



A Survey of Islamic Banking Products Knowledge in Villages: Evidence from Talang Bakung Village

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Abstract

This research aims to determine the Level of Public Knowledge of Islamic Banking Products. The problems discussed are public knowledge of Islamic banking products and what factors determine the level of public knowledge of Islamic banking products in Talang Bakung Village. The sample is 99 respondents. The sampling method is Purposive Sampling, the sampling technique based on the criteria, namely age and religion. Data were collected by interviewing and filling out questionnaires addressed to the people of Talang Bakung sub-district in Jambi city. The research results show that the people's knowledge of Talang Bakung Village regarding Islamic banking products is deficient. Some people already know about Islamic banks but do not know about the products. The factors that determine the level of knowledge of the Talang Bakung sub-district are education, employment, age, experience, and environmental factors.

Keywords: Public Knowledge, Islamic Banking Products

JEL Classification Code: G21, G53, L15

1. Introduction

The banking operation in Indonesia is divided into two, namely conventional banks based on interest and Islamic banks based on Sharia principles by Law No. 10 of 1998 (Umam, 2017). Islamic banks operate by not relying on interest, but Islamic banks provide interest-free services as well as operations, and their products are run based on the Qur'an and Hadith (Bakhtiar, 2010). The issuance of Law No. 10 of 1998 on banking has its wisdom for the world of national banking, where the government opens comprehensive banking business activities based on Sharia principles.

Islamic banking in Jambi City has begun to develop, as evidenced by the existence of Bank Muamalat, Bank Jambi Syariah, Bank Mega Syariah, Bank Sinarmas Syariah, and CIMB Niaga Syariah. Moreover, the government has decided in order to maintain hope against the potential of Islamic banks in Indonesia by conducting a merger (merger) between BRI Syariah (BRIS), Bank Syariah Mandiri (BSM), and Bank BNI Syariah (BNIS) became Bank Syariah Indonesia (BSI). The development of Islamic banks in Jambi City marks the broader development of Islamic banking in Indonesia.

Talang Bakung Village, Paal Merah District, Jambi City, is an area that is close to Islamic bank service facilities. Not only that, Islamic banks often do socialization and promotion about products and services in Islamic banks. The more people use Islamic bank products and services, Islamic banks can continue



to grow, and the market share of Islamic banks also develops. Therefore, the public needs to know and understand Islamic banks. It can improve people's literacy about Islamic bank products and services. From the observations and initial interviews, it was found that the people of Talang Bakung Village of Paal Merah District of Jambi City still do not know about Islamic bank products. Even though they think Islamic banks are the same as conventional banks. They also use conventional bank products and services more often, even though most of their religion is Islamic.

Siregar & Siregar (2020) states that many regions in Indonesia also know a lot about Islamic banking; people in the region also want to feel physical services directly compared to information and technology-based services. The socialization that has been done illustrates people's knowledge about Islamic banking in one neighboring pillar. Of the \pm 100 people who have been visited, not up to 10% already understand Islamic banking. The people who visited were all Muslim. People are more familiar with conventional banks regardless of whether it is by Islamic Sharia. Public knowledge of banks, especially Islamic banks, is very minimal; this is evidenced by the number of respondents who say they do not know about Islamic banks and have not become customers of Islamic banks.

2. Literatur Review

Etymologically knowledge comes from the English word knowledge. The Encyclopedia of Philosophy explains that the definition of knowledge is the correct belief (Bakhtiar, 2010). In terminology, there will be several definitions of knowledge. Knowledge is the result of the activity of knowing, that is, the disclosure of reality into the soul so that there is no doubt about it (Notoadmodjo, 2012). According to the Great Dictionary of Indonesian, knowledge means everything known as intelligence or everything known regarding the matter. According to the General Dictionary of Indonesian, knowledge is interpreted as knowledge or intelligence.

Notoadmodjo (2012) explains that knowledge results from "Know" and happens after someone senses a particular object. Sensing objects occurs through the five human senses, i.e., sight, hearing, smell, taste, and groping by themselves. The intensity of attention perception to the object is greatly influenced when sensing and generating such knowledge. Most human knowledge is gained through the eyes and ears. Knowledge underlies a person in making decisions and determining actions in the face of a problem (Umar Fahmi, 2013). The knowledge level is knowledge or cognitive is a fundamental domain for forming one's actions. According to various experiences and research, it turns out that behavior based on knowledge will last longer than behavior that is not based on knowledge. A person's knowledge of objects has different intensities or levels, according to Notoadmodjo (2012). There are six levels of knowledge: The first is



know, know is defined as remembering a material that has been studied before, recalling including (recall) to a specific of all materials or stimuli received, and the second is comprehension, understanding is defined as explaining a known object correctly and interpreting the material broadly. The third is the application, which is defined as the ability to use a material studied in real situations or conditions. The fourth is analysis. The analysis can describe matter or an object into components, but it is still within an organizational structure and still has something to do with each other. The fifth is synthesis; synthesis indicates the ability to place or connect parts in a new whole form. The last is evaluation; this evaluation is concerned with the ability to justify or assess material and objects.

The factors that influence one's knowledge are the first to be educational, which means the guidance one gives to the development of others towards certain ideals that determine man to do and fill life to achieve salvation and happiness. Education can affect a person, including lifestyle behavior and incredibly motivating attitudes to participate in development. The higher a person's education, the easier it is to receive information (Triyani, 2013). Second, a person's work affects the process of accessing the information needed for an object. Third, increasing age can change psychological and psychiatric physical aspects. The psychological aspect is the level of thinking a person is getting mature and mature (Rahayu, 2010). Fourth, one's experience significantly affects knowledge; the more experience it will be, as much the more knowledge gained. Fifth, environmental factors are all conditions around humans and their effects that can affect the development and behavior of people or groups (Andri, 2009).

Andri (2009) said that knowledge measurement could be done by interviews or questionnaires that ask about the content of the material from the research subject. The results of knowledge measurement can be divided into four categories, namely deficient categories. If they have an actual value of < 40%, low category, if it has an actual value of 40%-55%, the category is relatively high, if it has an actual value of 56%-75%, high category it has an actual value of 76%-100%.

According to Muhammad (2011), Islamic banks are banking whose activities leave the issue of riba. Islamic banks or Islamic banks operate by not relying on interest. Islamic banks, called interest-free banks, are financial or banking institutions whose primary business provides financing and services in payment traffic and money circulation and whose operation is adapted to Islamic sharia principles. Based on this understanding, an Islamic bank means a bank whose Islamic ordinance refers to the provisions of the Qur'an and Hadith. Islamic banking is known as Islamic banks without riba. Riba is growing, adding, or overdoing. Riba means setting interest or overestimating the number of principal loans privately, and usury is legally haram.

The development of Islamic bank products is grouped into three groups: Funding, financing, and Services. Firstly, Funding Products: Wadiah Principle, Mudharabah Principle. Secondly, Products Channeling Funds Principle of

Buying and selling (Ba'i): Buying and selling are carried out due to the transfer of ownership of goods. The bank's profits are mentioned upfront and include the principal price of the price sold. There are three types of buying and selling consumptive financing, working capital, and investment in Islamic banks (Abdul, 2010). Ba'i Al-Murabahah, Ba'i As-Salam, and Ba'I Al-Istishna'. Principle of Lease (Ijarah): Ijarah is an agreement to transfer the right to goods or services through rent without being followed by transferring ownership of the rented goods. The bank rents equipment to customers at a cost that has been determined in advance. Principle of Revenue Sharing (Syirkah): In the principle of revenue sharing, there are two types of products: Musyarakah and Mudharabah. Thirdly, Islamic Banking Services Products: Buying and Selling Foreign Exchange (Sharf): Forex decline is a service provided by Islamic banks to buy or sell the exact foreign exchange (single currency) or different (multi-currency), which is to be exchanged or desired by the customer. The contract used is sharf, an exchange transaction between different currencies. (Andri, 2009).

3. Research Methods

This research uses a qualitative approach. It intends to understand what is experienced by the subject research, e.g., behavior, perception, motivation, action, Etc. (Nasrudin, 2019). The data used in this research were primary and under data obtained through questionnaires and interviews with 99 respondents using purposive sampling techniques. In other words, the sample unit contacted is adjusted to specific criteria applied based on the purpose of the research. The sample used as the research object in this research is the Talang Bakung Village Community of Paal Merah District of Jambi City, a productive age of 17-65 years.

4. Finding And Discussions

This research began by making a list of questions and then conducting a live interview using question sheets to the community in Talang Bakung Village, which is majority Muslim from the age of 17-65 years. The Muslim community in Talang Bakung Village has a majority. The majority already have decent jobs and high enough education, so it will investigate how the public knows and understands Islamic banks and banking products.

Table 1: Informant Knowledge Level

Category	Informant Knowledge Level	Percentage
High 76%-100%	5 Informant	5%
Quite High 56%-75%	5 Informant	5%
Low 40%-55%	8 Informant	8%
Very Low <40%	81 Informant	81,8%
Total	99 Informant	100%

Source: Primary data processed



The table above shows informants who fall into the high category of knowledge, as many as five informants (5%). Informants with high enough knowledge as five informants (5%), informants with low category knowledge include as many as eight informants (8%), and informants who fall into deficient categories as many as eighty-one informants (81.8%). The formula used to measure the percentage of answers is as follows.

$$\text{Percentage} = \frac{\text{The Correct Amount of Value}}{\text{Number of Questions}} \times 100$$

where the total question consists of 30 questions and if the answer is correct is given a value = 1 and if the answer is incorrectly given a value = 0

The research results explained that public knowledge about Islamic bank products is classified as very low as many as 81 informants calculated from a total of 99 informants that most or as many as 82% of informants stated that they already know the existence of Islamic banks. However, informants who already know the existence of Islamic banks almost all informants do not know the products in Islamic banks. The common knowledge of informants is due to the lack of interest of informants to know more about the products in Islamic banks, even though Islamic banks have socialized with the public about Islamic bank products. This shared knowledge is also because they still think Islamic bank products are the same as products in conventional banks. It is in line with Firdaus & Alawiyah (2021), who states that public knowledge about Islamic banks and their differences from conventional banks is still relatively low.

People in general only know that Islamic banks are Islamic banks, but they assume that Islamic bank products are the same as banks in general. However, only the frills and names are different; this is inseparable from the lack of knowledge from the public about Islamic bank products. Lack of knowledge and public curiosity about Islamic bank products make different knowledge about Islamic banks and their products. It is not by the objective reality that Islamic banks adopt Islamic values that prohibit riba.

The Factors of Knowledge Level on Islamic Bank Products

The educational characteristics in Talang Bakung Village are Elementary School, First Level Advanced School, Upper-Level Advanced School, Diploma, and Bachelor/Master/Doctoral. When viewed in terms of education level, most of this category get information about Islamic banks. However, most of them are still many who do not understand and are misguided about Islamic banks and think sharia bank products are the same as conventional banks. This lack of knowledge in the educational environment in this category has not optimally helped and supported Islamic economic movements, including Islamic banking,



and there has been no joint movement on a large scale to promote Islamic banks and their products. As a result, Sharia economic actors have been limited to the world of education only; even many scholars and speakers have not made the theme of sermons and studies held discussing economic advantages and Islamic bank products. In addition, several informants belong to high knowledge in this educational factor. An educational background supports this high knowledge of sharia economy or Islamic banking. This category understands well about Islamic banking and its products. However, a small percentage of these knowledgeable informants do not use Islamic banking services.

Common work category, workers found that most workers only focus on their work and are less active in using social media or other media. It is due to the demands of solid work and must be completed promptly. The implication is that workers do not maximally obtain information about Islamic banking products. The category of Housewives is also still in the low knowledge category because homemakers lack insight into Islamic banks. Homemakers usually spend much time just in the house. Jobs as self-employed are also knowledgeable; this is because most employees in the company get their monthly salary through transfers using conventional banks. It is the same with civil servants, whose monthly salaries are in state-owned banks or conventional regional development banks. This policy makes civil servants reluctant to recognize Islamic bank products further because they are familiar with conventional banks and do not want to be complicated to switch and move to Islamic banks. In Islamic jobs such as working in the national amil zakat agency, the head of the boarding school, and others, Islamic banks' knowledge and products are categorized as high. In addition to knowing, this category is also active as a customer of Islamic banks.

The category of knowledge based on the age range of 17 years to 25 years is primarily low-knowledgeable, whereas at this age is actively seeking and getting information from social media and peer themes. However, the results showed that 17 to 25 years is still a much less knowledgeable percentage. It illustrates that most of these categories are less informed, whether from education, employment, or curiosity about Islamic banks and their products. The example, ages 26 - 35 and 36 - 45 are also low-knowledgeable because most of these categories only focus on their work and less interaction with the media because of the demands of solid work. Busy work makes this category less able to get information opportunities about Islamic banking and its products. The results showed that 51 years to 65 years of shared knowledge illustrates that they already become customers at conventional banks early. Since then, many of these categories have been reluctant to learn about Islamic bank products due to their long attachment to conventional banks.

Highly knowledgeable categories exist between those age ranges, but they are few. Especially the age range is still productive because Islamic banks are also aggressively promoting and socializing their products on children's social media



today. Meanwhile, there are also mature age ranges for obtaining information from various da'wah delivered in studies.

Characteristics based on experience are still in the category of common knowledge because this category uses Islamic bank products but does not profoundly know the contracts and products they use. It is in line with the results of Wiwiek's research, which states that informants' knowledge of Islamic banks is still minimal; most informants only know about *riba* and *Sharia*. While the terms in Islamic banking, such as principal contract of *ijarah*, *mudharabah*, *musyarakah* are still unknown by informants (Adawiyah, 2015). In other studies, people who use Islamic bank services are usually motivated by their trust factors. So, this category feels fine when using Islamic bank products, but there has been no curiosity about Islamic banks and their products in detail and depth. The highly knowledgeable category will look further around Islamic banks and their products.

Co-workers, business associates, and neighbors using Islamic bank products make informants know about Islamic bank products. However, they only know some products, such as savings that use revenue sharing agreements and deposit agreements. This category is also strongly influenced by the respondent's environment. For example, many communities have begun in specific residential neighborhoods that Islam kaffah studies. Studies are held regularly at the expense of residents.

5. Conclusions

The results of this research can be concluded that the people's level of knowledge of Talang Bakung Village regarding Islamic banking products is deficient; some people know Islamic banks, namely Islamic banks but not Islamic bank products. It is due to the lack of public interest in knowing more about *Sharia* bank products. However, people still assume that Islamic bank products are no different from other commercial bank products or conventional banks. That causes insufficient public knowledge due to the location of Islamic banks that are difficult to find compared to the location of conventional banks.

The research results found that the factors that determine the level of public knowledge of Islamic banking products are as follows: the educational factor, this lack of knowledge because their educational environment has not been optimally helping and supporting Islamic economic movements, including Islamic banking; The work factor, this lack of knowledge is due to the work environment that does not require Islamic banks, and most employees or employees store more salaries in regional banks based on conventional banks instead of Islamic banks; Experience factor: This category uses Islamic bank products but does not know the contracts and products used in Islamic banks; Environmental factors, it can be concluded that most of these categories only know Islamic bank products from colleagues or business associates and

neighbors who use Islamic bank products. It makes informants know Islamic bank products, but only knowledge of some products such as savings products and funds distribution products mostly say that Islamic banks use revenue sharing agreements and deposit agreements.

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