

CHAPTER I

INTRODUCTION

A. Research Background

Information technology development has revolutionized financial institutions' service delivery patterns (Shaikh & Karjaluo, 2016). Financial institutions, especially banks, offer a variety of innovative electronic channels to satisfy consumer expectations and maintain competitive advantage (Wessels & Drennan, 2010). Along with physical branch banking, banks offer a variety of substitute channels, such as ATMs, online banking, and mobile banking (m-banking), to provide their banking services. Among all new service delivery platforms, banking has emerged as the most cost-effective and efficient channel for banking services (Moser, 2015). Indonesia, the world's largest Muslim population, offers significant potential for the Islamic economy (Suhartanto, Gan et al., 2020). Since Muslims make up the majority of the population, many of them express a desire to use Islamic banking because they are concerned about maintaining halal money by Islamic law.

Muslim customers are drawn to the Islamic banking sector because it can help them fulfill their financial demands and religious commitments (Muslim et al., 2013). Mobile banking, which is based on the ideas of sharing reward and risk, is a thriving industry in most nations where Muslims make up the majority of the population (Abou-Youssef et al., 2015). Additionally, it can draw non-Muslim clients (Saleh et al., 2017). Islamic banks, which have only recently emerged, are considered less well-known and less seasoned than traditional banks (Suhartanto,

Gan, et al., 2020). Building client loyalty is crucial for Mobile banking since it can positively affect business results like deposit quantity, operating costs, future revenues (Zolait, 2014), and the banks' comparative advantages (Kandampully et al., 2015).

we look at the distribution of the Muslim population in Indonesia and the potential for the use of Islamic mobile banking in various provinces. Aceh ranks first with the highest percentage of Muslim population, which is 98.57% of the total population of 5.35 million, followed by Gorontalo (98.02%), Bengkulu (97.68%), West Sumatra (97.6%), and West Java (97.31%). Meanwhile, Banten, with 11,823,585 Muslim residents or 94.82% of the total population, shows great potential in the adoption of mobile banking, although the percentage is slightly lower than other provinces. The people in Banten are increasingly open to digital financial technology, so they can be pioneers in the use of Islamic mobile banking. With population growth and increasing interest in Islamic banking services, each province has the opportunity to develop an inclusive financial system that is in accordance with Islamic principles.

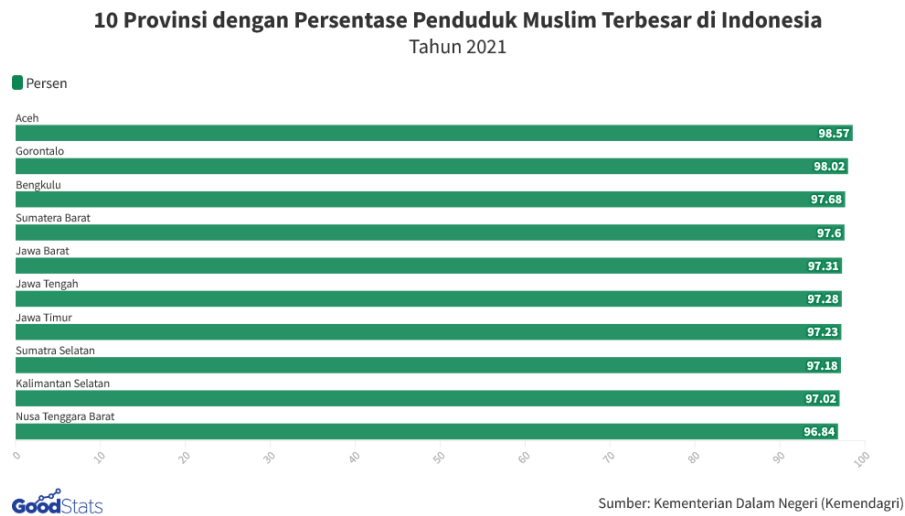


Figure 1.1 number of muslim population in indonesia

(Source: <https://databoks.katadata.co.id//>)

Attitude, community influence, religious obligation, Islamic financial literacy, and perceived cost and benefit are among the factors examined (Longenecker et al.). The study indicated that religious requirements most significantly influenced the intention to use Mobile banking services (H. Amin et al., 2011). The community's influence was discovered to be less critical, albeit. These results aid in understanding the factors that influence the use of Mobile banking services in various circumstances (Rahman et al., 2013). The study also considered the respondents' details, such as their religion, gender, and line of work. The instrument's validity and reliability were evaluated, and the results were satisfactory (Gericke et al., 2019).

The results highlight the role of religious obligation in influencing religious leaders' intentions to adopt Mobile banking services (Sun et al., 2012a). This suggests that Islamic banks should emphasize how their services

align with religious values in marketing tactics. Although the community's effect was found to be less critical (Muhammad et al., 2020), this means that marketing initiatives should not rely heavily on harnessing community influence. The emphasis should be on each person's unique religious commitments and convictions. Additionally, the research showed that religious leaders have a broad awareness of tolerating economic systems that are not compatible with their religion (Sahin, 2018). This diversity can be used to showcase the accessibility and openness of Islamic financial services in marketing communications. These research results also provide beneficial marketing managers of Mobile banking organizations with insightful information. Marketing managers can develop more effective strategies by having a deeper awareness of the elements influencing religious leaders' decisions to adopt Islamic banking services in Indonesia and other similar markets (Sahin, 2018).

The study findings have wider ramifications for decision-makers in government and Islamic banks developing strategies to promote Mobile banking services (Di Bella & Al-Fayoumi, 2016). This could include marketing tactics that highlight the religious compatibility of Islamic banking services and emphasize raising potential consumers' awareness of Islamic Financial Literacy (IFL). Educational initiatives, workshops, and marketing efforts can be used to draw attention to the advantages and guiding principles of Islamic banking (Sharmeen et al., 2019). The report also emphasizes how cost and benefit play a factor in influencing customers' perceptions of Mobile banking. Therefore, mobile banking

should ensure its goods and services are reasonably priced and provide customers with tangible benefits (Kartika et al., 2020).

By upholding Shariah guidelines, providing superior services, and exhibiting corporate social responsibility, Islamic banks should actively seek to establish a solid reputation (M. et al., 2013). The study further underlines that consumer perceptions of Mobile banking mediated the relationship between the independent factors and the intention to use Mobile Banking (Wahyuni & Fitriani, 2017). Islamic banks should prioritize initiatives to enhance client attitudes through positive customer experiences, first-rate customer service, and efficient communication (Elbaz et al., 2023).

Religious leaders' choices to participate in Mobile banking can reveal the broader socioeconomic impact and consistency with their religious convictions in a nation where religion is essential to society, like Indonesia (Masnita et al., 2019). Understanding the changing Mobile banking landscape in a highly religious and culturally diverse environment requires looking at the reasons, obstacles, and ethical issues influencing these leaders' decisions (Koehrsen, 2021). This research environment offers a chance to identify the connections and potential conflicts between religious values and financial behaviors, which will help us better understand the function of religious leaders in supporting moral and economic systems (Zacher et al., 2014).

The research setting in this study is within the context of Indonesia's Islamic banking industry, focusing specifically on Bank Syariah Indonesia (BSI) in Banten. BSI operates as a financial institution governed by Sharia principles,

offering its customers Islamic financial products and services. The setting involves examining BSI's role, performance, and impact within Indonesia's broader landscape of Islamic finance. The study encompasses various aspects of BSI, including its historical development, organizational structure, financial performance, customer base, and market positioning. It also considers the regulatory environment and competition within the Islamic banking sector. The research setting involves data collection through interviews, surveys, financial reports, and relevant documentation. It aims to provide a comprehensive and in-depth analysis of BSI's operations, challenges, growth prospects, and its significance within the Indonesian Islamic banking ecosystem. By exploring this research setting, a clearer picture of BSI's role and influence in promoting Islamic finance in Indonesia can be established(<https://www.bankbsi.co.id/>).

This study aim to insvitage the intention of religious leaders in Indonesia to use Mobile Banking Syariah Indonesia services and how these variable influence islamic financial literacy, cost and benefit, community influence, and religious obligation on the attitudes towards mobile banking and the intentions of religious leaders in Banten to use Mobile banking services (Albaity & Rahman, 2019; Janah et al., 2020). This research is a modification and replication of research conducted by (Janah et al., 2020) and Rahman, 2019); the difference between the research and previous research is modifications by adding variables of Islamic Financial Literacy, Cost and Benefit, and Attitudes Towards Mobile Banking, Decision to Recommend Banking,and Intention to recommend Mobile Banking.

B. Research Question

1. Does Islamic Financial Literacy positively affect the Attitude Towards Mobile Banking services?
2. Does the Perceived Cost and Benefit of Mobile Banking products and services affect the Attitude Towards Mobile Banking?
3. Does Community Influence significantly affect Attitude Towards Mobile Banking services?
4. Does Religious Obligation significantly affect the Attitude Towards Mobile Banking services?
5. Does Attitude Towards Mobile Banking positively affect the Intention to recommend Mobile Banking service?
6. Does Attitude Towards Mobile Banking on the Decision to Use Mobile Banking?
7. Does the Decision to use Mobile Banking services affect the Intention to recommend Mobile Banking?
8. Does Attitude Towards Mobile Banking mediate the relationship of the Islamic Financial Literacy on the Intention to recommend Mobile Banking?
9. Does Attitude Towards Mobile Banking mediate the relationship of the Perceived Cost and Benefit on the Intention to recommend Mobile Banking?
10. Does Attitude Towards Mobile Banking mediate the relationship of the Community Influence on the Intention to recommend Mobile Banking?

11. Does Attitude Towards Mobile Banking mediate the relationship of the Religious Obligation on the Intention to recommend Mobile Banking?
12. Does Decision to use Mobile Banking mediate the relationship of the Attitude Towards Mobile Banking on the Intention to recommend Mobile Banking?

C. Research Objectives

The research objection of this study is shown:

1. To determine the impact of Islamic financial literacy on attitudes towards mobile banking among Bank Syariah Indonesia customers in Banten.
2. To examine the impact of perceived cost and benefit on attitudes towards mobile banking among Bank Syariah Indonesia customers in Banten.
3. To investigate the impact of community influence on attitudes towards mobile banking among Bank Syariah Indonesia customers in Banten.
4. To determine the impact of religious obligation on attitudes towards mobile banking among Bank Syariah Indonesia customers in Banten.
5. To examine how attitudes towards mobile banking affect the decision to use mobile banking services at Bank Syariah Indonesia in Banten.

6. To analyze how attitudes towards mobile banking influence the intention to recommend Bank Syariah Indonesia's mobile banking services in Banten.
7. To investigate the relationship between the decision to use mobile banking services and the intention to recommend Bank Syariah Indonesia's mobile banking services in Banten.
8. To determine the mediating effect of attitudes towards mobile banking on the relationship between Islamic financial literacy and the intention to recommend Bank Syariah Indonesia's mobile banking services in Banten
9. To analyze the mediating effect of attitudes towards mobile banking on the relationship between perceived cost and benefit and the intention to recommend Bank Syariah Indonesia's mobile banking services in Banten.
10. To investigate the mediating effect of attitudes towards mobile banking on the relationship between community influence and the intention to recommend Bank Syariah Indonesia's mobile banking services in Banten.
11. To examine the mediating effect of attitudes towards mobile banking on the relationship between religious obligation and the intention to recommend Bank Syariah Indonesia's mobile banking services in Banten.

12. To determine the mediating effect of decision to use mobile banking on the relationship between attitude towards mobile banking and intention to recommend Bank Syariah Indonesia's mobile banking services in Banten

D. Research Benefit

This research is expected to have theoretical and practical benefits as follows:

1. Theoretical Benefits

- a. The result of this study can provide knowledge and increase the benefits of the influence of Financial Literacy, Perceived Cost-Benefit, Community Influence, and Religious Obligation with Attitude to use Mobile Banking as a Mediation, Decision to use Mobile Banking, and Intention to Recommend to use Mobile Banking. They believe that this research can still be developed by following technological advances. Furthermore, this research is also expected to be a reference and information for further researchers to make research related to existing topics even better.

2. Practical Benefits

- a. The benefit for the author of his research is expected to be a valuable tool in implementing the author's knowledge about the influence of Financial Literacy, Perceived Cost-Benefit, Community Influence, and Religious Obligation with Attitude to use Mobile Banking as a Mediation, Decision to use Mobile

Banking Bank Syariah Indonesia, and Intention to Recommend to use Mobile Banking.