

Islamic Consumer Personality and its Correlation with Islamic Banking Preferences in Riau Province, Indonesia

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This research aims to determine the correlation between Islamic consumer personality and socioeconomics with Islamic banking preferences among the Muslim community in Riau. Islamic personality refers to the Islamic consumers' personality index based on the criteria of faith (iman), worship (ibadah), trust (amanah), knowledge (ilmu), brotherhood (ukhuwwah) and gratitude (qana'ah). Consumer socioeconomics profile characteristics are gender, age, education, primary income and additional income. A quantitative study was conducted using questionnaires involving 437 respondents in Riau Province, Indonesia. Data was analysed using the Statistical Package for Social Sciences (SPSS) version 25, which involved descriptive analysis, Pearson correlation and multiple regression. The findings show that there is a positive correlation between personality and Islamic banking preference. The Pearson correlation analysis shows that the ukhuwwah criterion has the highest correlation value ($r=0.565$; $p<0.01$) and the Iman criterion records the lowest correlation value ($r=0.412$; $p<0.01$). Overall, the value of the correlation between personality and bank preference is high ($r=0.524$; $p<0.01$). In terms of consumer socioeconomics, multiple regression analysis showed a significant influence on Islamic banking preferences. Gender, age, primary income and additional income variables have a significant influence on Islamic banking preferences ($p < 0.01$). Educational

variables do not have a significant effect on Islamic banking preferences but still maintain a positive correlation.

Keywords: *Consumer behaviour, Financial market, Islamic personality, Islamic banking preference.*

Introduction

The development of Islamic banking at the global level is quite a concern in the general financial market economy. Assets of Islamic banks around the world continue to increase with significant average growth. According Divanna & King, (2015), assets of Islamic banks around the world continue to increase with significant average growth, i.e., with an average growth of approximately 10-20% per year. Asset expansion in Australia, Europe and the US, taken together, hit 20.2%, while asset expansions in Asia and sub-Saharan Africa registered growths of 16.3% and 12.6%, respectively. There are at least 300 Islamic financial institutions in 75 countries with assets no less than US \$1624 billion.

Indonesia is no exception to the developments in Islamic banking, which show a positive trend. However, the Islamic banking market share stuck at 5% of the entire national banking share for a long time. This market share is an issue, because it is relatively small, which makes little sense for Indonesia, where the majority of the population is Muslim. The market share is still far below Bank Indonesia's target, which was approximately 20% before 2023 (Warjiyo, 2018). The small number of Islamic banking market shares has been attributed to various causes. Muslims, as the majority of the population in Indonesia, are regarded as the main actors who should contribute substantially to the development of Islamic banking. Many factors affect consumer behaviour. For example, in banking system preferences, personality factors are among the most important factors (Akin, 2011).

Personality factors are increasingly being studied in the context of their relationships with various consumer behavioural activities such as purchasing issues, media selection, innovation, segmentation, product selection and changing attitudes (Adnan, Ghani, Zin, & Aziz, 2017; Bahari, Hatizal, & Doktoralina, 2019; Schiffman, Bednall, O'Cass, Paladino, & Kanuk, 2011). Khare, Khare, & Singh (2010); Odekerken-Schröder, De Wulf, & Schumacher (2003); and Sari, Alwi, & Doktoralina (2019) state that personality factors have the most relevant influence on the changing behaviour of consumers (switching behaviour). Islamic practice requires alignment with Islamic investment principles where no uncertainty (Garar), interest (Riba) and gambling (Maisir) investments are involved in any aspect of life (Doktoralina & Nisha, 2020). Therefore, personality affects consumer behaviour in choosing a product or service, including the selection of a banking system.

This paper aims to understand the influence of Muslim consumer personalities on choosing Islamic banking using statistical correlation methods. More specifically, the paper aims to determine the direction and strength of Islamic consumer relationships in relation to Islamic banking preferences, assess the influence of Islamic personality on consumer behaviour, and determine how socioeconomic profile factors affect the choice of Islamic banking. To achieve this objective, researchers have used previously built personality tools, referred to as Islamic Consumer Personality Indexes. These indexes are used as tools to measure the personality of Muslim consumers and are applied in assessing the relationship between Muslim consumer personality and Islamic banking preferences.

Method

This study is an exploratory study using the Islamic Consumer Personality Index questionnaire. In general, the questionnaire consists of four parts. The first part regards the socioeconomic profiles of the respondents (gender, age, education, primary income and additional income), which consists of 14 questions. The second part regards the Islamic consumer personality, i.e., iman, ibadah, amanah, ilmu, ukhuwwah and qana'ah, which consists of 113 questions. The third part regards the relationship with Islamic banking and consists of 2 questions. The fourth part pertains to the selection of Islamic banking, covered by 17 questions. Respondents were asked to complete a questionnaire with a 5-point Likert scale from level 1 (strongly disagree) to level 5 (strongly agree). The study involved 550 Muslim respondents in Riau Province, Indonesia. Only Muslim respondents with accounts in Islamic and conventional banks were involved in this study. Of all 550 respondents who participated in the study, questionnaires from only 437 respondents were complete and determined valid for analysis. The data was analysed using the Statistical Package for Social Sciences (SPSS) version 25 (Wagner III, 2019). The data analysis involved several methods, namely, descriptive analysis, Pearson correlation analysis and multiple regression analysis (McMillan & Schumacher, 2010).

Results and Discussion

The respondents' socioeconomic profiles are shown in Table 1. A particular gender group did not dominate the gender of the respondents involved. An age range of 16 to 50 years old saw the inclusion of a variety of respondents. The distribution of respondents, according to their level of education, was balanced between those who received secondary education and those who received higher education. The monthly income of the majority of respondents was Rp 1-3 million. This amount of income was in line with the employment types of respondents, i.e., government workers. Based on this data, most respondents were defined as receiving mid-range income.

Table 1: Socioeconomics profiles of Islamic banking preference respondents (n=437)

Profile of Respondents	Number	Percentage
Gender		
Male	243	55.6
Female	194	44.4
Age		
16 - 20	49	11.2
21 - 30	172	39.4
31 - 40	116	26.5
41 - 50	63	14.4
above 50	37	8.5
Education		
Primary School	3	0.7
Junior High School	15	3.4
High School	181	41.4
Diploma – Bachelor’s Degree	226	51.7
Master’s Degree	12	2.8
Primary income (monthly)		
Without primary income	50	11.4
Rp 1 – Rp 1 million	59	13.6
Rp 1 million – Rp 3 million	179	40.2
Rp 3 million – Rp 5 million	110	25.2
Rp 5 million – Rp 7 million	17	3.9
Rp 7 million – Rp 9 million	16	3.7
Above Rp 9 million	6	1.4
Side income (monthly)		
Without side income	217	49.7
Rp 1 – Rp 1 million	127	29.1
Rp 1 million – Rp 3 million	81	18.5
Rp 3 million – Rp 5 million	9	2.0
Rp 5 million – Rp 8 million	3	0.7

Source: Data processed.

To measure the direction and strength of the relationship between the two variables, a correlation analysis was performed. This analysis aimed to see how the variables changed and whether the change showed a strong or weak relationship (Baba, 1998). Six criteria were used in this study, i.e., iman, ibadah, amanah, ilmu, ukhuwwah and qana'ah, and their influence on the selection of Islamic banking was assessed. The observed relationships can be linear, either linearly positive or linearly negative. Furthermore, the resulting correlation can be used to interpret the strength of the relationship between all the variables. Pearson correlation

analysis, tolerance and the variance inflation factor between the personalities of Islamic consumers and Islamic banking preferences are presented in Table 2.

Table 2: The Pearson correlation, tolerance and variance inflation factor (VIF) of Islamic personality criteria toward Islamic banking preferences

Personality Criterion	Pearson Correlation	Tolerance	VIF
Iman	0.412**	0.408	2.454
Ibadah	0.458**	0.377	2.652
Amanah	0.436**	0.260	3.842
Ilmu	0.493**	0.316	3.167
Ukhuwwah	0.565**	0.293	3.407
Qana'ah	0.439**	0.388	2.578

Source: Data processed.

The results of the Pearson correlation analysis show that there is a positive and significant relationship between all personality criteria and the selection of Islamic banking. Cohen, West, & Aiken (2014) suggest a correlation value of $r = 0.01-0.09$ is low, a correlation value of $r = 0.1-0.49$ is medium, and a correlation value of $r \geq 0.5$ is high. Of the six personality criteria, the criterion that shows the highest relation is ukhuwwah, and the criterion that shows the lowest relation is iman. Other criteria, i.e., ibadah, amanah, ilmu and qana'ah, have a medium correlation.

The results of the correlation analysis lead to two conclusions. First, the relationship between Muslim consumer personality and banking selection is positive. This means that the more Muslim the personality of a user is, the higher the likelihood the user will choose an Islamic bank. Second, of the six personality criteria, the ukhuwwah criterion is the dimension that has the strongest relationship with the selection of Islamic banking. This is because ukhuwwah is an activity that is closely related to muamalah, and muamalah includes horizontal relations between people. The aspect of Islamic banking selection in consumer behaviour is indeed categorised as part of the muamalah.

Multiple linear regression analysis (the tolerance and variance inflation factor) was performed to identify any changes or influence of Muslim consumer personalities on the selection of Islamic banking. The tolerance values are between 0.00 and 1.00. Values approximating 0.00 indicate that almost all the variants in the variables were explained by other variables, indicating that there was multicollinearity. A tolerance value approaching 1.00 indicates that the other independent variable does not explain the variance contained in the variable and shows the problems of multicollinearity and singularity (Cohen et al., 2014; Pallant, 2011). The tolerance value of all independent variables shows a tolerance value of at least 0.262. This means that no independent variable has a tolerance value that approaches the

value of 1.00. Thus, research data does not face multicollinearity and singularity problems. From Table 2, it can be seen that the sixth variance of the variance inflation factor (VIF) is <10. This also means that the variables do not have multicollinearity problems. Multicollinearity problems occur when the value of $VIF > 10$ (Gordon, 2015).

The results of this study prove that Islamic personality influences Islamic banking preferences. This finding is in line with previous studies stating that the religious aspects of an individual play a role in determining his or her consumerism in both general and particular aspects (Adnan, 2010, 2012; Ahmad, Rahman, Ali, & Seman, 2008; Echchabi & Abd. Aziz, 2012; Khraim, 2010; Rehman & Shabbir, 2010; Susy Yunia, 2012).

In addition to Islamic consumer personality variables, socioeconomic variables can be analysed in multiple linear models. Socioeconomic factors such as gender, age, education, primary income and side income are also important, and their influence on the selection of Islamic banking should be examined (Jamshidi, Hussin, & Wan, 2014). The influence of socioeconomic factors on the selection of Islamic banking has been widely found in previous studies, such as those by Al-Hunnayan & Al-Mutairi, 2016; Ali, Raza, & Pua, 2017; Amin, 2012; Ergec, Kaytanci, & Toprak, 2016; Metawa & Almossawi, 1998; Mohd-Dali & Mohd Rais, 2006; Saqib, Farooq, & Zafar, 2016; and Souiden & Rani, 2015. Table 3 shows the results of multiple linear regression analysis of Islamic consumer personality and socioeconomics on Islamic banking preferences.

Table 3: Multiple linear regression analysis of Islamic consumer personality and socioeconomics regarding Islamic banking preference

Model	R	R ²	ΔR^2	F	B	beta	t	Sig.
(Constant)	0.553	0.309	0.296	31.543	22.073		5.177	
Islamic Personality					0.096	0.479	11.218	0.000
Gender					-1.503	-0.090	-2.165	0.031
Age					-0.763	-0.102	-2.167	0.031
Education					-0.026	-0.003	-0.075	0.940
Primary Income					-0.900	-0.141	-2.980	0.003
Side Income					1.181	0.125	2.942	0.003

Source: Data processed.

In Table 3, the value of R² is 0.309, indicating that the 30.9% change in the dependent variable (Islamic banking preference) is due to changes in the model, i.e. personality, gender, age, education, primary income, and side income. The regression coefficient of the model shows that the independent variables that proved to have the greatest influence on the selection of Islamic banking are personality, gender, age, primary income and side income.

Educational factors did not significantly affect the selection of Islamic banking (0.940). However, the relationship between the two factors of education and an Islamic banking preference is still positive.

Cramer & Howitt (2004) point out that higher levels of consumer religiosity will increase the level of Islamic banking. The higher a user's income is, the higher the level of Islamic banking is. Male respondents prefer Islamic banking more than female respondents do. The findings also show that respondents between 31 and 40 years old prefer to use Islamic banking facilities. This finding is consistent with the findings of Adnan (2010) that indicate the factor of age has a significant influence on the use of Islamic banking facilities by those over the age of 30. This is driven by the growing need of adult respondents to act in line with their ages and commitments to themselves and their families. Similarly, the factor of gender also causes significant differences in affiliation with Islamic banking.

Conclusion

The results of the research show that Islamic consumer personality (iman, ibadah, amanah, ilmu, ukhuwwah and qana'ah) and the selection of Islamic banking have a positive and strong correlation, especially regarding ukhuwwah, and iman. Other criteria, i.e., ibadah, amanah, ilmu and qana'ah, have a medium correlation. The influence of Islamic personality on Islamic banking preferences was found to be significant. In Addition, the factors of gender, age, income, and side income also showed a significant influence on choosing Islamic banking. However, the education factor did not significantly influence Islamic banking preferences. The most important finding in this research is the more Islamic a person's personality, the more likely they are to prefer an Islamic banking institution. Limitations of this study are the quantitative measurement of personality levels, which relies solely on the honesty of the respondents in self-assessment. If an individual does not honestly answer the statements given, that which is hidden in their heart cannot be measured.

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