

## Factors Affecting the Low Preference of Culinary Traders in Choosing Sharia Financing in Bima City



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**ABSTRACT:** This study aims to analyze the factors that influence the low preference of culinary traders in choosing sharia financing in Bima City. This research was conducted using quantitative methods. The type of data in this study is primary data obtained through the distribution of questionnaires to culinary traders in the city of Bima. They have not chosen Islamic financing in Islamic banks. The number of samples in this study was 96 respondents. The analytical tool used is multiple linear regression analysis with the help of SPSS v.24 software. The independent variables of this study are knowledge, promotion, and religiosity, while the dependent variable is low preference. The results showed that knowledge, promotion, and religiosity had a positive and significant effect on the low preference of culinary traders in choosing sharia financing in Bima City. These findings need further research to identify other factors that will encourage the preference of culinary traders to take financing from Islamic banks.

**KEYWORDS:** Knowledge, Promotion, Religiosity, Low Preference, and Culinary Trader.

### 1. INTRODUCTION

Banks are financial institutions that carry out three main functions: collecting public funds, channelling funds to the community and providing services to the community. Islamic banking is an intermediary institution that provides financial services for the community where all activities are carried out based on Islamic ethics and principles so that they are free from usury (preference), free from non-productive speculative activities such as gambling (*maysir*), free from *gharar* and only finance lawful businesses. In its operations, Islamic banks provide and impose rewards based on sharia principles of buying, selling, and profit sharing so that they are often equated with preference-free banks (Khotimah, 2018).

According to Kasmir (2004), financing based on sharia principles is the provision of money or equivalent claims with the approval and agreement between the bank and the customer, which requires the party being financed (the customer) to repay the loan under a mutually agreed period. Islamic banking, as part of the Islamic economy, is expected to encourage the economic development of a country. The objectives and functions of Islamic banking in the economy are widespread economic prosperity, full employment and optimum levels of economic growth, socio-economic justice and equitable distribution of income and wealth, stability of the value of money, mobilization and investment of savings that ensure fair returns and effective service. (Husaeni, 2017).

**Table 1.1 Development of the Number of BUS, UUS, and BPRS in Indonesia 2013-2019**

Indicators	2013	2014	2015	2016	2017	2018	2019
BUS	11	12	13	13	13	14	14
UUS	23	22	22	21	21	20	20
BPRS	163	163	163	166	167	167	165

**Source:** OJK Sharia Banking Statistics December 2019 (*Processed*)

The development of Islamic banking in Indonesia is currently progressing. Based on statistics on the development of Islamic banks up to 2019, the number of Islamic Commercial Banks (BUS) has reached 14 units, Sharia Business Units (UUS) have reached 20 units, and Sharia People's Financing Banks (BPRS) have reached 165 units, this will continue to increase from 2015. to year. Even so, in reality, many Muslim communities in Indonesia still choose to use conventional banking compared to Islamic banking, even though the Muslim community in Indonesia already knows that conventional banking adheres to a usury system whose legal basis is haram.

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**Table 1.2. Growth of Islamic Banking in NTB 2013-2019**

Indicators	2013	2014	2015	2016	2017	2018	2019
BUS	5	6	6	7	9	20	20
UUS	6	12	12	4	5	4	4

**Source:** OJK Sharia Banking Statistics December 2019 (*Processed*)

Based on the statistical data above, the growth of Islamic banking in West Nusa Tenggara shows significant growth from year to year. However, this is not the case in Bima City. Bima City is one of the areas in the province of West Nusa Tenggara (NTB). Based on the data, the population spread across the city of Bima is 155,140 people, with the majority of the Muslim population being 152,959 people (One NTB Data, 2021). It shows that the Islamic banking market in the city of Bima is very large.

Bima City is a busy area to visit because Bima City is a commercial centre for Bima City and Bima Regency and has the opportunity to develop the Islamic banking sector. The community carries out many trading activities as a commercial centre, including culinary traders. Culinary traders who use sharia financing in the city of Bima are low. The presence of Islamic banks has not been able to significantly divert the preference of culinary traders from conventional banks to Islamic banks. The various perceptions, attitudes, and behaviour of traders toward Islamic banks, among others, are caused by the low public understanding of Islamic banks. Prisanti et al. (2021) said the low public preference in saving at Islamic banks in Bima Regency could be seen from the lack of customer growth in Islamic banks, which is influenced by several factors such as the number of people's assumptions about Islamic banks being the same as conventional banks and the lack of advertisements that can attract people to save on Islamic Bank.

Based on the explanation of the problems above, the researcher is preferenceed in studying the problems of the factors that influence the low preference of culinary traders in choosing sharia financing in the city of Bima. What are the factors that influence the low preference of culinary traders in choosing sharia financing, and how the influence of each of these factors is? Therefore the researcher raised the concept as a thesis research material with the title "Factors Affecting the Low Preference of Culinary Traders Choosing Sharia Financing in Bima City."

## 2. LITERATURE REVIEW

### 2.1. Understanding the Preference

Preference is a desire that arises from oneself without any coercion from others to achieve a goal. Preference is a sense of liking an object or activity. Preference is a decision to use or purchase a particular service/product. Purchasing decisions are a decision-making process that includes determining what to buy or not. The decision is obtained from previous activities, namely the need for funds (Irdyanti, 2019).

The lack of public preference arises due to a lack of attractiveness or the absence of individual preference in something to pay attention to and volunteer to be tied to an activity (Fatmiati, 2019), factors that influence the lack of preference in culinary traders are influenced by knowledge, promotion and religiosity.

The theory used in this research is the theory of consumer behaviour, namely the *Theory of Reasoned Action* (TRA) developed by Ajzen and Fishbein (1980), which defines that the will/intention/preference influences human behaviour. Preference is an individual's preference to perform a certain behaviour before the behaviour is carried out. The existence of an intention/preference to take action will determine whether the activity will be carried out or not.

### 2.2. Traders

Traders are people who make transactions with the public in a trade and trade goods that are not produced by themselves to obtain a profit (Wikipedia). Traders are people who carry out commercial activities as their daily work.

Trade in Islam does not only want to get the maximum profit but also blessing. The blessing of business is the stability of a business, namely by obtaining reasonable profits and being blessed by Allah SWT. to gain business success. Islam teaches principles that must be obeyed by a trader in doing business as exemplified by the Messenger of Allah (Hardian, 2021):

1. Sellers are prohibited from lying or deceiving buyers about the goods they sell. Buying and selling that contains fraud do not include buying and selling that is good. According to al-Nawawi, the prohibition of buying and selling by fraud is the basic basis of buying and selling, which includes many things such as buying and selling goods that do not exist, buying and selling unknown goods, buying and selling goods that cannot be handed over, buying and selling goods that are not fully owned. Sellers buy fish in the vast ocean or milk in animal milk containers (Idri, 2016).
2. When a business transaction occurs, the seller must avoid excessive swearing in selling an item.
3. The sale of an item must be based on the mutual agreement of both parties (the seller and the buyer).

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4. The seller must not cheat in weighing or exchanging an item.
5. Respect and respect the rights and position of the buyer.

### 2.3. Knowledge

According to Natoatmodjo (in Windari, 2019), knowledge is the result of knowing, and this is after people have sensed certain objects. Sensing occurs through the five senses of sight, hearing, smell, taste and touch. Most human knowledge is obtained through the eyes and ears. According to Suwarman (in Indayanti, 2019), knowledge is all information that consumers have about various kinds of products and services, as well as other knowledge related to these products and services and information related to their function as consumers.

### 2.4. Promotion

Promotion is one of the most important variables. Promotion is a one-way flow of information or persuasion to direct a person or organization to actions that create exchanges in marketing (Swastha and Sukotjo, 1998).

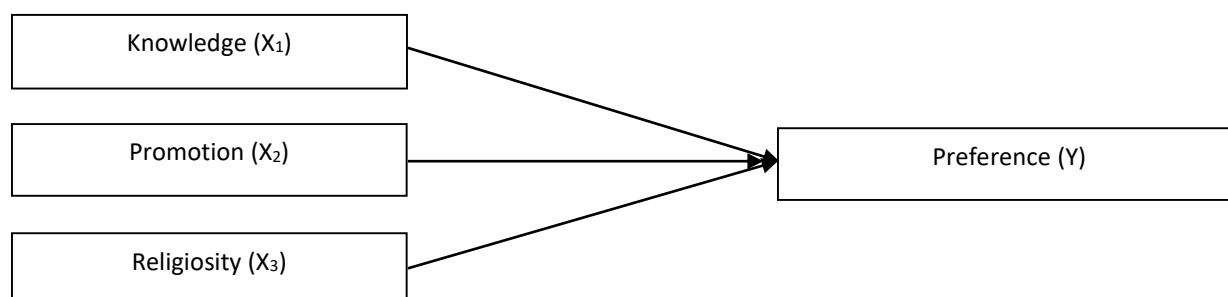
In this promotional activity, either directly or indirectly, each bank tries to promote its products and services to be known by its customers. Thus promotion is a way to attract and retain customers. Through promotions, the bank will inform all types of products offered and try to get new customers. In addition, other functions of promotion are to remind customers of the product, influence customers to buy, and promotion will also improve the bank's image in the eyes of its customers (Kasmir, 2010)

### 2.5. Religiosity

According to Majid (in Rachamawati & Widana, 2019), religion is not just an act of ritual actions such as praying and reciting prayers. Religion is more than that, namely the entire commendable human behaviour, which is carried out to obtain Allah's pleasure. Religion is a system of a person's symbols, beliefs, values, and behaviour (Romdhoni & Ratnasari, 2018). Religiosity is an attitude that appears based on one's belief or belief in a religion. Religious attitude is a condition that exists in a person who encourages him to behave by the level of obedience to his religion. Religiosity exists in a person where every activity is always related to his religion. In this case, as a servant who believes in God's existence, he tries to carry out or practice each of his religious teachings on the basis of the faith that is in him (Jalaluddin, 2005).

### 2.6. Conceptual Framework

This study uses independent variables, namely knowledge, promotion, and religiosity, while the dependent variable is low preference. Based on this description, the conceptual framework in this study is:



## 3. RESEARCH METHODOLOGY

The type of research used in this study is quantitative research. Sugiyono (2015) quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to examine certain populations or samples, data collection using research instruments, and quantitative/statistical data analysis to test predetermined hypotheses. The population in this study are culinary traders in the city of Bima. The population that is the object of research is culinary traders in Bima City. Sugiyono's (2015) sample is part of the number and characteristics possessed by the population. If the population is large, and it is impossible for the researcher to study everything in it, the researcher can use samples from that population.

The sampling in this study used the Lemeshow formula with a degree of error of 5%, so a sample of 96 samples was obtained. To test the questionnaire using the Validity test and Reliability test. Classical assumption test includes normality test, multicollinearity test and heteroscedasticity test. The analytical model used in this research is Multiple Linear Regression Analysis which is processed using SPSS version 24 program assistance.

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### 4. RESULT AND DISCUSSION

#### 4.1. Validity and Reliability Test

The SPSS output shows the validity test of the knowledge variable, measured by using 3 statement items; promotion variable measured by using 5 statement items; religiosity variable measured using 5 statement items; and preference variable, measured using 4 statement items. The validity test results show that all statement items of all these variables have a calculated  $r$  value greater than the  $r$  table (0.199). Thus it can be concluded that all statement items are declared valid

. Based on the output of SPSS 24, it is known that Cronbach's alpha value of the knowledge variable is 0.731, the promotion variable is 0.810, the religiosity variable is 0.739, and the preference variable is 0.749. all of these variables have a value greater than 0.7, so it can be interpreted that all statements from the independent and dependent variables are declared reliable.

#### 4.2. Classical Assumption Test

##### 4.2.1. Normality Test

Test Normality test aims to test whether the dependent and independent variables are normally distributed in the regression model. The normality test used in this study is the *Kolmogorov-Smirnov test*. To find out whether the data is normally distributed or not, see the *Asymp. Sig. (2-tailed)*. Research data is said to be normally distributed if the *Asymp. Sig. (2-tailed)* variable is above 0.05. Based on the Normality Test using the *Kolmogorov-Smirnov test*, the *Asymp. Sig. (2-tailed)* of 0.200 is greater than 0.05. It can be concluded that all variables are normally distributed.

##### 4.2.2. Multicollinearity Test

the test aims to test whether the regression model found a correlation between the independent variables. To determine the presence or absence of multicollinearity in a regression model by looking at the *Tolerance* and *Variance Inflation Factor* (VIF) values from data processing through SPSS software. Based on the results of the multicollinearity test, it can be seen that the *Tolerance* for the Knowledge variable (X1) is  $0.921 > 0.1$ , and the VIF value is  $1.086 < 10$ . Promotional Variable (X2) the *Tolerance* is  $0.962 > 0.1$  and the VIF value is  $1.039 < 10$ . Moreover, For the Religiosity variable (X3), the *Tolerance* is 0.890, and the VIF value is  $1.123 < 10$ . So it can be concluded that there is no correlation between the independent variables (knowledge, promotion, and religiosity), or it can be said that there are no symptoms of multicollinearity.

##### 4.2.3. Heteroscedasticity Test

Test Heteroscedasticity test is used to see residual variance inequality in all regression model observations. To determine the presence or absence of heteroscedasticity in this study, using the Glejser test. If the significance value between the independent variable and the absolute residual is greater than 0.05, then there is no heteroscedasticity problem. Based on the SPSS output, the heteroscedasticity test results showed that the Knowledge variable's significance value was  $0.781 > 0.05$ . The significance value of the Promotion variable is  $0.195 > 0.05$  and for the Religiosity variable the significance value is  $0.621 > 0.05$ . So it can be concluded that there is no heteroscedasticity.

#### 4.3. Hypothesis Testing and Discussion

##### 4.3.1. The effect of knowledge on the low preference of culinary traders in choosing sharia financing in the city of Bima.

Based on the SPSS output v.24, the  $t_{\text{count}}$  is  $5.028 > t_{\text{table}} 1.662$  or seen from the significance value of  $0.000 < 0.05$ . So it can be concluded that knowledge affects the preference of culinary traders in choosing sharia financing in the city of Bima.

Someone who has information in the form of knowledge about Islamic banks means that they know Islamic banks directly and indirectly, which will attract preference in choosing Islamic financing. The results of the t-test show that knowledge affects the low preference of culinary traders in choosing Islamic financing. It illustrates that knowledge about Islamic financing owned by culinary traders is important in determining the decisions about Islamic financing. It means that the higher the culinary knowledge traders possess about sharia financing will affect their preference of culinary traders in choosing sharia financing. The existence of knowledge or knowledge will encourage culinary traders to choose sharia financing. Culinary traders with high knowledge of Islamic financing tend to have a high preference to choose Islamic financing compared to if they do not know it. The results of this study align with research conducted by Ekasari (2018), which states that the knowledge variable affects the lack of preference of the Muslim community in saving at Islamic banks in the Batanghari Regency.

##### 4.3.2. The effect of promotion on the low preference of culinary traders in choosing sharia financing in the city of Bima.

Based on the output of SPSS v.24, the  $t_{\text{count}}$  is  $4.008 > t_{\text{table}} 1.662$  or seen from the significance value of  $0.000 < 0.05$ . So it can be concluded that promotion affects the preference of culinary traders in choosing sharia financing in the city of Bima.

Through promotional activities, each bank tries to promote its products and services to be known to its customers. Promotion is a way to attract and retain customers. Through promotions, the bank will inform all types of products offered and try to get new customers. In addition, another function of promotion is to remind customers of the product and influence them to buy. Promotion will also improve the bank's image in the eyes of its customers (Kasmir, 2010). It illustrates that the better the

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promotion by Islamic banks, the greater the preference of culinary traders in choosing Islamic financing. Through promotion, Islamic banks can attract new customers and influence customers to try their products. The results of this study align with research conducted by Fatmiati (2019), which states that the promotion variable has a significant effect on the Muslim community's lack of preference in financing at Islamic banks in Wara Utara District, Palopo City.

### 4.3.3. The influence of religiosity on the low preference of culinary traders in choosing sharia financing in the city of Bima.

Based on the SPSS output v.24, the  $t_{\text{count}} > t_{\text{table}}$  1.662 or seen from the significance value of  $0.001 < 0.05$ . So it can be concluded that religiosity partially affects the preference of culinary traders.

Religiosity is an attitude that appears based on one's belief or belief in a religion. Religious attitude is a condition that exists in a person who encourages him to behave under the level of obedience to his religion. Religiosity exists in a person where every activity is always related to his religion. In this case, as a servant who believes in God's existence, he tries to carry out or practice each of his religious teachings on the basis of the faith that is in him (Jalaluddin, 2005).

It means that people or culinary traders who understand religion will tend to be more confident in choosing sharia financing because they do not only think about the world but also the hereafter—religiosity (religion) to carry out what is commanded and stay away from what He forbids. Orgianus (2012) (in Irwan & Salahuddin, 2020) states one of the characteristics of valuable human resources (humans) is human resources who believe. People who believe always carry out everything commanded by Allah SWT. and His Messenger in all life activities and try to avoid all actions that can interfere with his faith. The high and low levels of a person's religiosity will affect their understanding and implementation of Islamic values in his life. The results of this study are not in line with Ahmad Saifurriza Effasa and Furi Asfiyatul Ain (2019), which state that the religiosity variable does not affect the low preference of Muslim traders in using the services of Bank Syariah Mandiri KC Sumberrejo.

### 4.4. Coefficient of Determination Test

Determination ( $R^2$ ) was used to determine the ability of the independent variables (Knowledge, Promotion, and Religiosity) to explain the dependent variable (Preference). Based on the SPSS v.24 output, the Coefficient of Determination Test Results ( $R^2$ ) shows that the *R Square* of 0.458 or 45.8% is the coefficient of determination of the knowledge, promotion, and religiosity variables on the low preference of culinary traders. This value shows the effect of knowledge (X1), promotion (X2) and religiosity (X3) variables on the low preference of culinary traders, which is 45.8%, while other variables of 54.2% influence the rest.

## 5. CONCLUSION

Based on the results of the research and discussion above, then the following conclusions can be drawn:

1. Knowledge has a positive and significant effect on the low preference of culinary traders in choosing Islamic financing. It shows that the higher the culinary knowledge traders possess about Islamic financing, the higher or the better, the preference of culinary traders in choosing Islamic financing.
2. The promotion has a positive and significant effect on the low preference of culinary traders in choosing sharia financing. It shows that the better the promotion by Islamic banks, the greater the preference of culinary traders in choosing Islamic financing. Because the promotion of Islamic banks can attract new customers and influence customers to try their products.
3. Religiosity has a positive and significant effect on the low preference of culinary traders in choosing Islamic financing. It shows that the community or culinary traders who understand religion will tend to be more confident in choosing sharia financing because they do not only think about the world but also the hereafter.

## 6. SUGGESTION

Islamic banks, especially those in Bima City need to increase promotion or direct socialization to the public about the products and advantages of Islamic banks so that people obtain information or knowledge about Islamic banks so that people will be interested in taking financing in Islamic banks. In addition to direct promotion or socialization, Islamic Banks also need to conduct promotions through electronic media which will then have an impact on the general public.

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