk (2000), indicators of interest in saving include: 1) Interested in finding information about products (Y2.1) 2) Considering buying (Y2.2) 3) Interested in trying (Y2.3) 4) Want to know the product (Y2.4) 5) Want to own the product (Y2.5).

Respondents' perceptions of customers' interest in saving (Y2) at Islamic banks in Makassar City are presented in Table 3.

**Table 3: Variable Description of Interest in Saving**

Indicator	STS		TS		KS		S		SS		Total	Mean
	F	%	F	%	F	%	F	%	F	%		
Y2.1	9	4,5	13	6,5	62	31,0	62	31,0	54	27,0	739	3,70
Y2.2	7	3,5	25	12,5	52	26,0	69	34,5	47	23,5	724	3,62
Y2.3	7	3,5	31	15,5	54	27,0	74	37,0	34	17,0	697	3,49
Y2.4	24	12,0	15	7,5	50	25,0	73	36,5	38	19,0	686	3,43
Y2.5	8	4,0	23	11,5	64	32,0	67	33,5	38	19,0	704	3,52
<b>Total Mean Interest in Saving Variable</b>												<b>3,55</b>

According to the respondents' perceptions in Table 7, it is clear that the average aspect of interest in saving is considered high (average 3.55). This finding implies that the customer's interest in saving at Islamic banks in Makassar City is quite good; for example, there is an interest in finding more detailed information about Islamic bank savings products, considering saving at Islamic banks after finding accurate information, and being interested in trying to save at a bank. Sharia, want to know more details about Islamic savings products at Islamic Bank customer service, and want to have savings at Islamic Banks.

The results showed that of the five valid indicators related to the knowledge aspect, the indicator "Interested in seeking information about products" (Y2.1) with a statement item namely "I am interested in seeking more detailed information about Islamic Bank savings products" is the most effective indicator. Rated high by respondents, the majority of respondents answered in agreement (31%), with an average answer of 3.70 (in the High category). That is, customer interest in Islamic banks is high, and most customers are interested in saving at Islamic banks after seeking more detailed information about the savings products of Islamic banks themselves.

On the other hand, the indicator that was rated the lowest by respondents was related to the aspect of Trust, namely the indicator "Want to know the product" (Y2.4). With the statement "I want to know more details about Islamic savings products in Islamic Bank customer service", the majority of respondents agreed (36.5%) with an average answer of 3.43 (in the high category). This condition implies that interest in knowing more details about sharia savings products at Islamic bank customer service is lower than others. This is interesting because customer service should be a source of information from customers when saving, so researchers assume that special attention is needed for CS so that it is better able to provide maximum information to the public about sharia products. The goal is that, apart from providing literacy, it is also a source of information and promotional media for customers about the benefits of saving in Islamic banks compared to conventional banks.

### **Measurement Model Testing**

This study uses Structural Equation Modeling (SEM) analysis. The software used for this research is IBM SPSS AMOS version 22. The theoretical model that has been described in the path diagram will be analyzed based on the data obtained.

The measurement model test is to test the relationship between indicators and latent variables. The combination of structural and measurement model testing allows researchers to test measurement error as an integral part of SEM and perform factor analysis together with hypothesis testing. (Bollen, 1989). Testing the measurement model for each variable begins with testing the validity and reliability of the variables from the indicators (items) forming latent variables by conducting Confirmatory Factor Analysis (CFA) (Latan, 2012). Besides that, testing the measurement model for each variable must also fulfill one of the requirements of the goodness-of-fit model assumption.

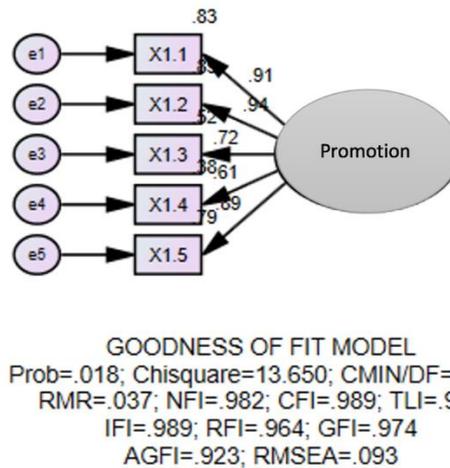
Testing the validity and reliability of the instrument was carried out so that in conducting research using confirmatory factor analysis, valid and reliable data could be obtained. In other

words, this test is used to carry out model measurements to describe how well aspects and indicators can be used as measurements on promotion, religiosity, trust, knowledge, and interest in saving. Validity testing of variables is carried out by looking at the value of the loading factor, where a loading factor weight of 0.50 or more is considered to have sufficiently strong validity to explain latent variables (Hair et al., 2010; Ghozali, 2012). While the variable has good reliability if the variance extracted (AVE) value is  $\geq 0.50$  and the Construct Reliability (CR) value is  $\geq 0.70$  (Hair et al., 2010).

The results of testing the measurement model for all variables are presented as follows:

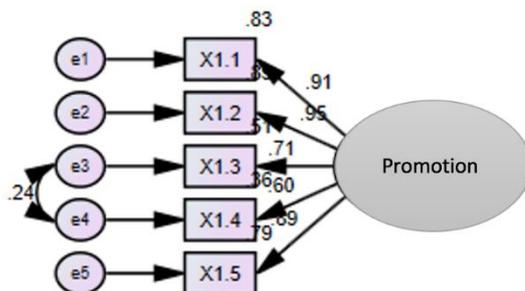
**a. Promotion Variable CFA Test (X1)**

The results of testing the measurement model for each variable, especially the Promotion variable (X1) are presented in the following figure 1.



**Figure 1: Estimation Result of Promotional Variable Measurement Model (X1)**

Based on the results of the analysis presented in Figure 1 above, which is the result of the estimation of the measurement model for the Promotion variable, it is known that all indicators of the Promotion variable have a loading factor value of  $> 0.5$ ; by him, no indicators are dropped or discarded. Furthermore, from the results of the feasibility test, the model did not meet the required goodness-of-fit criteria (including probability values 0.05; CMIN/DF  $> 2.0$ ; RMSEA  $> 0.093$ ), so the model could not be accepted. Therefore, modifications were made to the model with reference to modification indices. So that after further analysis, the following results are obtained:



GOODNESS OF FIT MODEL  
 Prob=.644; Chisquare=2.503; CMIN/DF=.626  
 RMR=.009; NFI=.997; CFI=1.000; TLI=1.005  
 IFI=1.002; RFI=.992; GFI=.995  
 AGFI=.982; RMSEA=.000

Standardized Regression Weights: (Group number 1 – Default model)

	Estimate
X1.5 ← Promotion	.888
X1.4 ← Promotion	.602
X1.3 ← Promotion	.714
X1.2 ← Promotion	.946
X1.1 ← Promotion	.913

Figure 2: Estimation Result of Promotional Variable Measurement Model (X1) after model modification

Based on Figure 2, the Promotion variable (X1), which consists of five indicators, is all valid with a loading factor value of > 0.5, and the five indicators meet the validity criteria. These indicators can be used for further analysis. From Figure 2, which is the estimation result of the measurement model on the Promotion variable (X1), it can be seen that the results of the feasibility test of the model have fulfilled all the required goodness-of-fit criteria, so that the model can be accepted. The next step is to test the reliability based on the fit model, and the results are presented in the following table:

Table 4: Calculation Results for Loading Factor, CR and AVE Promotional Variables (X1)

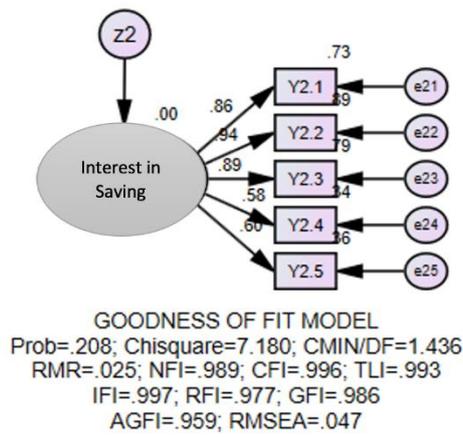
Variable	Indicator	$\lambda$	Validity	AVE	CR	Reliability
Promotion	X1.1	0.913	valid	0.678	0.943	reliable
	X1.2	0.946	valid			
	X1.3	0.714	valid			
	X1.4	0.602	valid			
	X1.5	0.888	valid			

Based on the calculation results, the promotion variable's AVE value (X1) has exceeded 0.5

(0.678 > 0.5), and the promotion variable's CR value has exceeded 0.7 (0.943 > 0.7). This value indicates that the five indicators in this variable are reliable to form or measure the Promotion variable (X1).

**b. CFA Test Interest in Saving Construc (Y2)**

The results of testing the measurement model for each variable, especially the Interest in Savings variable (Y2), are presented in the following figure:



**Standardized Regression Weights: (Group number 1 – Default model)**

	Estimate
Y2.1 ← Interest in Saving	.857
Y2.2 ← Interest in Saving	.941
Y2.3 ← Interest in Saving	.890
Y2.4 ← Interest in Saving	.582
Y2.5 ← Interest in Saving	.601

**Figure 3: Estimation Results of the Interest Variable Measurement Model Saving (Y2)**

Based on Figure 3, the Interest in saving variable has six valid indicators with a loading factor value of > 0.5, and these five indicators have met the validity criteria and can be used for further analysis. From Figure 3, which is the result of the estimation of the measurement model on the Interest in saving variable, it can be seen that the results of the feasibility test of the model have met all the required goodness-of-fit criteria, so that the model can be accepted. The next step is to test the reliability based on the fit model, and the results are presented in the following table:

**Table 5: Calculation results of the loading factor, CR, and AVE Variable Interest in Savings**

Variable	Indicator	$\lambda$	Validity	AVE	CR	Reliability
Interest in Saving	Y2.1	0.857	valid	0.622	0.937	reliable
	Y2.2	0.941	valid			
	Y2.3	0.890	valid			
	Y2.4	0.582	valid			
	Y2.5	0.601	valid			

Based on the calculation results, the AVE value of the Interest in saving variable has exceeded 0.5 ( $0.622 > 0.5$ ) and the CR value of the Interest in saving variable has exceeded 0.7 ( $0.937 > 0.7$ ). This value indicates that the six indicators in this variable are reliable for establishing or measuring the Interest in Savings variable.

This study provides theoretical implications for understanding the role of promotion based on respondents' responses to an increase in interest in saving in Islamic banking in Makassar City. Referring to the results of previous research, it is evident that promotions have a positive but not significant effect on people's interest in saving at Islamic banks in Makassar City. This positive influence means that the better the promotion is carried out, the public's interest in saving will also increase, but the increase is relatively small or does not give much meaning to changes in the increase in interest in saving in Islamic banking.

The results of this study support the findings of previous research, namely Kristiyadi (2017), who examined the influence of reference groups, religiosity, promotion, and knowledge of Islamic financial institutions on the intention to save in Islamic financial services cooperatives (a case study at BMT TAMZIZ Wonosobo). The results of this study indicate that knowledge of Islamic financial institutions has a significant effect on the intention to save, while the reference group variables of religiosity and promotion do not significantly affect a person's intention to save. While other studies that contradict the findings of this study include Astuti & Mustikawati (2013), Utamy & Widhiastuti (2019), Rozikin, A.C., & Sholekhah (2020), and Vuong et al. (2020), they found the importance of promotion in significantly increasing people's interest in saving, so that with good promotion, the interest in saving will also increase.

The findings from this study indicate that the promotion has had no significant effect on people's interest in saving at Islamic banks in Makassar City because respondents perceive that the promotions carried out so far have not been maximized. Even though it is known that the people in the city of Makassar, most of whom are Muslims, are faced with one choice, namely saving their funds in conventional banks, Therefore, the presence of Islamic banks should be promoted more to the public so that those who have been customers so far intend to increase the number of savings products or other products from Islamic banking, and other people can switch from conventional to Islamic banking.

Referring to the conception of customer interest in saving at Islamic banks, according to Machfoedz (2005), it is expected that Islamic banking management can understand consumer behavior in buying products at Islamic banks. So far, consumers have not felt the performance

benefits of the product in relation to the value that meets consumer expectations, so it is necessary to convey information about the benefits of Islamic banks. In relation to sharia banking, which applies sharia principles to its services, it must prioritize convenience and not make it difficult for customers.

Promotions that have been carried out by sharia banking in Makassar City for respondents still need to be further improved. Referring to the lowest indicator assessed by respondents, namely sales promotion (X1.2), with an average respondent rating of 3.50 while the loading factor value is relatively high at a value of 0.946, this indicator is considered important as a measuring tool for the promotion aspect. That is, with a fairly low rating by this respondent, it indicates that there is a need for improvement in sales promotion activities carried out by Islamic banking in Makassar City, for example, promoting Islamic Bank Savings products in the form of gifts or souvenirs, which will be an attraction for customers to saving, thus further encouraging their interest in saving in Islamic banks. As for other promotional activities, especially the direct sales indicator" (X1.5) with the statement item namely "Direct sales carried out by Islamic Bank employees are effective in attracting customers to save" is the indicator most highly rated by respondents, the majority of respondents answered agree (36.5%) with an average answer of 3.65 (in the High category) and the loading factor value which is also high (0.888) implies that promotional activities by Islamic Banks, especially those related to direct selling, are considered the most good and this needs to be maintained and further improved, because this technique directly promotes the target market. In other words, marketers will go directly to the target market or potential customers to sell and offer Islamic bank products so that it is easier to explain Islamic banking and ultimately have an impact on people's interest in saving in Islamic banking in Makassar City.

Even though promotion does not have a significant effect, this must be considered by the management of Islamic banks in Makassar City because it still has a positive effect on the intention to save. As Tjiptono (2015) says, promotion is an important marketing mix element that focuses on efforts to inform, persuade, and remind consumers of the company's brands and products. Furthermore, according to Buchory and Saladin in Jatmika (2017), through promotion, a company will be able to notify, persuade, and remind consumers about the products they have.

Therefore, promotion is one of the most important things to do in an effort to attract customers. By promoting the products offered by the bank to customers, the knowledge and information that will be obtained by customers regarding the bank's products will become wider. Besides that, promotions can guide, influence, persuade, and invite others, both directly and indirectly, which will motivate others to take the actions that have been promoted (Kritiyadi & Hartiyah, 2017).

#### 4. CONCLUSION

The study's findings indicate that while promotion may be able to increase people's interest in saving, it does not do so considerably when it comes to saving at Islamic banks in Makassar City. In other words, the more effective the promotion, the less it contributes to raising saving interest, particularly from Islamic banks in Makassar City, where it only has a 2.6% influence.

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