

Community's Potential and Preferences for Islamic Banking: The Case of Indonesia

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Abstract: - Islamic Banking is an increasingly important part of the Indonesian economy and finance. The competition between conventional and Islamic banks and customer demographic factors affect the performance of Islamic Banking. The purpose of this study was to analyze the potential and preferences of the community towards Islamic banking in terms of a demographic perspective consisting of four factors, namely age, income, education, and occupation. The potential and preferences of the community are proxied by the ownership of Islamic banking accounts. The study uses a sample of 620 questionnaires. The methodological approach is binary logistics regression or multinomial logistic linear regression using IBM SPSS statistics 25 software. The dependent variable (Y) is the probability of people who have an account in Islamic banking as a proxy to measure the potential and preference of Islamic banking. The independent variable (X) is several factors that affect account ownership in Islamic Banking like age, education, occupation, and income. The paper's findings show that respondents in the segment aged less than 40 years old, in middle education, and working as entrepreneurs have a lower and significant probability of having an account in Islamic banking than respondents aged more than 40 years old, highly educated, and working in the company. There is no significant difference in the probability of account ownership in Islamic banking.

Key-Words: - community's potential, preferences, customer, Islamic banking, logistic model, Indonesia

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1 Introduction

1.1 A Brief History of Islamic Banking in Indonesia

Islamic banking as an intermediary institution is required to improve business sustainability with various development facing competition, especially with conventional banking. Islamic banking is valuable in increasing economic growth, especially in helping financial inclusion for micro, small and medium enterprises [1]. Islamic banking develops in line with the demands and preferences of the public, who want financial transaction services based on moral values and sharia principles. Islam prohibits charging interest for savings and loans because classified as usury [2]. Therefore, one of the principles in Islamic banking operations is the application of profit and loss sharing [3]. This principle does not apply in conventional banking. Islamic banking with a profit-sharing system first appeared in Egypt through a business pioneered by

Ahmad El Najjar at the Mit Ghamr Savings Bank in 1963 [2]. In other countries in the 1970s, several Islamic-based banks emerged and experienced significant growth [4].

The establishment of Islamic banking in Indonesia is inseparable from the economic crisis that occurred in 1998. Islamic banking is quite reliable and able to survive in crises through the profit-sharing system that can reduce the effect of fluctuations in interest rates, thereby reducing the risk of financial volatility [5-6]. The development of Islamic banking in Indonesia began in 1991 with the establishment of the first Islamic bank, Bank Muamalat Indonesia (BMI), a commercial bank that carried out business activities based on the profit and loss sharing principle (PLS). The PLS system integrates the interests of borrowers, banks, and depositors [2].

Indonesia is a country where the majority of the population is Muslim and has a strong belief in practicing their religion as well as possible. Therefore, the existence of Islamic banking in Indonesia is a necessity. Islamic banking has progressed quite rapidly in Indonesia due to the desire of the community to fulfill its obligations in upholding Islamic principles and ethics [7]. This implementation of Islamic ethics in the form of prophetic messages and teaching of Muhammad (peace be upon him), namely Iman (faith), Niyyah (intention), Amanah (trust), and 'Adalah (justice), will maintain loyalty and attract new customers and can increase customer satisfaction. Therefore, it acts as another competitive advantage [8, 9, 10].

Empirical studies have proven that prophetic treatises and Islamic teachings, including faith, intention, trust, and fair, transparent profit-sharing principles (Al-Mudharabah and Al-Musarakah), provide high awareness for adherents to obey them as a command and have succeeded in providing a positive multiplier effect in banking management. Islamic banking is a form of obedience to religion to implement muamalah without usury [11]. Islam forbids usury, and every Muslim must avoid it to bring rewards to those who practice it.

The advantages of Islamic banking are the avoidance of usury/interest on borrowed funds, the principle of profit-sharing that has an impact on the distribution of income and wealth, and preventing speculation as one of the activities that are not allowed in the banking sector. In Islamic Bank, there is transparency in banking management principles, the completeness of transaction facilities through internet banking that provides convenience for transactions, and the performance of professional banking services, effectiveness, and efficiency [12].

Apart from the advantages, there are several disadvantages, including dilution. Dilution is the consequence of equity investment, where in the scheme, investors are afraid of losing control of their business and prefer credit financing through investment loans provided by commercial banks and other financial institutions. Another weakness of Islamic banks does not provide business loans. The non-interest model of Islamic banking makes investments in Islamic and non-interest banking unattractive for investors who are interested in maximizing profits.

Several factors can be the cause of public preference for Islamic banking, including the existence of a security guarantee on the funds deposited, where saving in Islamic banks in Indonesia is guaranteed by the Deposit Insurance Corporation (LPS), which bears the risk of losing customer funds of up to Rp2 billion. is an attraction for customers to pledge their funds to Islamic banking. Other factors that attract people to become customers of Islamic banks are demographic and non-demographic. Demographic or external factors such as income, education level, age, gender, income, employment, and the values they believe in, and as cultural background, and environment. While non-demographic factors or internal factors such as service quality, banking policies, and facilities.

Understanding the potential and preferences of the community in choosing Islamic banking based on demographic factors is essential for banks in determining programs and strategic plans to expand the market and face high competition. The demographic approach illustrates that the attention of banks is not only on services and facilities but also on the public as end-users

Research on public interest in Islamic banking based on a demographic approach conducted in Bahrain concluded that there are differences in awareness and attitudes among community groups based on education level and gender. There are no differences based on age aspect [13]. Respondents with lower income and education levels don't interested in e-banking 3G mobile communication systems [14, 15]. Based on age perspective, Agarwal and Rastogi [16] found the aged 31 to 45 years old have a high tendency to use e-banking applications because of technological mastery and convenience in using them. In another study, income had a positive effect on online banking use, while age and gender did not affect it [17].

Men are more responsive than women in accepting changes and adapting quickly to innovations in banking technology [18]. Men are more likely to install mobile banking applications because they are driven by the need for tasks and work, personality, values, and status [19]. Gan et al. [20] found that respondents over 56 years old, educated, and have high income aren't interested in using e-banking applications. Research on the potential and preferences of the community towards Islamic banking is essential in understanding the community's demographic factors in a more focused and comprehensive [21].

The rest of this paper is organized as follows: Section 1 provides an introduction to explain the background of title selection, and Section 2 gives a relevant literature review of the topic discussed. Section 3 deals with the data and a brief overview of the research methodology. The fourth section presents the results of data analysis based on the materials and method, which will discuss in Section 5; Section 6 is a conclusion.

1.2 Islamic Banking Overview and The Determinant Factors of The Islamic Banking Selection.

Islamic banking activities must comply with sharia principles guided by the Qur'an and As-Sunnah, where the existence of an interest in both receipts and payments is prohibited [22]. The principles of halal, ethics, and moral values are the basis of all its activities. Islamic banking applies sharia principles by avoiding usury, applying the principle of profit-sharing (mudharabah), buying and selling goods at a profit (Murabahah), equity participation (musharakah), or financing of capital goods based on sharia principles, and the pure lease without choice (ijarah) or with the option of transferring ownership of the goods leased from the bank by another party (ijarah was iqtina).

Money in the Islamic banking view is considered a medium of exchange. It's different from money in conventional banking, where interest transactions are the main product, implying that money is traded as a commodity. Several things that must be implemented in Islamic banking include 1) prohibition of payment of loans with a value higher than the principal of the loan, and 2) prohibition of profit and loss sharing as a result of the business results of institutions that borrow funds. 3) prohibit making money from money. 4) prohibit elements of gharar (uncertainty, speculation). 5) prohibit investments and other businesses that are not prohibited in Islam [23]. In recent years, Islamic banks have experienced extraordinary growth, and the challenge of obtaining customer satisfaction and loyalty must remain a priority to compete with more established conventional banks. Knowledge about customer preference, need, and satisfaction is a significant challenge in the banking dimension of marketing. Preference is a subjective tendency that is influenced by demographic, non-demographic factors such as bank reputation and service quality [24, 25, 26].

The empirical studies of community preferences and potential toward Islamic banking provide a new perspective through a demographic approach to increase service expansion based on user characteristics [27]. Demographic factors assist management in making operational strategies decisions, regarding products and target markets related to market segmentation [28], besides being influenced by other demographical factors such as psychology, religion, social, and culture [29], although in several studies, customer characteristics have an indirect effect on banking programs (26). The relationship between religious involvement (practice and interest) and attitude toward Islamic banks is a significant factor that affects customer decisions in banking services in Muslim countries [30, 31, 32].

Research in the United Arab Emirates (UAE) about the determinants of bank selection for Islamic and conventional banks based on demographic and non-demographic factors concluded that religious factors are the main factors in choosing a bank. In contrast, non-demographic factors such as bank reputation and profit expectations are not determinants of bank selection [33]. A significant factor in the choice of Islamic banking in Nigeria is Islamic ethics and Islamic bank services awareness [34].

Using a structural equation model, research conducted on 790 respondents analyzing gender and religious factors to determine the bank type concludes that Muslim consumers are more concerned and selective in choosing banking products than non-Muslims. This study also found that social factors and bank facilities had no significant effect on Muslim and non-Muslim consumers [35]. Besides religious factors, several research results prove a relationship between other demographic factors such as gender, age, education, and income with banking services programs. Male and the younger group of customers (18 – 24 years old) are more attracted to Islamic banks than female and adult age group (25 – 34 years old) customers are more inclined toward conventional systems [36]. Education level also affects the tendency to have a credit card. Customers with 31 to 35 years old and higher education levels tend to have conventional credit cards compared to sharia lower education customers between 20 and 30 years old. Good customer service and the recommendations of parents and friends are the criteria for US and Ghanaian are determining factors for generation Y in the UK and the US [37].

Demographic factors such as age, income, education, religion, gender, and marital status are not related to population characteristics. Non-demographic factors such as low-interest rate, speed of service, easy way of obtaining a loan, and higher interest on deposits have a positive and significant influence on choosing a bank and affect the public appreciation of Islamic banking [38, 39].

Service dimensions such as quality of staff, safety and security, proficiency, and management systems are given high importance by customers when choosing a bank. Honest staff, a helping attitude, an adequate safety system at ATMs, secure banking, and maintaining the confidentiality of customer data are important items in banking choices [40]. In China, a convenient network and the government's protection are the dominant factors influencing bank selection, whereas cultural aspects such as "guanxi" or personal relationship are only of minor importance [41].

The studies were conducted by Ltifi et al. [42] in Tunisia and Tanzania Islamic banks [43] and Naim et al. [25] in Malaysia Islamic bank, Awan and Bukhari [10] in Pakistan Islamic bank. Mansour et al. [31] in UK Islamic bank prove that the effect of banking service quality like compliance, tangibility, and reliability of product choice and Islamic debt policy has a significant relationship to customers' satisfaction and can influence consumer attitude selecting Islamic banks. Research to determine the selection criteria of Islamic banks found that the factors "cost and affordability" and "rates and return" are prioritized above "Shari'ah-compliance" factors [44]. Based on the gender and age approach, customers between 18 and 25 years old and females are the dominant factors influencing the selection criteria in the Federal Territory of Labuan, Malaysia. The non-demographic factors such as bank services, people influences, electronic services, and banking security, and those female students attach more importance to each of these factors than their male counterparts [45]. The low cost of bank services and religion is the determining factor that drives the process of becoming a UK customer [31, 46] Both demographic and non-demographic variables are important factors in determining the steps in adjusting the marketing strategy to influence the targeted market segments [47]. Internal factors such as sharing costs are secure and profitable, vast parking area, beautiful building (physical), and easy transaction (process), and external factors such as interest, family support, and the bank prospect are a significant effect on the

customer's choice of Bank Syariah [48]. The selection criteria of customers for Islamic home financing in Pakistan concerning gender, age, income, and occupation factors conclude the shariah principle, fast and efficient services, price, bank reputation, and product flexibility are the important factors in choosing Islamic mortgages [49].

Research on demographic and non-demographic factors such as behavior, characteristics, and public perception of Islamic banks that influence the society's potential and preference toward Islamic banks, especially in Indonesia is still limited. Research conducted by Setiawan et al. [21]. Research about an overview of the behavior and public perception of Islamic banks proves that deposit security guarantees, ease of transaction, and implementation of sharia principles are the reasons for choosing an Islamic bank. Other non-demographic factors that also influence the decision to select Islamic banks in Indonesia include staff friendliness, sharia compliance, and fast and efficient banking service [50]. There are three conclusions of the discussion on demographic and non-demographic factors in the bank selection process in Indonesia. First, bank commitment, competence, and complete service as the main factors for bank selection criteria. Second, the bank's competence, commitment, and reputation affect satisfaction. Third, service speed, location, convenience, competence, and friendliness of bank staff are important factors that determine institutional performance [47].

This study will analyze account ownership in Islamic banking based on demographic variables such as age, education, occupation, and income. The hypotheses can be postulated as follows :

- Ho1 = There is no significant difference in opportunities for the community less than 25 years old having an Islamic banking account.
- Ha1 = There is a significant difference in opportunities for the community less than 25 years old to have an Islamic banking account.
- Ho2 = There is no significant difference in opportunities for the community 25 to 40 years old having an Islamic banking account.
- Ha2 = There is a significant difference in opportunities for the community 25 to 40 years old having an Islamic banking account.

- Ho3 = There is no significant difference in opportunities for the low education community to have an Islamic banking account.
- Ha3 = There is a significant difference in opportunities for the low community to have an Islamic banking account
- Ho4 = There is no significant difference in opportunities for the middle education community to have an Islamic banking account.
- Ha4 = There is a significant difference in opportunities for the middle education community to have an Islamic banking account.
- Ho5 = There is no significant difference in opportunities for the community who works as civil servants having an Islamic banking account.
- Ha5 = There is a significant difference in opportunities for the community who works as civil servants having an Islamic banking account.
- Ho6 = There is no significant difference in opportunities for entrepreneurs having an Islamic banking account.
- Ha6 = There is a significant difference in opportunities for entrepreneurs to have an Islamic banking account.
- Ho7 = There is no significant difference in opportunities for the community who have income less than IDR 2,500,000 having an Islamic banking account.
- Ha7 = There is a significant difference in opportunities for the community who have income less than IDR 2,500,000 having an Islamic banking account
- Ho8 = There is no significant difference in opportunities for the community who have an income of IDR 2,500,000 to IDR 5,000,000 having an Islamic banking account
- Ha8 = There is a significant difference in opportunities for the community who have an income of IDR 2,500,000 to IDR

5,000,000 having an Islamic banking account

To prove hypotheses 1 to 8, a multinomial logistic linear regression approach was used. The data used for X and Y variables are qualitative data with a dummy. The significant differences in having an account in Islamic banking can be described in the following scheme.

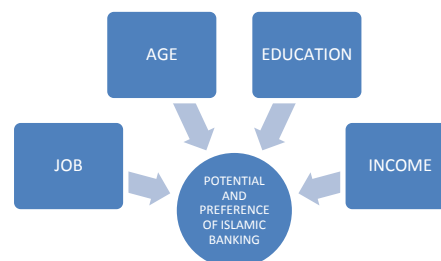


Fig. 1: Conceptual Framework

2 Methodology

This study was conducted in Indonesia. Of the 620 respondents, ten percent respondents do not have an Islamic banking account, and ninety percent or about 558 respondents (90%) have an Islamic banking account. Eighty-six respondents fewer than 25 years old were 25 to 40 years old, and others were more than 40 years old. 165 respondents were in the education level of elementary to senior high school, 250 respondents (40.3%) were respondents in the education level of bachelor to diploma, and others were respondents in the education level of master to doctor.

Based on employment, fifty percent of respondents were civil servants, 297 (47.9%) were entrepreneurs, and 289 (46.6%) worked as employees. Middle-income respondents with an income of IDR 2,500,000 to IDR 5,000,000 per month totaled 242 respondents (39%). Thirty-eight percent of respondents were in a low-income level of less than Rp 2,500,000 per month, and 169 respondents (27.3%) high income above IDR 5,000,000. Statistical descriptions as shown in Table 1 below.

Tabel 1. Case Processing Summary

		N	Percentage
IBACCOUNT	Do not have an Islamic bank account	62	10.0%
	Have an Islamic bank account	558	90.0%
AGE1	Less than 25 years old	86	13.9%
AGE2	25 to 40 years old	243	39.2%

AGE3	More than 25 years old	291	46.9%
EDUC1	Elementary to Senior high school	165	26.6%
EDUC2	Bachelor - Master	250	40.3%
EDUC3	Doctoral	205	33.1%
JOB1	Civil servant	34	5.5%
JOB2	Entrepreneur	297	47.9%
JOB3	Employee	289	46.6%
INCOME1	Less than IDR 2,500,000	209	33.7%
INCOME2	IDR 2,500,000 to IDR 5,000,000	242	39.0%
INCOME3	More than IDR 5,000,000	169	27.3%

The collected data will be classified and processed into categorical and reference variables using binary logistics regression or multinomial logistic linear regression using IBM SPSS statistics 25 software. Multinomial logistic regression analysis is used when the dependent variable has polychromes or a multinomial scale, which is a nominal scale with more than two categories [51]. Binary logistic regression analysis was also used in studies that analyzed the relationship between income and employment classified by company size, education (high school graduation department and university), and employment status [52].

The research variables consist of dependent variables and independent variables. The dependent variable (Y) is the probability of people who have an Islamic banking account (IBACCOUNT) as a proxy to measure the potential and preference of Islamic banking. The independent variable (X) is several factors that affect account ownership in Islamic banking. These factors are age, education, occupation, and income. The dependent and independent variables will be given coding with the values of 1 and 0. Y variable will have a value of 1 (0) if the respondent has (doesn't have) an Islamic banking account.

The age factor consists of AGE1, AGE2, and AGE3. AGE1 is the age less than 25 years old with a value of 1, AGE2 is the age between 25 to 40 years old with a value of 2, AGE3 is the age more than 40 years old with a value of 3, and age more than 40 years old as a categorical comparison (reference). Educational factors consist of EDUC1, EDUC2, and EDUC3. EDUC1 (elementary to senior high school) with a value of 1, EDUC2 (diploma to a bachelor) with a value of 2, and EDUC3 (master to doctor) with a value of 3, and higher education as categorical variables for

comparison (reference). The occupation factors consist of JOB1, JOB2, and JOB3. JOB1 is government employees with a value of 1, JOB2 is entrepreneurs with a value of 2, and JOB3 is private employees with a value of 3. The employee is a reference category. The income factors consist of INCOME1, INCOME2, and INCOME3. INCOME1 is less than IDR 2,500,000 with the value of 1, INCOME2 is IDR 2,500,000 to IDR 5,000,000 with the value of 2, and INCOME3 is more than IDR 5,000,000 with the value of 3, and income more than 5,000,000 as a reference category.

The dependent variable is the factors that affect the ownership of Islamic banking accounts, which consists of age (AGE1 and AGE2), education (EDUC1 and EDUC2), occupation (JOB1 and JOB 2), and income (INCOME1 AND INCOME2).

The coding of each variable is as follows: IB ACCOUNT will have a value of 1 if respondents have an Islamic banking account and 0 if respondents don't have an Islamic banking account. AGE1 will have a value of 1 if less than 25 years old and 0 if others. AGE2 will have a value of 1 if between 25 to 40 years old and 0 if others. EDUC1 will have a value of 1 if respondents are in the elementary school to senior high school and 0 if others, EDUC2 will have a value of 1 if respondents are in bachelor to diploma, 0 if others. JOB1 will have a value of 1 if respondents are government employees and 0 if others. JOB2 will have a value of 1 if entrepreneur and 0 if others. INCOME1 has a value of 1 if the respondent's income was less than IDR 2,500,000 and 0 if others, INCOME2 will have a value of 1 if the respondent's income is IDR 2,500,000 to IDR 5,000,000 and 0 if other. The following table shows the coding for each independent variable.

Table 2. Coding Variable

Variable	Coding Parameters	
	1	2
Age (X1 dan X2)	1	0
	2	1
	3	0
Education (X3 dan X4)	1	0
	2	1
	3	0
Occupation (X5 dan X6)	1	0
	2	1
	3	0
Income (X7 dan X8)	1	0
	2	1
	3	0
Islamic Banking Account (Y)	1	0

The collected data will then be processed using IBM SPSS Statistics 25 software using a multinomial logistic linear regression model. Y and X variables are qualitative data with dummy variables. Independent and dependent variables are qualitative data that will change into categorical data with one reference (categorical comparison). The multinomial logistic linear regression model is as follows.:

$$\ln \left[\frac{p}{1-p} \right] = \alpha_0 + \beta_1 \text{AGE1} + \beta_2 \text{AGE2} + \gamma_1 \text{EDUC1} + \gamma_2 \text{EDUC2} + \delta_1 \text{JOB1} + \delta_2 \text{JOB2} + \sigma_1 \text{INCOME1} + \sigma_2 \text{INCOME2} \quad (1)$$

3 Results and Discussion

Model fitting information provides information on whether the independent variables contained in the equation model can get a better logistic regression model. Table 3 showed that the decrease in the

value of -2 log-likelihood from 225.777 to 130.721 with a chi-square value of 95.057 and significance at 0.000 indicates that the multinomial logistic regression model with the presence of independent variables can provide better accuracy for predicting potential and the public's preference for Islamic banking ownership. Based on the Pseudo R-Square using Nagelkerke, it's known that all independent variables can explain the dependent variable by 27.7%, and 71.3% explained by other variables. The low contribution of all independent variables to the dependent variable shows that other variables influence respondents' tendencies towards Islamic banking, including for non-demographic reasons such as service, reputation, professionalism, etc. It's in line with the results of previous studies that stated that most people chose service factors or non-demographic factors (internal) as factors that attracted them to choose a bank [38, 39, 40,41, 53].

Tabel 3. Model Fitting Information

Model	Model Fitting Criteria -2 Log-Likelihood	Likelihood Ratio Tests		
		Chi-Square	df	Sig.
Intercept Only	225.777			
Final	130.721	95.057	9	.000

Based on the estimation parameter as shown in table 4, the equations of the multinomial logistic model obtained are as follows:

$$\ln \left[\frac{p}{1-p} \right] = 20.835 - 1.613 \text{AGE1} - 17.002 \text{AGE2} - 2.304 \text{EDUC1} - 2.853 \text{EDUC2} - 0.932 \text{JOB1} - 2.047 \text{JOB2} - 0.183 \text{INCOME1} - 0.026 \text{INCOME2}$$

Although the joint test showed significant results, it turns out that the individual coefficient tests carried

out with the Wald test showed that several coefficients that are insignificant at 0.05 level are JOB1, INCOME1, and INCOME2. There is no difference in opportunities between people who have jobs as government employees with those who work as employees in having Islamic banking accounts. INCOME1 and INCOME 2 with a significance greater than 0.05 shows an insignificant difference between low-income (less than IDR 2,500,000) and middle-income (IDR 2,500,000 to IDR 5,000,000) with more than IDR 5,000,000 in having an Islamic banking account.

The variables AGE1 and AGE2 are significant at a 0.05 level, suggesting that there is a difference in the probability of having an Islamic banking account between people aged less than 25 years old and 25 to 40 years old with those aged more than 40 years old in having an Islamic banking account. Education variables EDUC1 and EDUC2, with a significantly less than 0.05 level, indicate a difference in opportunities between people with low and secondary education with high education in having an Islamic banking account. JOB2, people who work as entrepreneurs significantly differ from people who work as employees in having an Islamic banking account. The intercept of 20.835 means that people with higher education, who work as employees with an average monthly income of more than IDR 5,000,000, 40 years old, have a 99% chance of having an Islamic banking account. The coefficient of the AGE1 variable is -1.613 means the probability of people aged less than 25 years old choosing an Islamic banking account is lower than people aged 40 years old.

Based on exp (B), the tendency of people aged less than 25 years old to have an account in Islamic banking is 0.19 times people over 40 years old. The coefficient value of the AGE2 variable is -17.002 indicating the probability of people between 25 to 40 years old choosing an Islamic banking account is lower than that people of more than 40 years old. People aged 25 and 40 years old have a lower chance of choosing an Islamic bank account than 4.130E-08 times those over 40 years old The coefficient of EDUC1 of -2.304 and EDUC 2 of -2.853 indicate the probability of people with low and middle education choosing Islamic banking accounts is lower than 0.01 and 0.058 times higher than educated people. The coefficient value of the JOB2 variable is -2.047 indicating the probability of people who have jobs as entrepreneurs and others such as housewives to choose an Islamic banking account is 0.129 times lower than people who work as employees.

The results of this study are inconsistent with the results of research conducted by Ahmad et al. [36] that respondents in the younger group (18 – 24 years old) have an interest in Islamic banking compared to the older age group. In the education segment, it is not by the results of research conducted by Endri [5], where these researchers concluded that it was customers at a younger age who tended to Islamic banking. The insignificant differences in opportunities for ownership of Islamic banking accounts at all income levels indicate the tendency of Islamic banking ownership to be relatively the same for all incomes.

Tabel 4. Variables in the Equation

	B	Std. Error	Wald	Df	Sig.	Exp(B)
Intercept	20.835	1.184	309.585	1	0.000	
AGE1	-1.613	0.399	16.328	1	0.000	0.199
AGE2	-17.002	0.354	2304.963	1	0.000	4.130E-08
EDUC1	-2.304	0.642	12.883	1	0.000	0.100
EDUC2	-2.853	0.569	25.093	1	0.000	0.058
JOB1	-0.932	0.708	1.732	1	0.188	0.394
JOB2	-2.047	0.334	37.486	1	0.000	0.129
INCOME1	-0.183	0.440	0.172	1	0.678	0.833
INCOME2	-0.026	0.429	0.004	1	0.952	0.974

Based on data processing, the use of multinomial logistic linear regression shows that people aged less than 25 years old and 25 - 30 years old with low and middle education and work as

entrepreneurs have a significant effect on having Islamic banking accounts. The coefficient value of the people aged less than 25 and 25 - 30 years old with low and middle-level education and work as

entrepreneurs indicates the probability of having an Islamic banking account is lower than people aged more than 40 years old, with high education, and work as an employee. These findings suggest that educated peoples, who work as employees with an average monthly income of more than IDR 5,000,000 and aged more than 40 years old, 99% have a chance to have an Islamic banking account.

This research found the probability of a younger age group (less than 25 years old and 25 to 40 years old) having a bank sharia account is lower than the probability of the older age group (more than 40 years old), by previous research that young people prefer conventional banking to Islamic banking [36]. In the education factor, this study result isn't in line with the research earlier results found that people with higher education prefer to have credit cards from the conventional bank than sharia. This study result found that the probability of ownership of an Islamic banking account for people with high education is higher than low education. The differences in research findings are because of the characteristics of the community, cultural background, education, binding norms, ethics, morals, behavior, and others. The research gap is a challenge to our further research. An understanding of the communities potential and preference towards Islamic banking through a demographic approach shows that banking isn't focused on aspects of bank service but also on the community as end-users. Banks need to know more about the profiles of customers who use Islamic banking services to meet the public's need for the existence of Islamic banks, which is the contribution of this research.

4 Conclusion

This study concludes that age, education, and job significantly influence having an Islamic banking account, while the income variables cannot explain the effect of having an Islamic banking account. Knowing the potential and tendencies of the public towards Islamic banking based on the criteria of age, income, education, and occupation is valuable for banks as the basis for making decisions on market penetration strategies so that the programs launched by the bank get a positive response from the target community.

This study is not free from some limitations. Developing the number of samples, using other demographic variables such as gender, marital status, and non-demographic factors such as

service, friendliness, security, comfort, completeness of facilities, and technology can be done for further research.

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