

THE EFFECT OF ISLAMIC FINANCIAL LITERACY, RELIGIOSITY, AND SOCIAL INFLUENCE ON GEN-Z INTEREST IN ISLAMIC BANKING

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Abstract

The purpose of study This is for test interest to Islamic banking among Generation -Z in the Regency Sragen and how factors like literacy Islamic finance, religiosity, and social influence play a role in influence interest generation -z. subject from study This namely resident generation-z which has awake finance However Not yet transact using sharia banking. Approach quantitative applied in study This. Data analysis in research This use device SPSS'23 software. Generation -z 's interest in Islamic banking is influenced by factors like literacy Islamic finance, level religiosity, and social influence. then, all variable independent influence interest generation-z in Islamic banks in general simultaneous.

Keywords: *Literacy Islamic Finance, Religiosity, Social Influence, Generation -Z, Islamic Banking*

A. INTRODUCTION

In the modern era when this , development sector Islamic banking in Indonesia shows sufficient growth significant , assets Islamic banking in Indonesia continues grow experience improvement from year to year , with market share reached around 7.38% in March 2024 (Financial Services Authority, 2024). Along with that, total assets Islamic banking grows up to 9.71% in total every year in the same period with value of Rp900 trillion per quarter I-2024. Although thus, interest society, especially generation-z, against products and services Islamic banking yet as big as a conventional bank, this This become challenge alone for development Islamic banking, specifically among Generation-Z who was born between 1997-2012 And including group important demographics future economy. Still low index literacy Islamic finance among circles public be one of the reason (Niswatun & Susilo, 2022).

Literacy Islamic finance becomes factor key in increase awareness and understanding generation-Z towards principles base Islamic banking, like prohibition usury, principle for results, and contracts sharia. Literacy level Islamic finance today This only as big as 9.14% And level inclusion finance by 12.12%. According to research conducted by Fauzi & Murniawaty, (2020) Literacy Islamic finance has correlation positive to interest individual For choose product Islamic banking . However, level literacy Islamic finance among public especially gen-z in Indonesia still classified as low, which has implications for low understanding they to benefits and advantages Islamic banking products compared with conventional banking products.

In addition, religiosity also becomes factors that cause left behind market share Islamic banks. The role of religion can influence method views and thoughts somebody in choose and consume halal products according to with existing Islamic values (Salim et al., 2021) . In line with research conducted by Zuhirsyan & Nurlinda, (2018) religiosity influential to decision selection of Islamic banks where high religiosity will push somebody For use halal products.

Influence social Also hold role important in influence interest using Islamic banks. According to theory behavior consumer, decision individual for choose a product or service often influenced by the views and behavior of the people around them, such as friends, family, or figure society. A research conducted by Permana & Parasari, (2019) show that support from environment social, especially from Friend peers, group public can influence Gen Z's decisions in use service Islamic banking. Gen Z tends to easy influenced by trends social, so that recommendation from influencer figure or a character who has influence social can push interest they for saving in a sharia bank.

From several factor above, then researcher interested For do study more carry on with title Influence Literacy Finance, Religiosity, and Influence Social Regarding Gen-Z's Interest in Sharia Banking

B. LITERATURE REVIEW

Interest

Interest is defined as a interest For do something in self someone who causes others to act a behavior in a way spontaneous Firdiana & Fikriyah, (2021) . Indicators interest according to Ferdinand, (2014) covering four type interest that is interest transactional, referential, preferential, and exploratory.

Literacy Islamic Finance

Ability For understand and manage situation finance myself, and skills and confidence self for do it, known as literacy finance. For increase quality taking decisions and management finance in frame reach welfare (Financial Services Authority, 2017). Meanwhile Literacy Islamic finance is understanding or knowledge about Islamic finance, in matter This about Islamic banking (Nurrohmah & Purbayati, 2020). Indicators literacy Islamic finance according to Remund, (2010), namely knowledge, skills, attitudes and beliefs.

Research conducted by (Salim et al., 2021) show that literacy Islamic finance has influence positive and significant to interest student in using Islamic banks. This is show that the more tall level literacy someone's sharia finance so the more big his interest in using Islamic banks.

H₁ : Literacy Islamic Finance (X₁) Has an effect Regarding Generation Z's Interest in Sharia Banking (Y)

Religiosity

According to Nurjannah et al., (2023) religiosity reflect to what extent the individual bound by belief his religion alone , Indicator religiosity according to Glock and Stark , namely Beliefs , practices religion, experience, knowledge religious, and consequences or practice (Glock, Charles Y, 1994) .

Research conducted by Mardiana et al., (2021) show that religiosity influential to interest save students, things This show that the more tall level religiosity somebody can influence in use product/ service Islamic banking .

H₂ : Religiosity (X₂) Influential On Generation Z's Interest in Islamic Banking (Y)

Social Influence

According to Rianto & Yoganingsih, (2023) influence social can interpreted as level Where somebody consider the people around him like family or friend who invites somebody For use or try something something new . Indicator influence social according to Venkatesh et al., (2003) that is norm subjective and factors social .

Research conducted by Rianto & Yoganingsih, (2023) show that social influence has an effect to interest save community in Islamic banks. This is show that behavior somebody can influenced by the environment and the people around him.

H₃ : Social Influence (X₃) Influential On Generation Z's Interest in Islamic Banking (Y)

C. METHOD

Methodology descriptive quantitative used in study this. As many as one hundred participants chosen from gen-z demographics domiciled in the Regency Sragen through use algorithm Solvin. Research This use taking sample with purposive sampling method. Research data This using primary data originating from from distribution questionnaire in the Sragen area that meets criteria following: generation -z has not become Islamic bank customers, but already know or once hear about literacy Islamic finance. The questionnaire given to participants measured use scale Likert 5 points. Research data processing tools This is SPSS 23 and the approach data analysis using analysis multiple linear regression and other tests such as: Testing instruments (validity and reliability), assumption tests classical (Normality, Heteroscedasticity, and Multicollinearity), and model accuracy tests (F test, R-Square test, T test).

D. RESULT AND DISCUSSION

Validity and reliability tests were conducted on each grain statement questionnaire produce valid and reliable findings. As additional, questionnaire this is also free from problem assumption test findings classic namely (normality test, heteroscedasticity, and multicollinearity).

Analysis Multiple Linear Regression

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y = 6.356 + 0.060X_1 + 0.216X_2 + 0.684X_3 + e$$

- 1) Coefficient literacy Islamic finance is 0.060 and is marked positive, then every change One unit level literacy Islamic finance will increase Gen-Z's interest in Islamic banking is 0.060 or 0.6%.
- 2) Coefficient Religiosity of 0.216 and marked positive, then every change One unit level Religiosity will increase Gen-Z's interest in Islamic banking, namely by 0.216 or 21.6%.
- 3) With coefficient influence social positive by 0.684 or 68.4%, Gen Z's interest in Islamic banking will grow one unit for every change amount social influence.

Model Accuracy Test

F Test (Simultaneous)

The calculation results obtained an F-count value of 223.210 more big from F- table value 2.70 and sig value of 0.000 more small from limit significance of 0.05. This is show that variable independent in a way simultaneous influential to Gen-Z's interest in Islamic banking .

Determination Coefficient Test (R^2)

The R-square value obtained based on the calculation findings is 0.871. Gen-Z's interest in Islamic banking is 87.1% influenced by Islamic financial literacy, religiosity, and social influence. Other factors outside this study contributed the remaining 12.9%.

Hypothesis T-Test (Partial)

Table 1. Significance Results of Individual Parameters (Statistics Test t)

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	sig
	B	Std. Error	Beta		
(Constant)	6.356	.729		8,717	.000
1 Islamic financial literacy	.060	.020	.111	3.015	.003
Religiosity	.216	.094	.239	2.293	.024
Social influence	.684	.052	1,093	13,061	.000

Analysis and conclusions from the table above can be seen that:

At a significance level of 0.05, with a sample size of 100 (N), 3 independent variables (k), then $Nk = 100 - 3 = 97$. The t-table value will provide a value of 1.984

- a) H_1 : With the results of the calculation of the t-value of the Islamic financial literacy variable (X1) which is higher than the t-table value, namely $3.015 > 1.984$ and a significance value of $0.003 < 0.05$, it shows that the Islamic financial literacy variable (X1) can influence the variable (Y).
- b) H_2 : With the results of the calculation of the t-count value of the religiosity variable (X2) which is higher than the t-table value, namely $2.293 > 1.984$ and a significance value of $0.024 < 0.05$, it shows that the religiosity variable (X2) can influence the variable (Y).
- c) H_3 : With the results of the calculation of the t-value of the social influence variable (X3) which is higher than the t-table value, namely $13.061 > 1.984$ and a significance value of $0.000 < 0.05$, it shows that the social influence variable (X3) can influence the variable (Y).

Discussion

The Relationship between Islamic Financial Literacy and Gen-Z's Interest in Islamic Banking

Distribution of questionnaire results to Respondents shows that understanding about literacy in Islamic finance has an impact on Gen-Z's interest in using Islamic banks. This is proven from calculation t-value count of 3,015 which is morebig from t- table of 1,984, and mark significance of 0.003 which is below 0.05. In addition, the statement "I always Study about Islamic finance" get score 463 or 4.63%, which indicates that the higher someone's knowledge about literacy Islamic finance, increasingly his greater tendency for choosing a sharia bank.

Research conducted by Adiyanto & Purnomo, (2021) also stated that literacy Islamic finance has influence to interest public using Islamic banks. Education literacy Islamic finance to public potential increase interest public for use product Islamic banking offered by Islamic banking. Limitations literacy to public will hinder interest use product Islamic banking.

The Relationship Between Religiosity and Gen-Z's Interest in Islamic Banking

The survey findings given to respondents show that religious beliefs in the GenZ group influence their interest in Islamic banking. This can be proven by the Total t-count value of 2,293, which is higher than the total t-table of 1,984 and the significance of 0.024, which is lower than the threshold of 0.05. Furthermore, the statement "I use Islamic banking products to avoid usury" has a score of 468, or 4.68%, indicating that the likelihood of someone choosing to use Islamic banking services increases in proportion to their level of conformity with Islamic principles.

Research conducted by Mardiana et al., (2021) shows that religiosity has a positive and significant effect on the interest of teachers at the Al-Kautsar Modern Islamic Boarding School New York to save in Islamic banks. So the higher the religiosity, the higher the interest of teachers at the Al-Kautsar Modern Islamic Boarding School New York to save in Islamic banks. This is can proven with Amount t-value count by 2,293 more tall than amount t- table of 1.984 and significance by 0.024 more low than threshold limit 0.05. More continued, the statement "I use product Islamic banking for avoid usury " has score of 468, or 4.68%, which indicates that possibility somebody choose for use service Islamic banking is increasing comparable with level conformity they with principles of Islam.

The Relationship Between Social Influence And Gen-Z's Interest in Sharia Banking

Survey results show that influence social influential to Gen-Z's interest in proven Islamic banking with t- value count by 13,061 more big from t- table value of 1,984 and the value significance of 0.000 which means moresmall of 0.05. In addition, the statement that "The person I know recommend I For using sharia banking" to obtain score by 456 or 4.56%. This is show that the more Lots influence positive in environment, family and society someone, the morebig possibility they for utilise Islamic banking.

Research conducted by Purwanto et al., (2020) also stated that influence social culture influential to interest saving at Bank Syariah Mandiri – Tangerang City. The influence social public make behavior somebody will each other related in term long time, thing this make the more strong influence social public will give encouragement in do action social group in a way together.

E. CONCLUSIONS

Based on the results of the study, islamic financial literacy has a positive and significant effect on the interest of Gen-Z in Islamic banks, a high level of Islamic financial knowledge will encourage someone to use Islamic banks. Therefore, it is necessary to hold islamic financial literacy education to increase public insight, especially the younger generation. In addition, religiosity also has a positive and significant effect on the interest of Gen-Z, with the prohibition of usury in islam encouraging Gen-Z to avoid arriving by transacting using islamic banks. In addition to individual factors, social influence also makes a positive and significant contribution, with the behavior of Gen-Z who are very easily influenced by the environment and people around them being a great opportunity for Islamic banks to introduce their products to attract the interest of Gen-Z. Simultaneously, Islamic financial literacy, religiosity, and social influence affect Gen-Z's interest in islamic banks, this shows that gen-Z's interest is not only influenced by individual factors but also by social factors such as the environment and people around them. With this, it is hoped that islamic banks can determine promotional strategies that can attract generation-Z to use islamic banks.

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