

CHAPTER I

INTRODUCTION

A. Background

Sharia banking or what is better known as Islamic banking is an institution with an implementation system based on the provisions of Islamic law or Islamic law (Hadith and Sunnah). Based on Islamic law and Islamic sharia, bank interest is included in usury, which in the Islamic religion usury is not recommended in sharia banking. Therefore, in sharia banking there is a profit sharing system or ratio, the process of which is known to both parties, namely the customer and the bank itself. A quarter of a century ago, Islamic banks (Sharia Banks) were completely unknown (Cashmere, 2019).

In the Qur'an it is stated that the prohibition of usury is:

وَمَا آتَيْتُم مِّن رَّبًّا لِّيَرْبُوًّا فِي أَمْوَالِ النَّاسِ فَلَا يَرْبُوًّا عِنْدَ اللَّهِ وَمَا آتَيْتُم مِّن زَكَاةٍ تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَٰئِكَ هُمُ الْمُضْغِفُونَ

It means :

"And any usury (additional) that you give so that it will increase in people's wealth, then that usury does not increase with Allah. And what you give in the form of zakat which you intend to achieve Allah's pleasure, then (those who do so) are the people who multiply (their reward) QS Ar-Rum (39)".

In Indonesia there are two types of banking systems, namely the conventional system and the Islamic sharia system. Indonesia is a country with a large population of 250 million people and a country where the majority of the population is Muslim and has been familiar with sharia banking for a long time.

The monetary crisis occurred in Indonesia in 1962-1963 which had a high impact on the banking industry. In that year, many conventional banks also experienced liquidation and interest rates were lower than savings interest rates (negative spread). However, when the monetary crisis occurred in Indonesia, only one bank survived, namely, the Islamic bank. Islamic banks were able to survive when the monetary crisis occurred because Islamic banks used a profit sharing system and also because they were not burdened with the obligation to pay interest on deposits to customers. Islamic banks can also demonstrate better performance compared to conventional banks (Agustianingsih, 2013).

Sharia banking in terms of service provision has different characteristics from other conventional banks. The most prominent difference between Islamic banks and conventional banks lies in the practices in running their operational systems. Where sharia banks operate their business using sharia principles, and this principle also makes it quite attractive for customers to utilize the services of the sharia bank itself. However, in the current global era, there are several challenges that the banking world will face in the future, including in the field of service quality. The quality of the service itself is the most important key factor in competing with other banks.

Efforts to develop the quality of services provided by sharia banks do not only include the legal section but must also remain oriented towards the market and also the community as users of the bank. Sharia banks in terms of service must also be further improved towards customers in

promoting their products and services well. This is related to satisfaction and comfort between bank employees and the public as customers. The role of banking in advancing a country is very large, in fact almost all sectors and fields related to financial activities always require banking services (Rafidah, 2014).

The quality of service can also be interpreted as an effort to fulfill consumer needs and desires as well as delivery provisions to stabilize consumer expectations (Pitoi et al., 2021).

According to (Tho'in, 2016) Service quality focuses more on consumer satisfaction, where service quality is centered on efforts to fulfill the wants and needs of customers as well as provisions in delivery so that they can match consumer expectations. Good quality service to consumers and quality levels can be achieved consistently by continuing to improve service and paying special attention to employee performance standards, both internal and external.

In operating banks, they carry out three main functions, namely accepting money deposits from customers, lending money to customers and providing money transfer services to customers. Banking itself has existed since the time of the Prophet Muhammad, in the history of the Islamic economy, banking financing was carried out using contracts that were in accordance with the provisions of Islamic law. Practices such as accepting deposits, making money transfers, and lending money for business purposes have been carried out since the time of the Prophet Muhammad. Therefore, the functions of current banking/modern banking are accepting deposits, distributing funds and making fund transfers. It has become part of everyday life, especially for Muslims.

The sharia financial industry is an important element in the implementation and development of the economy, and sharia banks also have a very good role in the smooth running of economic activities. In general, the most basic task of sharia banking is trying to satisfy customers or clients in using the banking products that have been produced, therefore it is important for sharia banking to better understand and know the behavior of these customers, especially for the bank's targets.

In general, customers or adult customers are more careful and also have a fairly good understanding of banking and its role, where they are more careful and can choose a bank that they think can provide comfort in saving and can also give them benefits in saving and can provide relief in borrowing funds and so on. Therefore, the role of sharia banking must be oriented towards customer satisfaction, in this case sharia banks must have several factors to increase customers' sense of trust, satisfaction and comfort in saving at sharia banks.

If the level of customer satisfaction is high, customer loyalty will also increase, so they will not look for other conventional banks and will continue to save and become regular customers at sharia banks. On the other hand, if the level of customer satisfaction decreases it will cause disappointment and they will look for other banks such as other conventional banks.

Kulon Progo Regency is located in the west of Yogyakarta City with an area of 58,627.5 Ha. The distance from Yogyakarta to Kulon Progo is 28.9 km. The stretch of territory in Kulon Progo Regency is in the form of lowlands and hills. In addition, Kulon Progo Regency is also a regency with quite a large Islamic majority so that it has good potential in the development and development of Islamic banks.

Table 1.1

Number of Population According to Religion in Kulon Progo Regency

No	Nama	Nilai / Jiwa
1	Sleman	984.564
2	Bantul	918.234
3	Gunung Kidul	747.140
4	Kulon Progo	419.412
5	Kota Yogyakarta	346.532

Source : Data from the Directorate General of Population and Civil Registration of the Ministry of Home Affairs.

From this data, Kabupataen Kulon Progo has the second lowest Muslim population among the five districts in DIY. Even so, with the majority non-Muslim population dominating, there are still many Muslim communities who have not saved at Islamic banks in Kulon Progo Regency. There are several factors that cause why there are still many Muslims who have not used Islamic banks, one of which is the level of understanding and knowledge of Muslims about Islamic banks which is still very low. Consumers will try to get maximum satisfaction, and consumers will continue to purchase a product for the long term, if consumers have received satisfaction from the products used before. In this case, consumers have different knowledge in satisfying their needs. Therefore, the role of Islamic banks is needed to provide knowledge and understanding to prospective customers. The role of Islamic banks in providing knowledge to the Muslim community, especially in Kulon Progo Regency, is one of them using methods and languages that are easily understood by Muslim communities in the Kulon Progo Regency area who do not understand the operational system of Islamic banks.

Next, strategic locations are also a consideration for people when choosing bank services. Affordable banking locations, adequate technology and buildings are considered to make it easier for customers to process transactions. This is an effort to attract potential customers to save at sharia banks. Then, in terms of convenience, the role of Islamic banks is very important in understanding customer behavior, needs and satisfaction with sales provided by Islamic banks as a marketing strategy. Based on the statement above and existing data, this research takes the topic " Analysis Of Factors Decision The Costumer Saving Intention In Sharia Bank (Case Study of Kulon Progo Regency)".

B. Formulation of the problem

Based on the research background above, the problem can be formulated as follows:

1. How the relationship between service quality and people's decision to save at sharia bank in Kulon Progo Regency?
2. How the relationship between location and people's decisions to save at sharia bank in Kulon Progo Regency?
3. How the relationship between knowledge and people's decisions to save at sharia banks in Kulon Progo Regency?
4. How the relationship between religiosity and people's decisions to save at sharia banks in Kulon Progo Regency?
5. How the relationship between product and people's decisions to save at sharia banks in Kulon Progo Regency?
6. How the quality of service, location, knowledge, religiosity and products of sharia banks simultaneously influence people's decisions to save at sharia banks in Kulon Progo Regency?

C. Research purposes

1. To analyze the influence of services from sharia banks in Kulon Progo Regency.
2. To analyze the influence of the location of sharia banks in Kulon Progo Regency on people's decisions to save.
3. To analyze the influence of public knowledge of sharia banks in Kulon Progo Regency on people's decisions to save.
4. To analyze the influence of people's religiosity on the decision to save at sharia banks in Kulon Progo Regency.
5. To analyze the influence of sharia bank products in Kulon Progo Regency on people's decisions to save.
6. To analyze the quality of service, location, knowledge, religiosity and products of sharia banks simultaneously influence people's decisions to save at sharia banks in Kulon Progo Regency.

D. Benefits of research

1. For Academics

This research is a learning process that can provide additional knowledge, information and experience so that researchers can develop the knowledge gained.

2. For Sharia Banks

It is hoped that this research can provide input to banks, especially sharia banks in Kulon Progo Regency, to improve operational performance and better