

## Understanding of Financing Products and Their Effects on Customers Interests And Decisions: Study on Islamic Bank in Gorontalo City



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**Abstract:** The phenomenon of increasing customer understanding and interest in using the services of Islamic banking institutions indicates that the level of Muslims awareness in using Sharia-based financing products is quite high. This fact encourages the author to conduct research with the aim of knowing and analyzing the extent to which the understanding of financing products has a direct and indirect influence on customer decisions with the analysis unit which is the customer, totaling 5,753. By using the Slovin formula, the number of samples obtained is 100. The samples were selected using Multi-Stage Sampling (Proportional sampling and Accidental Sampling). Data were collected using a questionnaire. The results showed that understanding of financing products had a positive and significant effect directly and indirectly (through interest) on customer decision making in choosing financing products at Islamic commercial banks in Gorontalo City. Likewise, buying interest has a positive and significant effect directly on customer decisions for Islamic Commercial Banks in Gorontalo City. Therefore, it is advisable for Islamic banking institutions to be more active in introducing their products, both financing and financing products. And to researchers who are interested in the theme of this research so that the scope of the subject of this study is expanded, for example by adding other variables that can influence purchase interest and decisions such as variable marketing strategies, services, and so on.

**KEY WORDS:** Understanding, Interests, Decisions

### A. INTRODUCTION

Along with changes in developments regarding the economy, various financial institutions that are oriented towards the teachings of sharia have emerged. This Islamic financial institution has progressed very rapidly, conventional banks have also become Islamic banks, not only banks are supporting the Islamic economy. In addition, there are also many Islamic financial institutions, such as sharia insurance, and Baitul Maal wat-Tamwil (BMT), which always offer aqad that is oriented to sharia, so that customers are given the opportunity to choose one aqad that is in accordance with sharia.

Improving Islamic banking is not only supported by professional human resources who have practical experience in the banking system, but also influenced by other factors. These factors include, among others, the awareness of Muslims to do business in sharia and choosing Sharia Banks to be one of the services, especially in financing products. In order to increase public interest and decision to use financing products in Islamic banking, several aspects need to be considered, these components include tangible, responsively, assurance, reality and empathy. In addition, customers will be satisfied if these components can be fulfilled completely.

According to Kotler, every action or activity that one party can offer to another party, which is basically intangible and does not result in any ownership, where service is the behavior of producers in order to meet consumer needs and desires in order to achieve satisfaction in the consumer itself (Kotler, 2009).

Many Islamic banks offer a variety of banking products including Alwadi'ah (savings), financing with profit sharing (Al-musyarakah and Almudharabah), Bai'al-Murabahah, Bai'assalam, Bai'Al-istih'na, Al-Ijarah ( Leasing), Al-Kafalah (warranty). Islamic bank products have very basic differences from conventional banks and this is what attracts customers to carry out financing products at Islamic Banks. There is one type of financing product offered by Bank Muamalat KC Gorontalo by using the Ijarah contract in the form of education and Umrah / Hajj financing, while using the Murabahah contract, namely financing the purchase of vehicles (cars) and the Musyarakah Mutanaqisah contract that is used to apply for house renovations. As for Bank Syariah

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Mandiri KC Gorontalo, there are several types of financing, including pension financing or what is known as BSM Pensiunan, BSM Implant, and motor vehicle financing, which is found in the murabahah contract which consists of BSM Oto and CILEM (Gold Installment). The following is customer data at both Islamic Bank Muamalat and Bank Syariah Mandiri for 2017-2019.

**Table 1. Number of Customers who use Financing Products of Islamic Bank In Gorontalo City 2017-2019**

Islamic Bank Name	Year		
	2017	2018	2019
Muamalat Bank	432	605	724
Bank Syariah Mandiri	3.023	3.823	5.029
TOTAL	3.455	4.438	5.753

*Source: Bank Syariah Mandiri and Muamalat Bank in Gorontalo City (2020)*

Data of table 1 can be understood that there has been a paradigm shift for customers to transfer their financing from conventional banks to Islamic banks. And maybe this is due to many factors, one of which is the customer understanding of sharia bank financing products that are hassle-free. As a result, they feel interested and in the end make a decision. The illustration of table 1 data is supported by several research results such as research by Romdhoni & Ratnasari (2018) which explains that increasing customer understanding can encourage their interest in using the services offered. Customers who have knowledge of the organization generate interest in utilizing the organization, as long as it creates a positive impression of the organization (Darmawan, et al., 2019). Likewise, customer decisions are influenced by knowledge (Susanti & Marita, 2017; Andespa, 2017), interest (Haubl, 1995, Sumantri, 2014, Nurlatifah & Masykur, 2017). The higher a person's interest in becoming a customer, the higher the likelihood of someone deciding to become a customer.

In fact, not all research results on the effect of interest in decision making show positive and significant results. Research Setyaningsih (2017), for example, found that interest does not have a significant influence on customer decision making. So, the difference in findings by researchers shows that the constructs of interest and conception of decisions are still important to be investigated further.

The theory which is the basis of this research is the theory of consumer behavior in the decision-making process and customer interests. According to Philip Kotler, consumer behavior is the study of how individuals, groups and organizations choose, buy, use, and how goods, services, ideas, or experiences satisfy their needs and wants. Understanding the influence of consumers in the decision process is a major problem, among others: First, in the choice of consumers are stimuli. These stimuli can be in the form of products, prices, services, distribution and promotions. Second, it comes from the consumers themselves which include motivation, perceptions, knowledge, beliefs, and attitudes. The third influence, namely the environment such as the social environment, the technological environment, the political environment, and the cultural environment, and so on (Kotler and Keller, 2009).

On the basis of the above phenomena, the important argument of this research is that people's understanding of the products of a banking institution creates a desire or interest in owning the product. So an important decision in making a financing transaction is inseparable from the aspect of one's understanding of the product. Therefore, the researcher wants to prove that people who have knowledge of the product generate interest and in the end decide to choose these products with the aim of proving that the understanding factor influences the customer's interests and decisions.

### B. LITERATUR REVIEW

This section discusses about theory of understanding, interests, decision making, conceptual frameworks and hypotheses.

#### 1. Concept of Understanding

The Understanding (*comprehension*) is a person's ability to understand something after something is known and remembered. In other words, understanding is knowing about something and being able to see it from various points of view (Sudijono, 1996). According to Sudirman, understanding is a person's ability to interpret, interpret, translate, or state something in his own way about the knowledge he has received (Uno, 2010). If it is related to one's understanding of Islamic bank products, that is, one can understand the bank, both the name of the company and the products of Islamic bank financing (Ghazaly, 2010).

While the indicators of understanding can be seen in two ways, namely: first, understanding, where this can state an action, existence, experience, or other dynamic meaning (Kotler and Keller, 2009). Second, to explain, where to be able to translate, or interpret, something we know (Sudjana, 2012). In addition to indicators, there are also several factors that influence

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understanding, including internal factors which include physical factors (physiology), which include a healthy sense of the senses without disabilities (disorders) of the body, illness or imperfect development; psychological factors, which include intellectuality (intelligence), interests, talents, and potential achievements; physical or psychological maturation factors. External factors which include social factors, which include family environment, school environment, group environment, and community environment; cultural factors, which include customs, science, technology and the arts; Physical environmental factors, which include home and school facilities; Spiritual / religious environmental factors (Ahmadi and Supriono, 1991)

### **2. Concept of Interest**

The term interest is a term of personality aspects to describe the will, the urge that arises from within the individual to choose other similar objects. In the large Indonesian dictionary, interest is defined as a liking (inclination of the heart) to an attention or desire. in terms of language, interest means "a high inclination towards something; passion, and desire "(KBBI, 1990). In the general encyclopedia, it is stated that interest is "the tendency to behave that is directed at a certain object of activity or experience" (Shady, 1983). Some experts argue that interest is the same as attention, between interest and attention is generally considered the same / there is no difference. They are almost the same and in practice always go hand in hand with each other. if someone who is fixed on an object actually begins with an interest in it. Interest is the attitude of a person's soul, including the three functions of his soul (cognition, conation, emotion), which are focused on one and in that relationship the strongest feeling element. Attention is the activity of the soul which is directed to a certain object. In the symptom of mindfulness these three functions are also present, but it is the mental element that has the strongest influence. Between interest and attention is always related to practice. What attracts interest can cause attention and what causes our attention to something, of course accompanied by interest (Ahmadi, 2003).

According to Muhubbin Syah (2010), interest means a tendency and high enthusiasm or a great desire for something. Interest is a condition in a person in the dimension of subjective probability which includes the relationship between the person himself and several actions (Wibowo, et al. 2015). Purchase interest is part of the behavioral component of consuming attitudes (Kurniawati & Arifin, 2015). Purchase interest is identified through the dimensions of transactional interest, referential interest, preferential interest and transactional interest (Wibowo, et al. 2015). There are several indicators that are generally used by researchers, including, first recognition, acquiring knowledge (including awareness, feelings) or trying to recognize something through one's own experience. Second, Emotions / Feelings, the tendency to have distinctive feelings when dealing with certain objects in their environment. Third, willpower, which is defined as a psychic activity that contains active efforts and is associated with the implementation of a goal. (Wardiana, 2004).

### **3. Concept of Decision**

In essence, decision-making activities are motivated by the existence of a problem or problem in an effort to achieve a certain goal. The decision making aims to solve or solve the problem in question so that efforts to achieve the intended objectives can be carried out properly and effectively. In addition, decision making is seen as an attempt to find a way out of a problem that occurs. Decision making is a thought process in the context of solving a problem to get the final result to be implemented. The purchase decision is the result of a choice of several existing choices, this is done must be in accordance with consumer expectations in making decisions (Shaleh, 2004). According to Gastrein & Teufel (2014), the pattern of consumer decision making depends on the probability pattern and the advantages or disadvantages of the perceived results. This pattern cannot be generalized to all consumer decisions (Muhdar, 2020). The steps in the decision selection process begin with a need for something, a motive. After the needs are determined, there is a set of alternatives called the opportunity set. Usually, the opportunity set is too large to examine, so people limit its size to the set of considerations. After evaluating the benefits and costs of the alternatives in the set of considerations, a choice needs to be made. (Bettman et al, 1998).

Decision making is usually measured through indicators, first, Information Disbursement. The process of seeking information, actively seeking reading materials, calling friends and conducting activities to find other information. In general, there are five basic sources from which ordinary consumers collect information for the needs of certain service purchase decisions, namely internal sources and consumers activate the memory or experience stored in their minds when they want to fulfill these needs and desires (Yazid, 2005). Second, Information Evaluation, information obtained from prospective buyers is used to obtain a clearer picture of the alternatives it faces and the attractiveness of each alternative. Third, the Purchase Decision. After making an assessment, the buying decision is taken. And determine which shop, to buy how much, the amount of money available. Fourth, post-purchase behavior. After buying, another kind of behavior will arise in the individual (Alma, 2007).

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## 4. Conceptual Framework and Hypotheses

This study takes three variables, namely the variable understanding of financing products as the independent variable, the interest variable as an intervening variable, and the decision variable as the dependent variable. These three variables are constructed based on the understanding that understanding financing products is an instrument that makes someone interested or interested before making decisions. A literature review, explains that customer knowledge can influence their interest in using the product. Increasing their understanding can encourage their interest in using the services offered (Romdhoni & Ratnasari, 2018). Customers who have knowledge of the organization generate interest in utilizing the organization, as long as it creates a positive impression of the organization (Darmawan, et al., 2019). Likewise, customer decisions are influenced by knowledge (Susanti & Marita, 2017; Andespa, 2017), interest (Haubl, 1995, Sumantri, 2014, Nurlatifah & Masykur, 2017). The higher the interest in becoming a customer, the higher the likelihood that someone will decide to become a customer. According to Anwar (2001) that interest is a favorite or inclination of the heart towards something. If someone has a more interest in Islamic banks, the higher their desire to make a decision to become a customer (Sumantri, 2014).

Based on the theoretical conception and conceptual framework (Figure 2.1) as described above, the hypothesis in this study is assumed that: Understanding of Financing Products has an effect on Customer Interest in Islamic Banks in Gorontalo City ( $H_1$ ). Understanding of Financing Products affects the decision to become a customer at Islamic Bank in Gorontalo City ( $H_2$ ). Interest influences the decision to become a customer at Islamic Bank in Gorontalo City ( $H_3$ ). Understanding of Financing Products has an indirect effect (through interest) on the decision to become a customer at Islamic Bank in Gorontalo City ( $H_4$ )

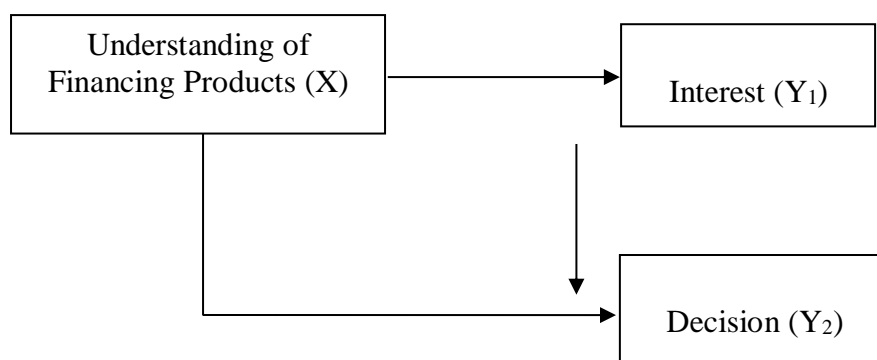


Figure 1: Conceptual Framework

## C. RESEARCH METHOD

The research was designed based on the type of quantitative research where the data were analyzed through the path analysis method, namely measuring the effect of understanding financing products on the Interest and Decision to become a Customer at Islamic Bank in Gorontalo City. The population in this study were all customers of Islamic Banks, amounting to 5753 customers. By using the Slovin formula, the number of samples obtained is 100. The sample was selected using Multi-Stage Sampling (Proportional sampling and Accidental Sampling). Data were collected using a Likert scale questionnaire from numbers 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), to 5 (strongly agree). The questionnaire is compiled based on the indicator variable understanding of financing products (Ghazaly, 2010; Sudjana, 2012), interest indicators (Wardiana, 2004), and indicators of customer decisions (Alma, 2007). Before the data is analyzed by using "simple regression", first the validity test (r test), instrument reliability (Cronbach alpha test) and data normality (Normal P-P Plot chart) are performed as the analysis requirements test. Data is analyzed using Path Analysis, which is to analyze the pattern of relationships between variables with the aim of determining the amount of direct and indirect influence. In path analysis, the correlation between variables is related to the parameters of the model which are represented by the path diagram.

## D. RESEARCH RESULT

This section displays data related to data validity, instrument reliability, data normality, regression results, and hypothesis testing.

### 1. Instrument Validity Test

To find out whether the questionnaire instrument used is sufficiently suitable to produce accurate data in accordance with the objective of its measurement, a validity test is performed. With a significant level of 5% and the number of respondents as many as 100 customers. The critical number from r table (r table of moment product) obtained is 0.202. Questionnaire items can be said to be valid if  $r_{count} > r_{table}$ .

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**Table 2: Instrument Validity Test Results of Product Understanding Variable**

Instrument Items	R <sub>Count</sub>	r <sub>table</sub> (5%)	Information
1	0.738	0.202	Valid
2	0.706	0.202	Valid
3	0.745	0.202	Valid
4	0.566	0.202	Valid
5	0.627	0.202	Valid
6	0.587	0.202	Valid

Source: SPSS 21 output (2020)

Table 2 shows that the 6 statement items used to measure the Understanding Variabe of Financing Products are all said to be Valid.

**Table 3: Instrument Validity Test Results of Interest Variable**

Instrument Items	R <sub>Count</sub>	r <sub>table</sub> (5%)	Information
1	0.489	0.202	Valid
2	0.559	0.202	Valid
3	0.636	0.202	Valid
4	0.399	0.202	Valid
5	0.838	0.202	Valid
6	0.804	0.202	Valid
7	0..469	0.202	Valid
8	0.803	0.202	Valid

Source: SPSS 21 output (2020)

Table 3 shows that the 8 statement items used to measure interest in becoming a customer in Islamic Bank are said to be valid.

**Table 4: Instrument Validity Test Results of Decision Variable**

Instrument Items	R <sub>Count</sub>	r <sub>table</sub> (5%)	Information
1	0.626	0.202	Valid
2	0.762	0.202	Valid
3	0.771	0.202	Valid
4	0.435	0.202	Valid
5	0.655	0.202	Valid

Source: SPSS 21 output (2020)

Table 4 shows that the 5 statement items used to measure the decision to become a customer in Islamic Bank are all said to be Valid.

## 2. Reliability Test

Reliability test is a tool to measure a questionnaire which is an indicator of the variable. A questionnaire is said to be reliable or reliable if someone's answer to a question is consistent or stable over time. Spss provides facilities for measuring reliability with the Cronbach Alpha ( $\alpha$ ) statistical test. A variable is said to be reliable if it provides  $\alpha > 0.60$ .

**Table 5: Reliability Test Results of Each Variable**

NO	Variable	Reliability Coefficient	Information
1	Understanding of financing products (X)	0.746	Reliable
2	Interests (Y <sub>1</sub> )	0.796	Reliable
3	Decision (Y <sub>2</sub> )	0.667	Reliable

Source: SPSS 21 output (2020)

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Table 5 shows that the reliability test results of the understanding of financing products obtained a value of 0.746, while the interest instrument or intervening instrument obtained a value of 0.796, and the decision instrument to become a customer of Islamic Bank obtained a value of 0.667. Thus, the three instruments can be said to be reliable because they have an Alpha coefficient value that is greater than the critical price of 0.60.

### 3. Normality Test

The normality test is used to assess the distribution of data in a group of data or variables whether they are normally distributed or not. To test it, the Kolmogorov Smirnov test can be used. In the Kolmogorov Smirnov test, if the significance value is  $> 0.05$ , the data is normally distributed. Conversely, if the significance value  $< 0.05$ , the data is not normally distributed.

**Table 6: One-Sample Kolmogorov-Smirnov Test Model 1**

		Unstandardized Residual
N		97
Normal Parameters <sup>a,b</sup>	Mean	0E-7
	Std. Deviation	4,78850851
	Absolute	,089
Most Extreme Differences	Positive	,089
	Negative	-,078
Kolmogorov-Smirnov Z		,876
Asymp. Sig. (2-tailed)		,427

*Source: SPSS 21 output (2020)*

**Table 7: One-Sample Kolmogorov-Smirnov Test Model 2**

		Unstandardized Residual
N		97
Normal Parameters <sup>a,b</sup>	Mean	0E-7
	Std. Deviation	1,62412453
	Absolute	,063
Most Extreme Differences	Positive	,063
	Negative	-,051
Kolmogorov-Smirnov Z		,616
Asymp. Sig. (2-tailed)		,842

*Source: SPSS 21 output (2020)*

Tables 6 (model 1) and 7 (model 2) show the data normality test results using the Kolmogorov-Smirnov method. Model 1 gets a significance value of 0.427 and model 2 of 0.842. That is, each of these significance values is greater than the significance level of 0.05. Thus, it is concluded that the data are normally distributed.

### 4. Regression Analysis

#### 4.1. Model 1 (Simple Regression)

This analysis (model 1) is used to determine the understanding financing products effect on the interest in becoming a customer of Islamic Bank in Gorontalo City.

Table 8 shows the simple regression results (model 1) which can be explained through the regression equation:  $Y_1 = 17.023 + 0.546X$ , this equation can be interpreted that if variable X (Understanding of Financing Products) increases by 1 unit, it will cause an increase in variable Y1. (interest) of 0.546.

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**Table 8: Simple Regression Results (Model 1)**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	17,023	3,816		4,461	,000
1 UNDERSTANDING OF FINANCING PRODUCTS	,546	,156	,339	3,508	,001

a. Dependent Variable: INTEREST

Source: SPSS 21 output (2020)

## 4.2. Model 2 (Multiple Regression)

**Table 9: Multiple Regression Results (Model 2)**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	4,940	1,431		3,452	,001
1 UNDERSTANDING OF FINANCING PRODUCTS	,292	,056	,371	5,185	,000
1 INTEREST	,267	,035	,546	7,635	,000

a. Dependent Variable: DECISION

Source: SPSS 21 output (2020)

Table 9 shows the multiple regression results (model 2) which can be explained through the regression equation:  $Y_2 = 4.940 + 0.292X + 0.267Y_1$ , this equation can be interpreted that if variable X (Understanding of Financing Products) through the intervening variable  $Y_1$  (Interest) there is an increase of 1 unit, it will cause an increase in variable  $Y_2$  (decision) of  $0.292 + 0.267$ .

## 4.3. t test

The t test was conducted to determine the influence of the independent variable on the dependent variable by comparing the t value with the t table value with a significance level of 5%. The t test results in this study can be seen from the following explanation.

From the results of the calculation of the t test (table 8), it is obtained  $t_{count} = 3.508$  and  $t_{table}$  at  $\alpha = 0.05$  is 1.985. That is,  $t_{count}$  is greater than  $t_{table}$  ( $3.508 > 1.985$ ) or significance coefficient of  $0.01 < 0.05$ , so that it is declared that  $H_0$  is rejected. So it can be concluded that understanding financing products (X) has a positive and significant effect on interest ( $Y_1$ ). While the results of the t test calculation (table 9) obtained  $t = 5,185$  for understanding the product (X) on the decision ( $Y_2$ ). That is,  $t_{count}$  is greater than  $t_{table}$  ( $5,185 > 1,985$ ) or a significance coefficient of  $0.00 < 0.05$ , so that it is declared that  $H_0$  is rejected. So it can be concluded that the understanding of financing products (X) has a positive and significant effect on customer decisions ( $Y_2$ ). And  $t_{count} = 7.635$  for the interest variable ( $Y_1$ ) on decision ( $Y_2$ ). That is,  $t_{count}$  is greater than  $t_{table}$  ( $7,635 > 1,985$ ) or a significance coefficient of  $0.00 < 0.05$ , so that it is declared that  $H_0$  is rejected. So it can be concluded that interest ( $Y_1$ ) has a positive and significant effect on customer decisions ( $Y_2$ ).

## 4.4. Correlation Test

Correlation analysis was carried out to determine how strong the relationship between variable X (Understanding of Financing Products) to variable  $Y_1$  (Interests) and variable  $Y_2$  (Decision) became customers at Islamic Bank in Gorontalo City. The correlation coefficient values ranged from -1 to +1.

**Table 10: Results of Correlation Coefficient Analysis**

	Understanding of Financing Products	Interests	Decision
Pearson Correlation	1	,339**	,556**
Sig. (2-tailed)		,001	,000
N	97	97	97



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Interests	Pearson Correlation	,339**	1	,672**
	Sig. (2-tailed)	,001		,000
	N	97	97	97
Decision	Pearson Correlation	,556**	,672**	1
	Sig. (2-tailed)	,000	,000	
	N	97	97	97

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS 21 output (2020)

Table 10 shows the Sig. (2-tailed) between the understanding of financing products (X) with the intervening interest variable ( $Y_1$ ) is  $0.001 < 0.005$ , it can be concluded that there is a significant correlation between the variable understanding of financing products and the variable of interest. While the relationship between understanding of financing products (X) and customer decision variables ( $Y_2$ ) is  $0.000 < 0.005$ , it can be concluded that there is a significant correlation between the variable understanding the product and the decision variable.

#### 4.4. Coefficient of Determination

Table 11 shows that the coefficient of determination or the R Square number is 0.115. This shows that the effect of understanding of financing products (X) on Interest ( $Y_1$ ) is 11.5%. Meanwhile, the remaining 88.5% (100% - 11.5%) was contributed by other variables not examined. This means that the partial effect of understanding of financing products (X) on Interest ( $Y_1$ ) is 11.5%.

Table 11: Coefficient of Determination (Model 1)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig
1	,339 <sup>a</sup>	,115	,105	4,814	,001

Source: SPSS 21 output (2020)

Table 12 shows that the coefficient of determination or the R Square number is 0.574. This shows that effect of financing products understanding and interest simultaneously on decisions is 57.4%. Meanwhile, the remaining 43.6% (100% - 57.4%) is contributed by other variables not examined. That is, the effect of financing products understanding (X) and Interest ( $Y_1$ ) on decisions ( $Y_2$ ) simultaneously is 57.4%.

Table 12: Coefficient of Determination (Model 2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig
1	,757 <sup>a</sup>	,574	,556	1,641	,000

Source: SPSS 21 output (2020)

#### 4.5. Path Analysis

Path analysis, namely examining the data directly or indirectly given the independent variable through the intervening variable to the dependent variable. This can be seen in the explanation below:

Table 13: Result of Path Analysis (Model 1)

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	17,023	3,816		4,461	,000
Understanding products	,546	,156	,339	3,508	,001

Source: SPSS 21 output (2020)



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Table 13 shows that the significance value of understanding products variable (X) = 0.001. that is, it is less than the value 0.05. So it is concluded that model 1, namely understanding products variable (X) has a significant effect on interest variable (Y<sub>1</sub>). Meanwhile, the value of  $e_1 = \sqrt{1 - 0.115} = 0.941$

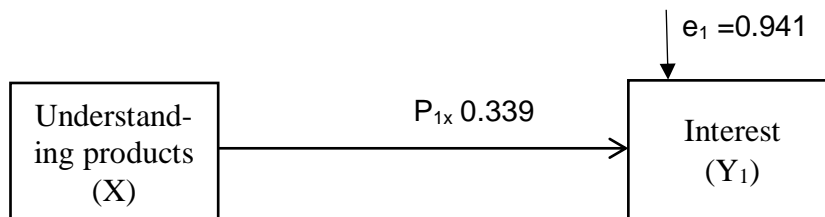


Figure 2: Path Analysis (Model 1)

Based on the value in Figure 2 above, the Y<sub>1</sub> value can be calculated:

$$Y_1 = P_{1x} + e_1$$

$$Y_1 = 0.339 + 0.941$$

$$Y_1 = 1.280$$

Table 14: Result of Path Analysis (Model 2)

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	Beta		
(Constant)	4,940	1,431		3,452	,001
Understanding products	,292	,056	,371	5,185	,000
Interest	,267	,035	,546	7,635	,000

Source: SPSS 21 output (2020)

Table 14 shows that the significance value of the variable X (understanding products) = 0.000 and Y<sub>1</sub> (Interest) = 0.000, meaning that the value is smaller than the value 0.05. These results conclude that model 2 (understanding variables has a significant effect on interest and Interest variables have a significant effect on decision variable). Meanwhile, the value of  $e_2 = \sqrt{1 - 0.574} = 0.653$ .

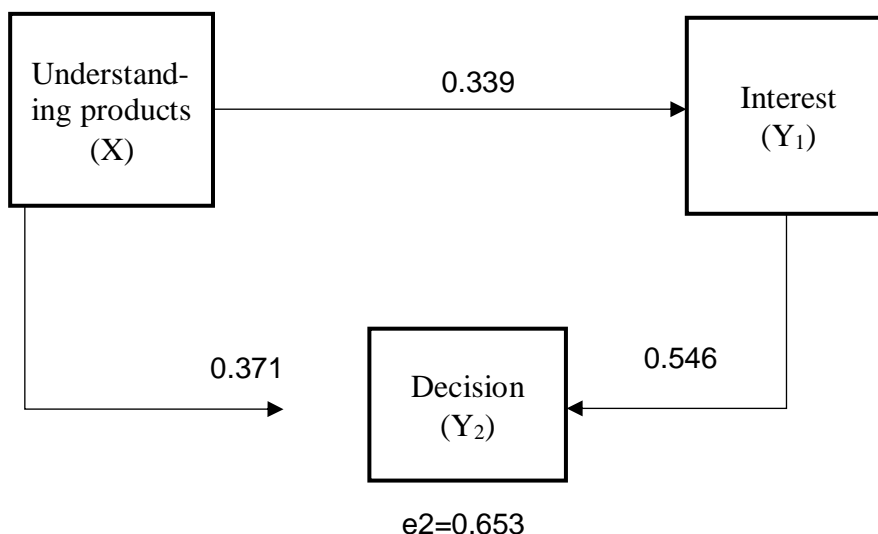


Figure 3: Path Analysis (Model 2)

Based on the value in Figure 3 above, the Y<sub>2</sub> value can be calculated:

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$$Y_2 = P_{1y2} + P_{2y1} + e_2$$

$$Y_2 = 0.371 + 0.546 + 0.653$$

$$Y_2 = 1.469$$

So that X against  $Y_2$  through  $Y_1$  is:

$$Y_2 = P_{1y2} + P_{2y1} * P_{1x}$$

$$Y_2 = 0.371 + 0.546 * 0.339$$

$$Y_2 = 0.556$$

### 4.6. Hypothesis Test

Based on the empirical model proposed in this study, the hypothesis proposed by testing the path coefficient on the structural equation model can be tested. Tables 13 and 14 are hypothesis testing by looking at the p value, if the p value is less than 0.05 or 5%, the relationship between the variables is significant. The interpretations of tables 13 and 14 can be explained as follows:

- Understanding of financing products has a positive and significant impact on customer interest with  $p = 0.001 < 0.05$  with a coefficient value of 0.339, this coefficient indicates that the better understanding of a customer's product, the more interested the customer will be.
- Understanding of financing products has a positive and significant impact on customer decisions with  $p = 0.000 < 0.05$  with a coefficient value of 0.371, this coefficient indicates that the better customer understanding of financing products, the greater the potential for decision making.
- Interest has a positive and significant influence on customer decisions with  $p = 0.000 < 0.05$  with a coefficient value of 0.546, this coefficient indicates that the better a customer's interest in financing products, the greater the potential for decision making.
- The effect of understanding financing products (X) through interest ( $Y_1$ ) on customer decisions ( $Y_2$ ) is 0.927. This value indicates that the direct effect with a value of 0.371 is smaller than the indirect effect with a value of 0.927. So it can be concluded that there is a significant influence on understanding financing products (X) on customer decisions ( $Y_2$ ) through interest ( $Y_1$ ).

## F. DISCUSSION

In this section of the discussion, it explains the answers to the problem formulations and research hypotheses. The results of the path analysis in tables 13 and 14 show the findings that *first*, understanding of financing products has a positive and significant direct effect on customer interest. *Second*, understanding of financing products has a positive and significant direct effect on customer decisions. *Third*, interest has a positive and significant direct effect on customer decisions. *Fourth*, understanding of financing products has a positive and significant indirect effect (through the intervening variable of interest) on customer decisions. These four findings will be discussed below.

*First*, understanding of financing products has a positive and significant direct effect on customer interest. This suggests that the understanding of products is one of the factors that plays an important role in determining a customer's interest. The better understanding of a customer's products, the better the customer's interest will be. Conversely, if the understanding of the products is low, it will allow his interest to choose the product is also low. This finding is in line with the findings of Romdhoni & Ratnasari (2018) that customer knowledge can influence their interest in using the product. Increasing their understanding can encourage their interest in using the services offered. This finding also strengthens what Darmawan, et al., (2019) stated that customers who have knowledge of the organization generate interest in utilizing the organization, as long as it creates a positive impression from the organization.

*Second*, understanding of financing products has a positive and significant direct effect on customer decisions. This suggests that providing customers with an understanding of the importance of products is one of the factors that plays an important role in determining a customer's decision. The better a customer's understanding of the existence of products, the stronger it will be to encourage customers to make decisions. Conversely, if the customer understanding of the organization's products is low, it will allow his decision to choose the product is also low. This finding strengthens the argument of Suwarman (2011) that when consumers have more knowledge, they will be better at making decisions, they will be more efficient and more precise in processing information and be able to recall information well. Likewise, Handida & Sholeh's (2018) research of states that the level of public knowledge of Islamic banking products has an impact on the decisions taken to use these products. The higher the level of knowledge the community possesses, the higher the decision making to use Islamic banking products will be. The existence of knowledge of Islamic Bank product affects the customer's decision to use or not use Islamic banking products. In general,

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knowledge is everything that is known regarding a matter. How high is the level of public knowledge about Islamic banking and the products that follow it, the higher the community's decision to use its products. On the contrary, if the public's knowledge is still low about Islamic banking and its products, it will cause a less positive view of Islamic banking (Ahmad, 2000).

*Third*, interest has a positive and significant direct effect on customer decisions. This suggests that before a customer makes a decision, there is a feeling of interest in becoming a customer of the bank. This means that the interest factor is one of the factors that plays an important role in determining a customer's decision. The more interested a customer is in the existence of products, the stronger it will motivate the customer to make decisions. Conversely, if the customer interest in banking products is low, then the decision to become a customer in banking is also low. This finding is relevant to the statement of Kotler and Keller (2016) that consumer buying interest appears as a response to an object that shows a person's desire to make a purchase, and strengthens the research of Haubl (1995), Sumantri (2014), Nurlatifah & Masykur (2017), Solihin (2020) that interest has a positive and significant effect on decision making. A person who has more interest in Islamic banks will also have a higher desire to make a decision to become a customer (Sumantri, 2014).

*Fourth*, understanding of financing products has a positive and significant indirect effect (through the intervening variable of interest) on customer decisions. The results of hypothesis testing prove that the mediating variable, namely interest, is able to mediate the effect of understanding financing products on purchase decisions. The results of this study are in line with research conducted by Solihin (2020) that the purchase interest variable is able to mediate in customer decision making.

### H. CONCLUSION

Based on the results of the research and discussion of this study, it is concluded that in fact the understanding of financing products by customers is able to have a positive and significant effect on buying interest and a person's decision to become a customer of Islamic Bank in Gorontalo City. Likewise, buying interest, besides having a positive and significant direct effect on decision making, also has an indirect effect on the decision to become a customer of Islamic Banks in Gorontalo City. Therefore, this study recommends: first, to Islamic Banking of institutions that they are more active in introducing their products, both funding and financing products. Second, for researchers who are interested in the theme of this research, it is suggested that the scope of this research subject be expanded, for example by adding other variables that influence purchase interest and decisions to become customers, such as variable marketing strategies, services, and so on in order to produce a broad picture of the problem. research under study.

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