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MULTIBANK CUSTOMERS' INTENTION IN THE ADOPTION OF E-CHANNEL TRANSACTION FACILITY OF SHARIA BANK

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ABSTRACT: *The growth of sharia banking in Indonesia which is considered slow cannot be separated from the role of communication. This study aims to analyze communication and attributes of innovation as well as the level of awareness, interest and desire of consumers in adopting e-channel of sharia banks. The data were obtained from 150 respondents selected by convenience sampling with the criteria of customers who have savings accounts both in conventional and sharia banks, and who have one of the e-channel facilities in conventional bank. The data were analyzed using PLS. This study is a type of quantitative research. Respondents were taken from the entire population of conventional and sharia bank customers in Jabodetabek (Greater Jakarta). The data were obtained by face-to-face interviews using questionnaire tools. The results suggested that respondents are generally aware of the existence of e-channel facilities of sharia banks. Respondents' interest in e-channel is influenced by the strengthening of awareness regarding the benefits offered. The respondents' high interest continues to the next stage, which is the interest in using e-channels. The communication factor only affects the sense of awareness of e-channel facilities and the innovation factor only affects the respondents' sense of interest in e-channel facilities.*

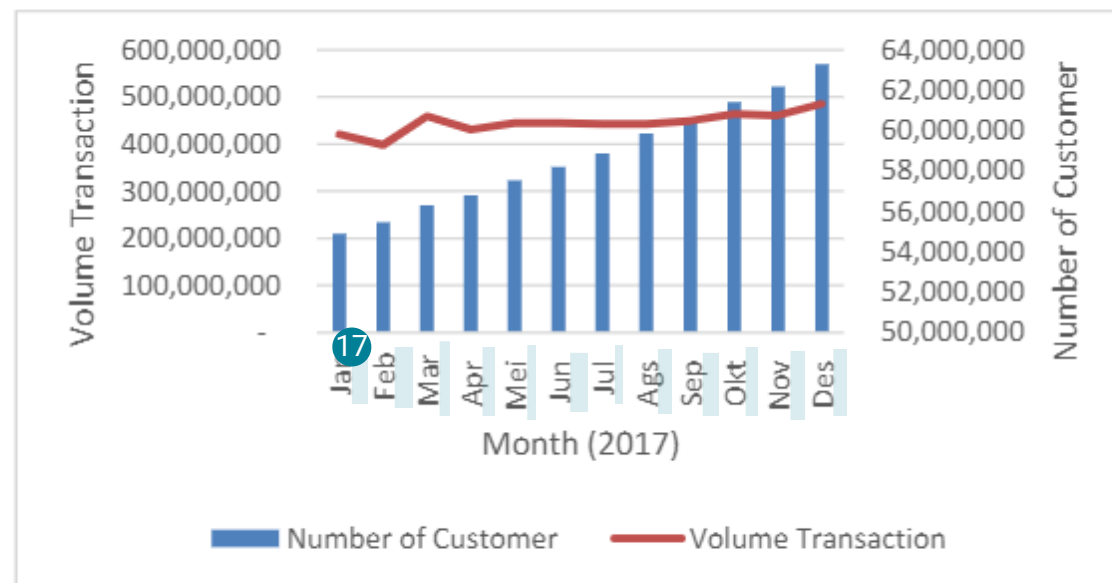
KEYWORDS: Innovation adoption, AIDA, Electronic channel, Sharia banking, Marketing communication

I. INTRODUCTION

The current *multibank* phenomenon in the banking sector is the customers having savings accounts of more than one bank. The ownership of more than one bank accounts allows that customers to have accounts in two conventional banks or one of them in sharia banks. For sharia banking, this condition is an opportunity to be able to compete with conventional banking in providing banking services; hence, sharia banking products can be an alternative choice for consumers. This, however, will be a challenge in terms of the superiority of sharia bank products to conventional bank products. The target to be achieved is that *multibank customers* will use sharia bank transactional facilities as their main choice.

To support customer transaction activities, the banking has provided physical and non-physical facilities. Physical facilities include the teller services at branch offices and Automatic Teller Machine (ATM). When compared with conventional banks, the number of sharia bank branch offices is still less in coverage availability, as well as the number of sharia bank ATM machines. Physical facility appears to be the weakness of sharia banks in terms of transactional convenience, while non-physical facilities are for example the development of e-channel services which have several types of options such as SMS banking, internet banking, mobile banking and phone banking. The availability of e-channel facilities is expected to provide ease of value added which is also owned by sharia banks.

The practice of internet banking in Indonesia was pioneered by one of the national private banks in mid 1999. At present there are around 62 conventional banks and 9 sharia banks which provide delivery channel services. This number is a form of development and improvement of banking industry. The e-channel has currently developed to the transactional stage, no longer informational (or just a website). Figure 1 is a graph of e-channel growth in 2017 which shows an increase of the number of transactional customers along with the volume of transactions.



Source: Data processed from Bank Indonesia data (2017)

Figure 1 Development of User and Banking E-channel Transaction Volume

The current condition of sharia banking is considered capable of competing with conventional banking, including in terms of the types of products they offer. Nonetheless, as stated by Irviana (2008), several factors causing the low market share of sharia banks among of them is the lack of information and education regarding sharia banks, so the people consider they, to this point, do not have to switch to sharia banks, or think that there is no difference between sharia and conventional banks. When compared with conventional banks, the form of information delivery related to sharia bank products tends to be less. Evaluation on the effectiveness of this communication hampers the stages of intention in adoption of e-channel facilities that sharia banks already have.

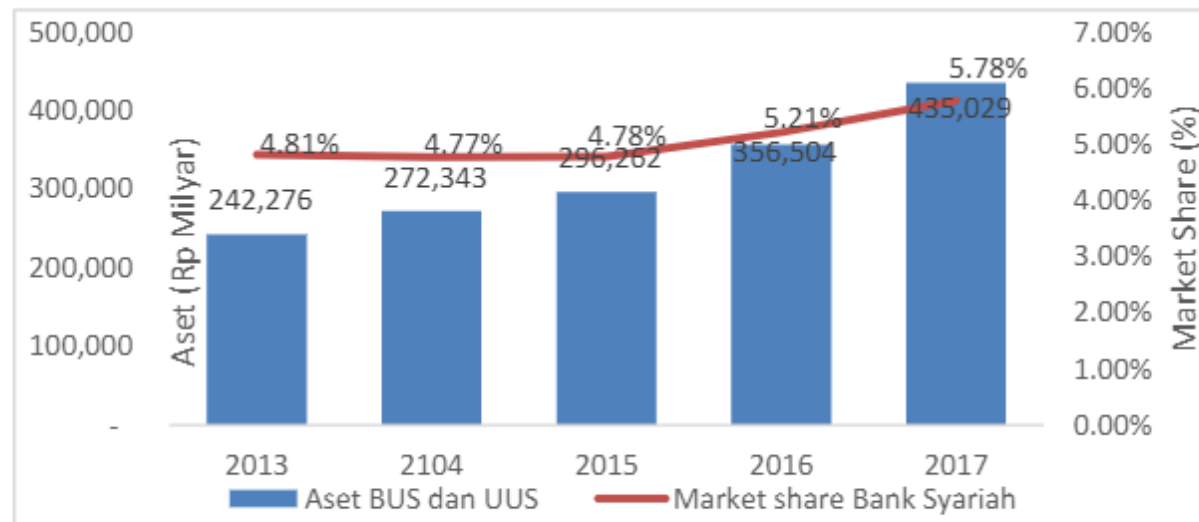
An innovation takes a long time that it can even take many years from the availability until it is widely adopted by the community. Morissan *et al.* (2013) explained that some people will soon adopt or take longer to try something new, while other groups can take longer, and so on. There is also an individual who knows an innovation has existed but he or she does not want to adopt or refuses to use it.

These conditions require a consistent marketing communication strategy toward the products and services of sharia banks. This study will particularly discuss the communication and attributes of innovation to the interest in the adoption of e-channel facilities in sharia banks for *multibank* customers, so that it hopefully can increase the number of customers, e-channel users and transactional volume in sharia banks. This is a strategic step to increase fee based income in sharia banks, so as to increase the market share of sharia banking in Indonesia.

Formulation of the problem

There are many people today who have accounts at different banks (*multibank*). In *multibank* case, the people do not only save funds in conventional banks, but also in sharia banks. Generally, people who become customers of sharia banks have been conventional bank customers. But in fact this does not clearly change the condition. According to Zega (2006) the people's reason to save money in conventional banks is because of their location, complete facilities, and popularity.

In the last few years, sharia banks have developed e-channel innovation as a pull factor, which is expected to be an attraction for people to switch to using their financial activities in sharia banks. There is another important thing, that is the lack of communication to the community. Therefore, this study will focus on discussing communication that should be carried out by sharia banks that is about the availability of e-channel facilities that are able to provide convenience in transactions without having to consider the obstacles beforehand. Figure 2 below is a graph of information on the growth of market share of sharia banks which is still considered slow.



Source: Data processed from Sharia Banking Statistics and Indonesian Banking Statistics (2017)

Figure 2 Graph of Sharia Banking Asset Growth and Market Share

If the use of e-channel facilities is considered a part of sharia banking innovation, then it becomes important to examine the level of awareness, interest and desire of consumers in adopting e-channel of sharia banks. In addition, because innovation is part of something that can make someone more effective and efficient, the use of e-channel is also something that is identical to the innovation. It is therefore necessary to know what factors influencing the adoption of innovation. According to Rogers and Shoemaker (1995) there are many factors that influence innovation adoption, in this case e-channel facilities such as relative advantage, compatibility, complexity, triability, and observability.

Purpose of study

¹⁸ Based on the background and formulation of the problems described, the purposes of this study are:

1. Analyzing communication and attributes of sharia bank e-channel innovation.
2. Analyzing the level of awareness, interest and desire of consumers in adopting sharia bank e-channel.
3. Formulating appropriate communication strategies to increase adoption of e-channels for various characteristics of adopters.

Scope of study

The scope of this study used comprehensive modeling by combining diffusion model of innovation and AIDA model. The AIDA model used was limited to aspects of awareness, interest, and desire without action. In addition, this study required a consumer-side approach, which was from customers of conventional and sharia banks in adopting e-channels. The diffusion variables of innovation used were limited to the attributes of relative advantage, compatibility, complexity, and observability.

II. METHOD OF STUDY

Location, Time and Study Approach

This study was conducted from January to September 2018 in Jabodetabek (Greater Jakarta). This selection area was based on consideration of representing the diversity of demographic characteristics of Indonesian people. Quantitative approach was chosen in order to identify, determine and explain the characteristics of the target population under study.

Population and Study Sample

The population of the study was *multibank* customers who live in the Greater Jakarta. Criteria for respondents as samples of the study were customers who already had savings accounts in conventional and sharia banks. The number of respondents in this study was 150 *multibank* customers.

Sampling technique

In this study, the sampling technique was carried out based on non-probability sampling method, which is by convenience sampling carried out based on the determination of respondents' criteria. Respondents would be directly interviewed (face to face interview) with a structured guide of questionnaire.

Types and Data Sources

This study used primary and secondary data. Primary data were obtained from respondents' responses of questionnaires given and interviews with people who have become customers in conventional and sharia banks. Secondary data were obtained from Bank Indonesia, OJK, scientific publications, journals and books as supporting data

Conceptual Framework

This study is based on Rogers Innovation Adoption theory and AIDA response hierarchy theory. The conceptual model of the study can be seen in Figure 3.

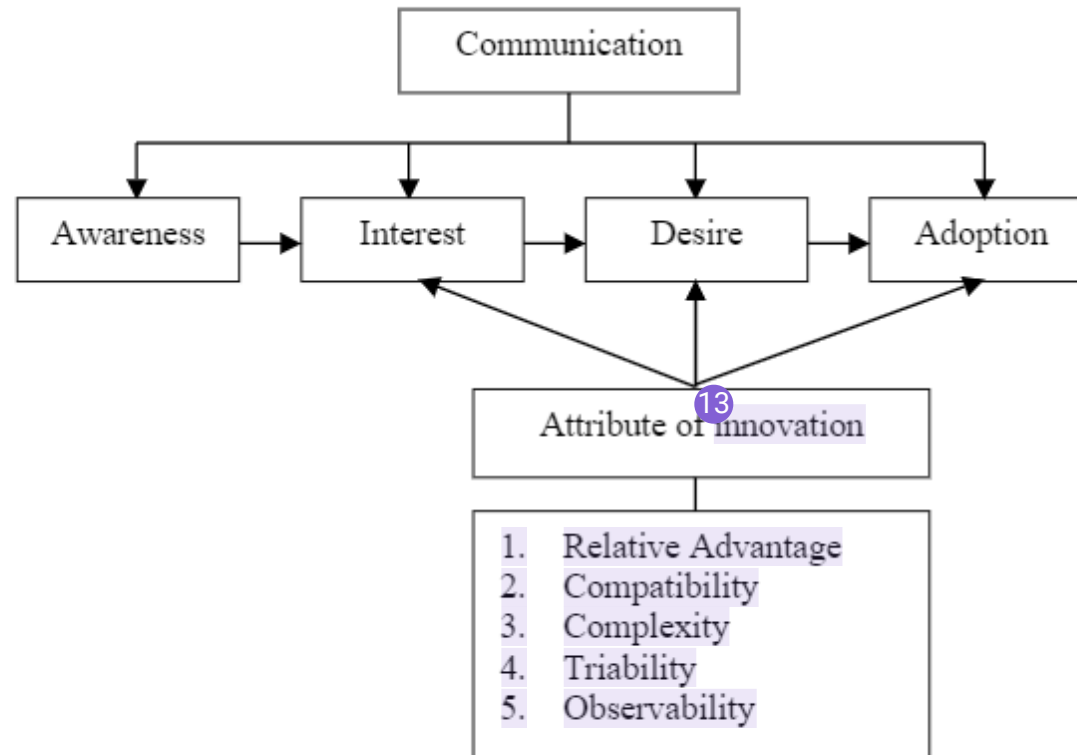


Figure 3 Study Framework

Data Processing and Analysis Techniques

This study was conducted using two analyses, namely descriptive and statistical analyses. Statistical analysis used is Structural Equation Model (SEM) with Partial Least Square (PLS) method.

III. RESULTS AND DISCUSSION

Characteristics of Respondents

There were 150 respondents involved in this study. Table 1 shows the characteristics of respondents.

Tabel 1 Demographic characteristics of respondents

Table 1. Demographic Characteristics of Respondents					
Category (%)			Category (%)		
Sex	Male	42	Education	High school	14
	Female	58		Diploma	9
Age	17-25 years	27		Undergraduate	67
				Graduate	9
			Occupation	Civil servant	7
				Employee of BUMN	8
				Employee of private company	67
	Profesional	2			
Businessman	4				
26-34 years	52	College student	10		
35-41 years	13	Others	2		
42-50 years	4				
>51 years	3				

Test of Suitability of Measurement Model (Evaluation of Outer Model)

The test of suitability of measurement model or outer model was carried out to assess the validity and reliability of the construct through two stages, namely the evaluation of the first order construct formed by the indicators and the evaluation of the second order construct formed by the first order construct which becomes its dimension. The criteria of the suitability of measurement model are measured based on the validity of the indicator

variable on the latent variable. An indicator is said to be valid if it has a loading factor of more than 0.5 and has a t-count above 1.96 (Igbaria *et al.* 1997).

After conducting two calculations, the valid indicators were obtained and could be used for further analysis, while invalid indicators were eliminated. Loading factor value showing the contribution of each variable can be seen in Figure 4.

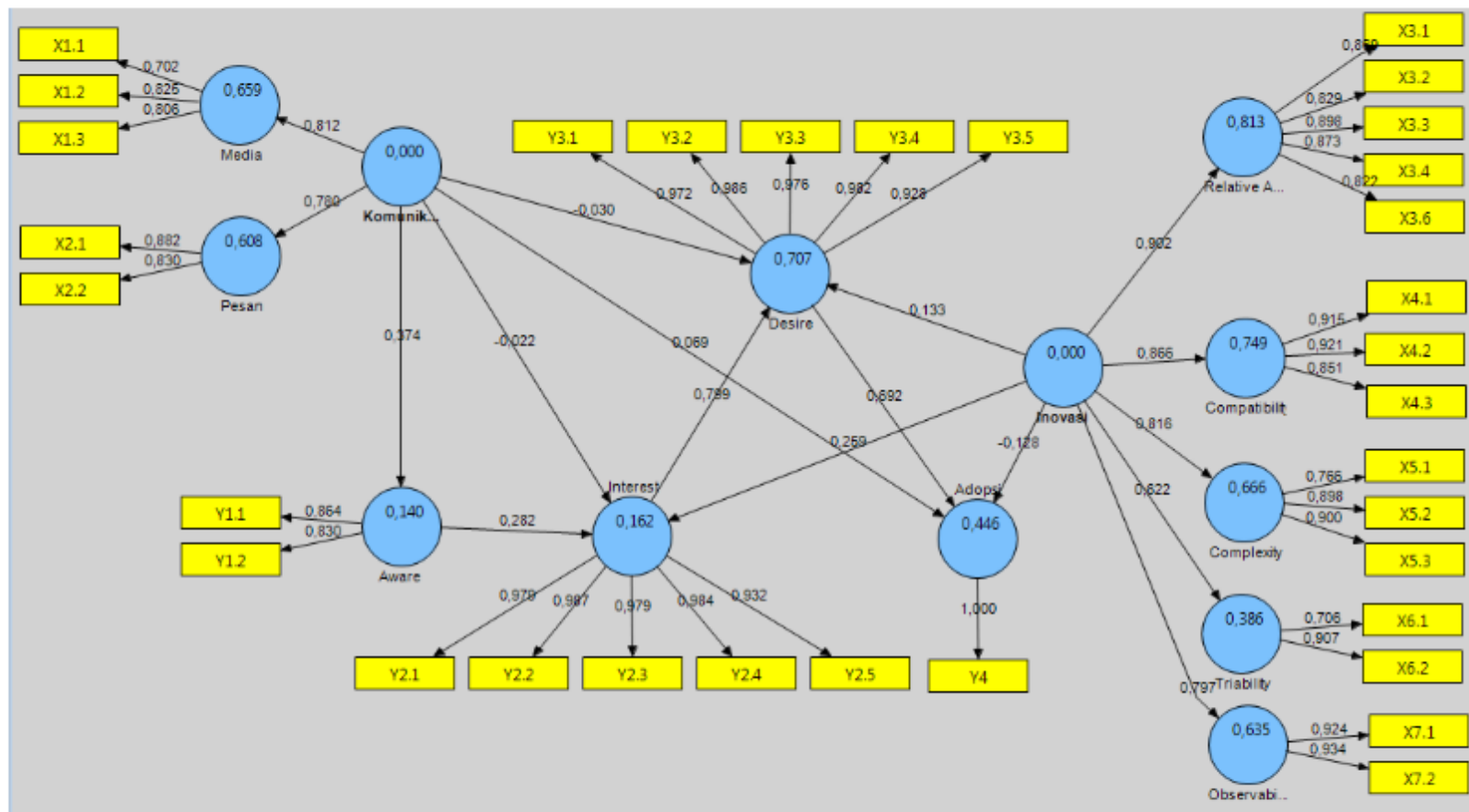


Figure 4 Standardized loading factor model of PLS processed

Construction reliability or latent variables testing can be measured by looking at the composite reliability value of the indicator block that measures the construct. The construct of a variable is said to be quite consistent if the variable has a composite reliability value above 0.70. Table 2 shows the value of composite reliability and AVE.

Table 2 Value of composite reliability and AVE of second order constructs

Variable	Composite Reliability	AVE
Awareness	1,000000	1,000000
Interest	1,000000	1,000000
Desire	1,000000	1,000000
Adoption	1,000000	1,000000
Communication	0,766915	0,632969
Innovation	0,907745	0,663780

A latent variable with AVE value were above 0.5 meaning that the latent variable can explain more than half of the indicator diversity on average. Based on the results in Table 2 showing all constructs above the value of 0.70, it can be concluded that all constructs had good reliability in accordance with the minimum required. As a result, all first order constructs were valid in measuring different aspects of the second order construct.

Test of Suitability of Structural model (Evaluation of Inner Model)

The test of suitability of structural model was conducted by looking at the value of coefficient of determination (R^2) and path coefficient. After the suitability of overall model was analyzed, the suitability of structural model was examined which was done toward structural equation coefficients.

1. Coefficient of Determination (R^2)

The test of coefficient of determination was used to find out how much influence the independent latent variable (exogenous variable) has on the dependent latent variable (endogenous variable).

Table 3 R-Square values for each endogenous variable

R-Square

Awareness	0.209003
Interest	0.167933
Desire	0.708658
Adoption	0.449397

Based on R^2 value, it informed that the model built was able to explain the diversity of desire by 70.86%, adoption by 44.93%, awareness by 20.90%, and interest by 16.79%.

2. Path Coefficient (β)

According to Hass and Lehner (2009), the path coefficient values in the range of -0.1 to 0.1 are considered insignificant; values greater than 0.1 are significant and directly proportional, and values smaller than -0.1 are significant and inversely proportional.

Hypothesis testing

Hypothesis testing stage was carried out after the evaluation of structural model was carried out. Decision making in this hypothesis testing is rejecting H_0 if the t-count value is greater than the value of the t-table with a significance level (α) of 5% that is equal to 1.96. Table 4 shows the results of hypothesis testing in research model.

Table 4 Results of hypothesis testing in research model

Hypothesis	Path	Path Coefficient	t-count > 1,96	Conclusion
H1a	Communication → Awareness	0.457168	4.954639	Significant
H1b	Communication → Interest	-0.010188	0.088723	Not significant
H1c	Communication → Desire	-0.006163	0.133742	Not significant
H1d	Communication → Adoption	0.088561	1.205725	Not significant
H2a	Innovation → Interest	0.267384	2.317840	Significant
H2b	Innovation → Desire	0.134907	1.658196	Not significant
H2c	Innovation → Adoption	-0.140807	1.829421	Not significant
H3a	Awareness → Interest	0.269470	2.748160	Significant
H3b	Interest → Desire	0.791010	10.393010	Significant
H3c	Desire → Adoption	0.692174	9.374312	Significant

Conclusion:

If | t-count | > 1.96, meaning that there is a significant influence between latent variables

The test results show that communication has a significant influence on awareness, meaning that good communication can increase awareness of the availability of e-channel facilities of sharia bank. Another thing that supports the results of study is Amit and Pooja (2016) that banks must promote mobile banking services to increase awareness among consumers. The results show that social norms also have an important impact on the adoption process because customers receive advice from family members and friends when adopting mobile banking.

After that, there is no influence between communication and interest on e-channel usage. This analysis contrasts with the research of Oyeleye et al. (2015) that stated the government must make efforts to increase the level of literacy, especially literacy of computers among its citizens. This will make it easier for the public to operate, interact, and access the e-banking platform so as to increase interest in using it.

However, different results were shown by the direct influence of the innovation variable on the latent interest variable, namely the significant influence between innovation and interest on e-channel use. This condition is in line with the research by Omotayo (2015) stating that individual factors include attitude, trust, perceived usefulness, perceived ease of use, perceived behavioral control and social factors (subjective norm) significantly influence the intention/interest in the adoption of internet banking.

The relationship between communication and desire is that there is no significant influence between them on e-channel facilities. This is in line with the research of Moghadam *et al.* (2012) explaining that internet advertising is able to increase people's desire to use internet banking and create a positive attitude towards the bank's brand.

Similarly, the existence of innovation does not have a significant influence on respondents' interest in e-channel use. This analysis contrasts with Rana's research (2017) that encouraged women's interest in Saudi Arabia to adopt online banking, including part of innovation, namely; convenience, comfort, security, trust, user friendly, comfort, and availability.

The relationship between communication and innovation does not have a significant influence on e-channel adoption. This result contrasts with research by Suki (2010) explaining that information about internet banking services and their benefits are important factors that influence adoption. Also in the results of Amola's research (2016), customers who use mobile banking find that the advantages lie in the effectiveness of time, comfort,

security, operational simplicity, and ease of navigation. This helps to enrich their mobile banking experience and has the potential to increase mobile banking adoption.

The relationship between awareness and interest has influence on e-channels. The value of path coefficient indicated positive relationship, meaning that the awareness of e-channel facilities can increase interest in e-channel facilities. This analysis is supported by Ramavhona and Sello (2016) stating that the lack of awareness about internet banking services and their benefits such as the ease and possibility of banking transactions from any location can be a reason for retail banking consumers to adopt internet banking.

The relationship between interest and desire explains that there is an influence between them on e-channel. The value of path coefficient indicated a positive relationship, meaning that the interest in e-channel facilities can increase the interest in using e-channel facilities. And it can be concluded that there is an influence between desire and adoption on e-channel. The value of path coefficient showed a positive relationship, meaning that the sense of interest in e-channel facilities can improve decisions on e-channel use.

IV. MANAGERIAL IMPLICATIONS

Interest variable gives the highest contribution to desire in e-channels. Other variables that have a significant influence are communication on awareness and innovation on interest. Therefore, an effective strategy to increase adoption rates is to create latest innovations and make effective communication in order to increase the adoption of e-channel facilities of sharia banks. The existence of new innovations is needed to increase the superiority of e-channel facilities of sharia banks compared to that of conventional banks. One of the features that can be used as an innovation in e-channel of sharia banks is the feature of conversion rate of rupiah to dollar that can be applied at the time of transaction. The feature of conversion rate becomes an important innovation, because this feature can provide ease in terms of information when transactions in dollars. In addition, another innovation that can be developed is in a feature of ATM cash withdrawals without using a debit card; instead it uses code verification via e-channel.

V. CONCLUSION AND RECOMMENDATION

Conclusion

Based on the results of the study on the adoption model of e-channel facilities of sharia banks, conclusions can be drawn as follow:

1. Communication that has been carried out by sharia banking is considered insufficient in terms of the frequency of broadcasts and the media used. Respondents predominantly know more about product information or services by bank officers. The main focus of the attribute of e-channel innovation of sharia bank is the product relative advantage that e-channel is able to reduce travel costs because it can make transactions without having to visit the branch office or ATM center. Time efficiency is mainly considered by respondents today.
2. Respondents are generally aware of the availability of e-channel facilities of sharia banks. Respondents' interest in e-channel facilities of sharia banks is influenced by the strengthening of awareness regarding the benefits offered by e-channels. The high interest of respondents continues to the next stage, which is the interest in using e-channel facilities. At the final stage, it can be seen that the majority of respondents who have obtained information about the usage and benefits of e-channels immediately adopt e-channel facilities of sharia banks.
3. Regarding the media used by people, the category that belongs to innovators is the facility to use internet advertising media that has a wide range, fast, and easily obtain information. The category that belongs to early adopter is the facility to use advertising media on television with a more interesting message. For early majority category, it is the use of social approaches, namely word of mouth, between families or friends. The last category is late majority that can be reached by direct approach by bank officers. With the intention that the discussion is facilitated to answer the skeptic of a new innovation.

Suggestion

This study did not use certain variables to determine the discriminant factors of respondents in deciding to adopt e-channel facility innovation in sharia banks. For that reason, internal and external factors can become other factors that can illustrate the effect of adoption on e-channel facilities of sharia banks. While the internal factor that can influence is one's lifestyle that has different influence tendency, the external factor is the government socialization of recommendation to use facilities from sharia banks.

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