Research article

The Effect of Sharia Financial Literacy on the Decision of the Use of Service Products in the Sharia Pawn in Yogyakarta

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Abstract.

This study discusses to analyze the influence of Islamic financial literacy on the decision to use Islamic financial product services. The diverse educational backgrounds, ages, and occupations of students make them need literacy guidance to make decisions in choosing sharia pawn products that are suitable for the family's financial needs. The population in this study is Sharia Pawn in Sariharjo, Yogyakarta. Data in the form of primary data using questionnaires and distributed as many as 111 results. The sampling technique was purposive sampling. This research is a quantitative study with data analysis methods using multiple linear regression. The results showed that Islamic finance affects decisions in the use of service products in Islamic pawn where the coefficient of determination (R^2) is 83.4%, which means 83.4% of the variation in the decision to use products in sharia pawn following 3 supporting variables such as Knowledge and Understanding of Managing Finance (X1), Expertise and Skills in Managing Finance (X2), and Beliefs or Belief in Sharia Pawn (X3). While the remaining 16.6% was approved by other variables not approved in this study.

Keywords: Sharia Financial Literacy; Sharia Pawn; Customer Decision

1. Introduction

The development of science and technology covers all spheres of life, including the financial sector. The rapid progress in the financial services industry must be balanced by the development of financial literacy and financial management skills so that people can manage the family economy well. The provision of knowledge and skills to manage finances encourages someone to trust financial institutions as an accurate forum to help manage their economy. This is in accordance with research conducted by Hung (2009) which found that a person's decision on financial behavior is influenced by the level of financial knowledge (1). Bożena Frączek, Monika Klimontowicz (2015) reveal that a higher level of financial literacy enables young people to make rational financial decisions and

influences their behavior in determining household welfare, national economic well-being and global economic well-being (2).

Based on a national survey of financial knowledge conducted by OJK in 2016 showed a conventional financial knowledge index of 29.7% and an Islamic financial knowledge index of 8.1% (3). From these data, it can be seen that the Islamic financial knowledge index is relatively weaker than the conventional financial knowledge index. This means that people with good knowledge of Islamic finance will not necessarily use Islamic financial products and services. In fact, if you look at the background of religious life, as many as 87.2% of the total population of Indonesia are Muslims. So the Indonesian people should understand the knowledge related to Islamic financial services and use these Islamic financial services, but the reality on the ground reveals the opposite data.

Yulianto (2018) reveals that people's financial decisions are not fully influenced by the level of financial knowledge they have, because it could be due to very different backgrounds and social environments so that controlling financial decisions is not entirely dependent on financial knowledge (4). while Sardiana (2016) reveals that the knowledge indicator is partially significant to the preference for using Islamic financial services besides the ability and self-confidence indicators do not affect the preference for the use of Islamic financial services (5). According to Peter J. Morgan and Trinh Quang Long (2020), in addition to financial literacy, the consumer's perspective on the process of offering a product also influences a person's decision to use the product offered (6). Financial knowledge is a combination of a person's understanding of financial products and concepts as well as their ability and confidence to face risks, take advantage of financial opportunities, make informed choices, know where to turn for financial assistance, and take other effective actions to improve their financial well-being (7).

The level of public financial knowledge is all efforts to investigate, create, and improve human understanding of various aspects of reality in life, is a result of curiosity through sensory processes, especially in the eyes and ears of certain objects (8). In this case, the object in question is related to financial institutions such as financial products and services including benefits, features, risks, rights, obligations, methods of obtaining, fines and costs. After someone gets financial knowledge, someone must also have an understanding of finance which is a process where someone gets a stimulus in the form of messages that come from all media. then this will be processed to form skills to assess the benefits and risks of financial products and services (9). These two components are expected to increase the public's perception of trust or confidence in financial institutions and products.

The use of Islamic financial products and services by the public is the ultimate goal of financial inclusion where the public already has the confidence to enjoy the Islamic financial products and services they use and also to improve the welfare of the community (10). According to Kotler (2009), a person's decision to use a product begins when someone realizes there is a problem of need (problem recognition), after that someone starts to have an interest in finding more information so that they get a collection of brands with various features (information search). Therefore, people's decisions in choosing a product are influenced by their knowledge (11).

Pegadaian is an attempt to provide loans to customers by including collateral for movable goods as collateral for the money borrowed. Then the goods that are used as collateral become the authority of the pawnshop, if the customer is unable to repay the debt then the goods change their property rights to become the property of the pawnshop company. In practice, the pawnshop company issues a pawn proof letter which is signed by the pawn company and the customer who applies for collateralized financing as a sign of the agreement and the rahn contract between the two parties (12). If there are customers who are unable to pay their debts so that the collateral becomes the property of the pawnshop company, the pawnshop company will auction the collateral openly (13).

The pattern of distributing loan funds with the Pawn system really helps the community in meeting their cash needs quickly, easily, and with simple administration. In addition, through loan disbursement by Pawnshops, which is carried out quickly, easily, and with simple administration, it is hoped that this can be a solution to assist micro, small and medium-sized enterprises (MSMEs) in gaining access to funding. Products available at sharia pawnshops are Arrum Haji, Multi Payment Online, Gold Consignment, Gold Savings, Mulia, Arrum BPKB, Amannah, Pawn Syariah (Ar-Rahn).

The author chose a sharia pawnshop financial institution to study because so far the public's interest in the sharia pawnshop sector financial industry is very small compared to conventional pawnshops. This can be seen from the operational income of sharia pawnshops of 611 billion as of May 2018, this figure is far from the operating income of conventional pawnshops which reached 3,564 billion as of May 2018 (14). Another fact is that sharia pawnshops in Indonesia are still under the same company as conventional pawnshops, namely Perum Pegadaian Indonesia (12).

Under the same umbrella, sharia pawnshops must provide education to the public regarding the differences between sharia pawnshops and conventional pawnshops. However, people still find it difficult to distinguish conventional pawnshop service products from sharia pawnshop service products, giving the impression that sharia

pawnshops are the same as conventional pawnshops, even though they are not the same. The next problem is sharia pawnshop customers come from various educational backgrounds, ages, different occupations so that the decision to become a sharia pawnshop customer can be influenced by three indicators tested by researchers, namely the level of financial knowledge, the level of financial management skills, and the perception of trust or confidence in sharia pawnshop institutions (10). Therefore, the authors conducted an in-depth study to analyze the extent to which knowledge of Islamic finance, financial management skills, and the perspective of trusting institutions can influence a person's decision in choosing to become a customer of Islamic financial institutions.

2. Research Method

The research method used is included in the category of quantitative research. Where this research was conducted at the Sharia Pawnshop Sariharjo, Jl. Palagan, Rejodani 2, Sariharjo, Ngaglik District, Sleman Regency, Yogyakarta Special Region 55581. The study population was all Sariharjo sharia pawnshop customers with a total of 18,006 as of December 2019. Sampling was taken using a non-probability sampling technique, namely the purposive sampling method because it was limited to sample criteria. that is, they must be customers of the Sariharjo sharia pawnshop and at least 17 years old, so that the primary data obtained are 111 respondents who were taken using a questionnaire with a linkert scale. Then the data analysis technique used is multiple linear regression analysis using SPSS version 23 software. Before analyzing the data, first a data quality test is carried out consisting of a validity test to measure the validity of a questionnaire and a reliability test used to measure a questionnaire that is used to measure the validity of a questionnaire. is an indicator of a variable or construct. Validity test Based on the validity test carried out, the following results were obtained:

In addition to the validity test, a reliability test was also carried out. The following are the results of the data reliability test:

Based on the results of the reliability test as shown in table 4.5 above, it can be seen that the value of the Cronbach Alpha coefficient in each variable is greater than the minimum limit for questions for research to be said to be reliable (0.6), so all questions in the research variables are reliable.

3. Result and Discussion

TABLE 1

Variable	Item	Max Sig.	Level Sig.	Description
Knowledge and Understanding of Sharia Pawnshops (X1)	P1	0,01	0,00	Valid
	P2	0,01	0,00	Valid
	P3	0,01	0,00	Valid
	P4	0,01	0,00	Valid
	P5	0,01	0,01	Valid
	P6	0,01	0,04	Invalid
	P7	0,01	0,02	Invalid
	P8	0,01	0,00	Valid
	P9	0,01	0,00	Valid
	P10	0,01	0,00	Valid
Financial Management Skills (X2)	Q1	0,01	0,03	Invalid
	Q2	0,01	0,05	Invalid
	Q3	0,01	0,00	Valid
	Q4	0,01	0,04	Invalid
	Q5	0,01	0,014	Invalid
	Q6	0,01	0,00	Valid
	Q7	0,01	0,00	Valid
	Q8	0,01	0,00	Valid
	Q9	0,01	0,06	Invalid
	Q10	0,01	0,00	Valid
Institutional Trust Perception (X3)	R1	0,01	0,00	Valid
	R2	0,01	0,00	Valid
	R3	0,01	0,00	Valid
	R4	0,01	0,00	Valid
	R5	0,01	0,00	Valid
	R6	0,01	0,00	Valid
	R7	0,01	0,00	Valid
	R8	0,01	0,00	Valid
	R9	0,01	0,00	Valid
	R10	0,01	0,00	Valid
Decision to Become a Sharia Pawnshop Customer (Y)	Y1	0,01	0,00	Valid
	Y2	0,01	0,00	Valid
	Y3	0,01	0,00	Valid
	Y4	0,01	0,00	Valid
	Y5	0,01	0,00	Valid
	Y6	0,01	0,00	Valid
	Y7	0,01	0,00	Valid
	Y8	0,01	0,00	Valid
	Y9	0,01	0,00	Valid
	Y10	0,01	0,00	Valid

Source: Processed primary data, 2020

Variable	Cronbach Alpha	Minimum Limit	Description
Knowledge and Understanding of Sharia Pawnshops (X1)	0.947	0,6	Reliable
Financial Management Skills (X2)	0,616	0,6	Reliable
Institutional Trust Perception (X3)	0,768	0,6	Reliable
Decision to Become a Sharia Pawn-shop Customer (Y)	0,969	0,6	Reliable

Source: Processed primary data, 2020

3.1. Descriptive Statistics

The results of the selection of samples through questionnaires distributed directly produce demographic data of respondents. Based on the data of 111 respondents studied, it shows that the majority of respondents are aged 19 to 29 years with a percentage of 64.8%. The majority of respondents in this study were unmarried as many as 70 people or 63.1% with the most recent education being SMA/equivalent as many as 60 people or 54.1%. The majority of customers income is below 3 million per month, namely 86 people or 77.5% of the total respondents and most of them work as entrepreneurs, namely 66 people or 59.5%. All data that has been collected from the respondents is then processed using the SPSS 23 program, and the results are as follows:

Table 3

	(X1)	(X2)	(X3)	(Y)
N	111	111	111	111
Average	3,6453	3,7586	3,8883	3,8351
Standard Deviation	0,59984	0,60309	0,58337	0,63742

Source: Processed primary data, 2020

Based on the 111 data that has been processed as listed in the table above, it can be seen that the average of each variable is the dependent variable of the decision to become a sharia pawnshop customer (Y) has an average of 3.8351 (On a scale of 1-5) with standard deviation of 0.63742. The independent variable of knowledge and understanding of sharia pawnshops (X1) has an average of 3.6453 (on a scale of 1-5) with a standard deviation of 0.59984. The independent variable financial management skills (X2) has an average of 3.7586 (on a scale of 1-5) with a standard deviation of 0.60309. The independent variable perception of trust in the institution (X3) has an average of 3.8883 (on a scale of 1-5) with a standard deviation of 0.58337.

3.2. Classical Assumption Test

1. **Multicollinearity Test**

The multicollinearity test aims to determine whether or not there is an intercorrelation (strong relationship) between the independent variables. The following are the results of the multicollinearity test:

TABLE 4

X . Indicator	Tolerance	VIP
Knowledge and understanding of sharia pawnshops	0,588	1,700
Financial management skills	0,610	1,641
Institutional trust perception	0,572	1,745

Source: Processed primary data, 2020

Based on the data in the table above, it can be seen that the Tolerance value for the independent variable knowledge and understanding of sharia pawnshops (X1) is 0.588 > 0.1 and the VIF value is 2.650, meaning that there are no symptoms of multicollinearity. Tolerance value for the independent variable financial management skills (X2) the value is 0.484 > 0.1 and the VIF value is 2.066, meaning that there are no symptoms of multicollinearity. Tolerance value for the independent variable perception of trust in institutions (X3) the value is 0.434 > 0.1 and the VIF value is 2.304, meaning that there are no symptoms of multicollinearity.

2. **Heteroscedasticity Test (Park Test)**

The heteroscedasticity test aims to determine whether there is a similarity in variance from the residual value for all observations in the regression model. The following are the results of the park test:

TABLE 5

Dependent Variable	T table	T count	Sig.	Sig. Standard
Knowledge and understanding of sharia pawnshops	0,174	2,70	0.862	0,05
Financial management skills	-0,524	-2,70	0.602	0,05
Institutional trust perception	-0,657	-2,70	0.512	0,05

Source: Processed primary data, 2020

The value of t table can be known from the formula:

t table = t (k : (n − k)

Information :

k = number of dependent variables

n = number of respondents

So, the value of t table is

t (3 : (111-3)) = F (3 : 98) = 2.70

From the results of the heteroscedasticity test using the park test. So, it can be concluded that the variable knowledge and understanding of sharia pawnshops (X1) does not show symptoms of heteroscedasticity because the value of t count < t table (positive) = 0.174 < 2.70 and the significance value is greater than the standard significance = 0.862 > 0.05. The variable of financial management skills (X2) does not show heteroscedasticity symptoms as indicated by the value of t count > t table (negative) = - 0.524 > -2.70 and the significance value is greater than the standard significance = 0.602 > 0.05. The variable perception of trust in institutions (X3) does not show symptoms of heteroscedasticity because the value of t count > t table (negative) = -0.657 > -2.70 and the significance value is greater than the standard significance = 0.512 > 0.05.

3. Normality test

The Kolmogorov Smirnov Normality Test aims to determine whether the residual value is normally distributed or not. A good regression model is the residual value has a normal distribution. From the results of the normality test using the Kolomogrov Smirnov method, the significance of the normality test was 0.052 where the result was greater than the 0.05 significance level, so it can be concluded that the normality test in this study was normally distributed.

4. Multiple Linear Regression Analysis

5. Partial Regression Coefficient Test (T Test)

TABLE 6

Dependent Variable	T table	T count	Sig.	Sig. Standard
Knowledge and understanding of sharia pawnshops	1,726	1,984723	0,087	0,05
Financial management skills	2,980	1,984723	0,04	0,05
Institutional trust perception	10,687	1,984723	0,00	0,05

Source: Processed primary data, 2020

Based on the data above, it can be concluded that:

1. First hypothesis testing. It is known that the significance value for the effect of X1 on Y is 0.087 > 0.05 and the t value is 1.726 < 1.984723, so it can be concluded that there is no effect of X1 on Y.

2. Testing the second hypothesis. It is known that the significance value for the effect of X2 on Y is 0.04 <0.05 and the t-count value is 2.980 <1.984723, so it can be concluded that there is an effect of X1 on Y

3. Third hypothesis testing. It is known that the significance value for the effect of X3 on Y is 0.00 < 0.05 and the t value is 10.687 < 1.984723, so it can be concluded that there is an effect of X1 on Y.

1. Coefficient of Determination (R2)

The regression process produces important information in the form of a correlation coefficient (r = partial relationship, and R = for multiple relationships / more than 1 independent variable). With Coefficient determination is denoted by R square or R2 while the regression coefficient is denoted by b = b1,b2,b3,.... The following is a table of the coefficient of determination (R2):

TABLE 7

R	R square	Standard Error
0,868	0,753	3,173

Source: Processed primary data, 2020

Based on the table above, it can be seen that the multiple correlation coefficient (R) is 0.868 (Very Strong). The coefficient of multiple determination (R2) is 0.753 or 75.3%, which means that 75.3% of the variation in the decision to become a sharia pawnshop customer is influenced by the 3 independent variables studied. While the rest (100% - 75.3% = 24.7%) is influenced by other variables not examined in this study. In other words, there is an influence of knowledge and understanding of sharia pawnshops, financial management skills, and perceptions of trust in institutions that simultaneously affect the decision to become a sharia pawnshop customer.

3.3. Discussion

Based on the results of data processing, it can be seen that there is a positive relationship on the variable influence of knowledge and understanding of sharia pawnshops (X1) with the decision to become a sharia pawnshop customer (Y) also indicated by a positive t-count value of 1.726. However, based on the results of the hypothesis test

(t test) it shows that knowledge and understanding of sharia pawnshops for Sriharjo Sharia pawnshop customers has no effect on the decision to become sharia pawnshop customers. This is indicated by the significance value for the effect of X1 on Y is 0.087 > 0.05 and the t value is 1.726 < 1.984723. The results of this research are different from the results of research conducted by Sardiana (2016); and Ching Hua (2016) that in deciding a financial decision, one must have and understand adequate financial knowledge (5).

However, this study supports research conducted by Yulianto (2018), which states that the knowledge indicator does not fully influence a person's decision to use Islamic financial service products, it could be due to very different backgrounds and social environments so that controlling financial decisions is not completely dependent on knowledge of finance. This is presumably due to the fact that the respondents of Islamic pawnshops do not view the knowledge and understanding of sharia pawnshops as the main factor in determining the decision to become a sharia pawnshop customer. Apart from that, another thing that is thought to be causing this is the existence of various assumptions in the community which state that sharia pawnshop operations are the same as conventional pawnshop operations (4).

There is a positive relationship on the variable of the influence of financial management skills (X2) with the decision to become a sharia pawnshop customer (Y) indicated by a positive t-count value of 2,980. In this study also obtained the results of hypothesis testing (t test) which shows that financial management skills have an effect on decision making to become a sharia pawnshop customer. These results indicate that the higher a person's ability to manage their finances, the decision making to choose to use sharia pawnshop service products will be more selective and in accordance with the intended use. This is indicated by the significance value for the effect of X2 on Y is 0.04 < 0.05 and the t value is 2.980 < 1.984723.

The results of this study corroborate the results of research conducted by Fraczek (2015); Setiawati (2018); and Pokrikyan (2016) who explained that financial management skills affect a person's decision to use Islamic financial service products. It is suspected that this can happen because the more skilled people are in managing finances, the less likely someone is to pawn their belongings and the more skilled someone is in managing finances, the more interested they will be in using service products to support business and investment service products in sharia pawnshops (2) (15) (16).

Based on the results of data processing, it can also be seen that there is a positive relationship between the perception of institutional trust (X3) and the decision to become a sharia pawnshop customer (Y) indicated by a positive t-count value of

10,687. In this study also obtained the results of hypothesis testing (t test) which shows that the perception of trust in the institution affects the decision-making to become a sharia pawnshop customer. These results indicate that the higher the perception of trust in sharia pawnshops, the more comfortable customers are in deciding which sharia pawnshop service product is right for their needs. This is indicated by the significance value for the effect of X3 on Y is $0.00 < 0.05$ and the t value is $10.687 < 1.984723$. So the results of this study support the research conducted by Yulianto (2018) which explains that a person's belief or belief in the services provided by Islamic financial institutions affects the decision to use Islamic financial service products. Customer confidence in the service of pawnshop employees, security and comfort in using the product as well as the belief that using sharia pawnshop service products is an option for carrying out usury-free financial transactions and operating in accordance with Islamic law (4).

4. Conclusion

Based on the results of data analysis that has been carried out in this study, the following conclusions are obtained:

(a) Knowledge and understanding of sharia pawnshops does not affect a person's decision to become a sharia pawnshop customer.

(b) There is an influence between financial management skills on a person's decision to become a sharia pawnshop customer.

(c) There is an influence between the perception of product trust on the decision to become a sharia pawnshop customer.

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