

## HOW CAN STUDENTS BE ENCOURAGED TO USE ISLAMIC BANKS? ANALYSIS BASED ON EXPERIMENTAL SURVEYS

Rayhan Ali Rachman, Tika Arundina, A. Azizon

Departemen Ilmu Ekonomi, Fakultas Ekonomi dan Bisnis, Universitas Indonesia, Kampus UI  
Depok 16424, Jawa Barat, Indonesia  
E-mail: rayhan.ali@ui.ac.id

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**Abstract:** *Despite being developed for more than 30 years, the market share of Islamic banks in Indonesia is still very low compared to conventional banks. Therefore, an increase in the number of customers is needed by attracting new customers, one of which is through marketing. Although there have been many studies on factors that influence the use of Islamic banks, there have been few studies that discuss the role of message strategy in marketing. This study aims to test the effectiveness of message strategy in marketing to attract new customers by focusing on the message conveyed to potential customers. This study is a quantitative study, where data is collected by experimental survey methods and analysed using Z proportion test and logistic regression. An online experimental survey was conducted on 905 students as potential customers, with one control group and four treatment groups receiving information about Islamic banks with additional information related to religion, social impact, influencers, and service excellence. The results of the analysis show that the influencer treatment significantly and positively increases the likelihood of students opening an account in an Islamic bank. On the other hand, students who have high parental influence, are Muslims, and study at Islamic universities have a greater chance of opening an account in an Islamic bank. From these findings, Islamic banks are recommended to use influencers to attract the interest of students, especially those who are Muslim and study at Islamic universities, as potential customers. The results of the study are also expected to enrich academic literature related to message strategy in marketing Islamic banks.*

**Keywords:** Islamic Bank, Message Strategy, Experimental Survey

### 1. Introduction

Since Bank Muamalat Indonesia was introduced as the first Islamic bank in Indonesia in 1991, the industry has grown. However, the growth of the Islamic finance industry in Indonesia is still suboptimal (Nugraheni & Widyani, 2020). Table 1.1 highlights significant differences in total third-party funds and offices between Islamic Commercial Banks (BUS) and Islamic Business Units (UUS) and conventional banks.

**Table 1. Comparison of Islamic Banks and Conventional Banks in Indonesia**

	2020	2021	2022	2023 (April)
Total Third-Party Funds of Conventional Banks (in billion Rupiah)	6 665 390	7 479 463	8 153 590	7 996 571
Total Third-Party Funds of Islamic Commercial Banks and Sharia Business Units (in billion Rupiah)	465 977	536 993	606 063	625 760
Total Offices of Conventional Banks	30 733	32 366	25 482	24 982
Total Offices of Islamic Commercial Banks and Islamic Business Units	2 426	2 479	2 398	2 385

Source: April 2023 Financial Statistics from the Indonesia Financial Services Authority (OJK), reprocessed.

In April 2023, conventional banks had more than 10 times the total third-party funds of Islamic banks. The number of offices for conventional banks was also significantly higher than that of Islamic banks. Despite a Islamic fatwa in 2004 prohibiting the payment of bank interest, there has not been a significant increase in the Indonesian public's response to this fatwa, even though Indonesia has a majority Muslim population. As a result, the development of Islamic banks is still lagging behind conventional banks.

The development of Islamic banks is hindered by the small customer base (Nugraheni & Widyani, 2020). To grow Islamic banks, they need to attract new customers, such as students or people aged 18-24 (Nugraheni & Widyani, 2020). Students may have low income and savings, but they need a place to deposit money given to them by their parents for education and accommodation (Chigamba & Fatoki, 2011). As Lewis (1982) noted, students understand the importance of saving and need a bank to do so. Students are also mobile and can switch banks easily (Chigamba & Fatoki, 2011). Although they may not have much money now, they will have income in the future, making them potential future customers for banks.

Chalimah et al. (2019) found that saving behaviour is influenced by external factors like family, culture, and demographics, or internal factors like religiosity, personality, and knowledge. Other factors influencing Islamic bank usage include parental recommendations, bank location, service quality, ease of use, religiosity, and knowledge (Awan and Bukhari, 2011; Blankson et al., 2009; Chigamba and Fatoki, 2011; Rao and Sharma, 2010; Tesfaye et al., 2019; Echchabi and Olaniyi, 2012; Ltifi et al., 2016; Hati et al., 2021).

To attract new customers, Islamic banks use marketing communication, which is all efforts made by an organisation to explain what it offers and its products and services (Bozkurt, 2000). In a promotion, the conveyed message and how it's conveyed are called a message strategy. Marketing message strategies conveyed to potential customers generally highlight the advantages of Islamic banks, such as available promotions and attractive services. This study will test the advantages of Islamic banks that are considered factors in potential customers' consideration of choosing Islamic banks, namely suitability with Sharia (Shome et al. 2018), social impact of Islamic bank operations (Hadi and Muwazir 2021), and good service quality (Ltifi et al. 2016). This study also adds other marketing message strategies commonly used by banks, namely marketing using influencers. This is done because influencers are considered able to influence their followers to use products they recommend (Bu et al., 2022).

This study explores marketing message strategies to attract new customers to Islamic banking services, particularly among students as a large market segment. An experimental survey was used to understand behaviour not easily revealed through observational data

(Liscow & Fox, 2022) and show the causal effect of a treatment (Schnabel, 2021). Previous studies on Islamic bank marketing using experimental methods have been conducted, such as Rudianto and Ulyah's (2022) study that tested the framing effect on investment decisions in Islamic deposits. However, to the best of the researcher's knowledge, no other study has tested marketing message strategies on students. The purpose of this study is to determine the most effective Islamic bank marketing message strategy treatment in increasing the tendency of students to use Islamic banks.

## **2. Literature review and hypotheses**

### **2.1 Message Strategy**

According to Taylor (1999), message strategy is a guideline for a company's marketing about its product, service, or itself. The term "message strategy" discusses "what to say" and "how to say it" in a promotion (Laskey et al., 1989). "What to say" refers to the content of the marketing message, such as displaying product price, quality, performance, availability, components, special offers, taste, packaging, guarantee or warranty, safety or new ideas in a promotion (Laskey et al., 1989). "How to say it" discusses the format or execution of the message, such as using images, words or both; choosing advertising media; timing of advertising, and so on (Laskey et al., 1994).

The message strategy aims to align the nature and character of the brand content with the specific needs of the consumer, so as to bridge the gap between what marketers want to convey and what consumers need to hear (Laskey et al., 1989; Taylor, 1999). This involves designing marketing communication that can increase the likelihood of achieving the desired effect on the target audience (Puto and Wells, 1984). Because of its significance to the outcome of a promotion, the message strategy remains an interesting topic for marketers (Ashley and Tuten, 2015).

### **2.2 Factors affecting usage of Islamic bank**

Previous studies have shown that religiosity is a significant factor in determining the attitudes and behaviour of customers of Islamic banks (Mathras et al., 2016; Souiden and Rani, 2015; Sun et al., 2012) demonstrated that religious affiliation impacts the adaptation of Islamic banking services. Additionally, Sayani and Miniaoui (2013) found that religious preferences play a crucial role in choosing between Islamic and conventional banks in the UAE, where the reputation of the bank and expected profit from deposits do not determine the choice of bank. Shome et al. (2018) discovered that customer expectations related to the compatibility of banking operations with Islamic principles influence the selection of Islamic banking in the UAE. According to Chowdhury et al. (2019), religious preferences are the most influential factor for customers choosing Islamic banking in Bangladesh, regardless of gender. Ltifi et al. (2016) found that compliance with Sharia, service quality, and trust are considered by consumers in Tunisia when selecting Islamic banks.

Economic factors that influence the selection of Islamic banks by customers, such as service quality found by Ltifi et al. (2016), are also found by other studies. Awan and Bukhari (2011) found that product features and service quality are the main factors in the decision to choose Islamic banks in Pakistan, while religiosity is not a significant influence on customers' decisions to choose Islamic banks. Tesfaye et al. (2019) found that technology factors, service quality, bank image and reputation, and convenience are related to the decision to choose a bank for customers in Ethiopia. Meanwhile, financial factors have an insignificant relationship to customer decisions.

Echchabi and Olaniyi's study (2012) in Malaysia also found similar findings, where service quality and convenience are the primary criteria for choosing Islamic banks among Malaysian bank customers. However, qualitative findings through interviews revealed that most customers choose Islamic banks due to their religious motivation. Mansour et al. (2010) also found similar results, where low service costs are the primary criteria for customers in the UK, while the "Islamic" nature of Islamic banks is placed second. Meanwhile, in Malaysia, Hadi and Muwazir (2021) show that there are five factors that influence the selection of Islamic banks. These five factors are religious and ethical factors, service and convenience factors, service quality and benefit factors, external and operational factors, and cost factors. Religious and ethical factors are considered the most important criteria for Malay customers, while for Chinese and Indian customers, service and convenience factors are more important.

Knowledge of Islamic banks also affects customer choices to use Islamic banks. Mbawuni and Nimako (2017) found that consumer attitudes, willingness to comply with Sharia law, knowledge, perceived innovation, and perceived benefits are significant determinants of bank customer intentions to adopt Islamic banks for Muslim and non-Muslim customers. Another study by Hati et al. (2021) also found that knowledge of Islamic bank products has a significant influence on consumer intentions to invest in Islamic bank term deposits through two pathways: perceived quality, and simultaneously through perceived quality and perceived risk.

In Indonesia itself, a survey conducted by Christanti et al. (2018) in Malang city found that service quality and profit levels influence customers in using Islamic banking services, while religiosity and the availability of automated teller machines (ATMs) have no influence. Chalimah et al. (2019) stated that financial literacy and the role of parents have a positive influence on the savings behaviour of students in Indonesia. However, different results were found by Mariyono (2013), who suggested that gender, age, and religion are factors that determine customers' intentions to have accounts in Islamic banks. Mariyono's study (2013) also showed that the students surveyed tended to be reluctant to save in Islamic banks because they did not have enough knowledge about the banks and were more familiar with conventional banks.

Other research in Indonesia by Suhartanto (2019) showed that factors such as religiosity, trust, and image significantly influence the intentions of customers to use Islamic banks. Furthermore, the influence of religiosity is higher on customers than on non-customers. On the other hand, the results of the study by Nugraheni and Widayani (2020) found that the intention of Muslim students to save money in Islamic banks is influenced by several factors such as profit levels, influence from parents/family, religiosity, knowledge, and disclosure of financial information by banks. Nugraheni and Widayani (2020) also found that the university environment where students study can also influence their intention to save money in Islamic banks.

Based on the findings of previous studies, this study considers factors inherent in customers such as the influence of parents/family, knowledge of Islamic banks, and religiosity as control variables to examine their influence on the decision of Muslim students to use Islamic banking services.

## **2.3 Hypotheses development**

### **2.3.1 Religious message**

Muslim religiosity has a strong impact on the decision of Muslims to use Islamic banks, according to studies by Mathras et al. (2016) and Souiden and Rani (2015). Religious preference also plays a role in the choice between Islamic and conventional banks in the UAE, as found by Sayani and Miniaoui (2013). Religious preference is the most influential factor for

customers who choose Islamic banking in Bangladesh, regardless of gender, according to Chowdhury et al. (2019). Recent research by Tegambwage and Kasoga (2023) confirms that religiosity moderates service quality and customer satisfaction in loyalty to using Islamic banks. Junaidi et al. (2022) found that religiosity positively affects consumer decision-making in Indonesia, especially for banking products based on Islamic principles. The operational adherence to Islamic principles in Islamic banks is crucial to customers when choosing a bank (Ltifi et al. 2016; Shome et al. 2018). To increase the tendency of Muslim consumers to use Islamic banking services, it is recommended to use religious messages in marketing. This helps to build trust and make Islamic banks a more relevant choice. Emphasising religious messages will be the first treatment in this study.

*H1: Religious message treatment has a significant positive effect on students' tendency to choose to use Islamic banks.*

### **2.3.2 Social impact message**

Younger generations, especially students, prioritise social impact (Klimkiewicz & Oltra, 2017) when choosing products and services. They want their choices to benefit not only themselves, but also the wider community. This is also true when selecting a bank, where social impact is an important consideration. Hadi and Muwazir (2021) found that Malay customers consider religiosity and ethics as the most important factors when choosing an Islamic bank.

Islamic banking follows ethical principles based on Shariah guidelines to promote social welfare and prevent harm (Mansour et al., 2015). These banks operate under a business philosophy that prioritises morality, ethics, and social responsibility according to Islamic norms (Dusuki & Dar, 2005), distinguishing them from profit-focused organisations (Hadi & Muwazir, 2021). As a result, the second hypothesis of this study is:

*H2: Social impact message treatment has a significant positive effect on students' tendency to choose to use Islamic banks.*

### **2.6.3 Influencer message**

Social media is increasingly being used by consumers, especially students, to gather information for purchasing decisions (Barta et al., 2023). In this context, the phenomenon of influencers has emerged. It refers to prominent social media users who are considered role models by their followers and can influence their behaviour (Audrezet et al., 2020 and Bu et al., 2022). Influencers create identities through personal experiences shared on social media (Sokolova and Kefi, 2020), and their followers actively participate in building and legitimising these identities (Lou et al., 2019; Tafesse and Wood, 2021). Compared to celebrities, influencers are considered to have more trustworthy and reliable relationships with their followers (Johnstone and Lindh, 2022).

Influencers are individuals who have a strong impact on consumer choices through social media or other platforms (Barta et al., 2023). As young people, including students, dominate social media and tend to trust influencer recommendations more than traditional advertising, promoting Islamic banking products through influencers can effectively increase the intention of Muslim consumers, especially students, to use them. Therefore, we propose the following hypothesis:

*H3: Influencer message treatment has a significant positive effect on the tendency of students to choose to use Islamic banking*

### **2.6.4 Service quality message**

Based on previous research, it was found that service quality, low service costs, provided features and products, and profitability are important factors for consumers in choosing which bank to use. Consumers tend to choose banks that provide good service quality, as it can provide satisfaction and increase their trust in the bank (Awan & Bukhari, 2011; Christanti et al., 2017; Echchabi & Olaniyi, 2012; Hadi & Muwazir, 2021; Ltifi et al., 2016; Mansour et al., 2010; Tesfaye et al., 2019).

Highlighting the quality of Islamic banking services can be a significant treatment in this study. Providing information about the superior quality of these services is expected to influence Muslim consumers to choose Islamic banks. By emphasising good quality Islamic banking services, Muslim consumers will be more likely to select Islamic banks. Thus, promoting the quality of Islamic banking services can increase the tendency of Muslim consumers to use them.

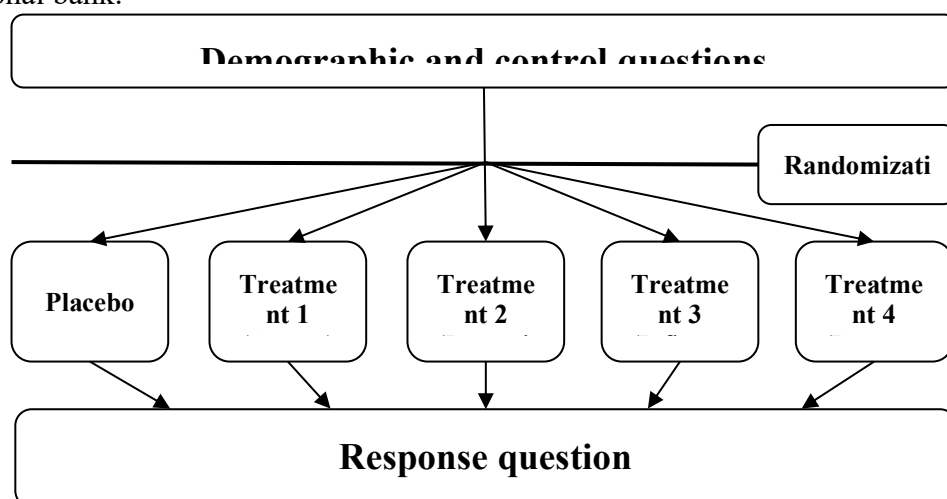
*H4: The service message treatment has a significant positive effect on the tendency of students to choose to use Islamic banks.*

### 3. Experimental design

#### 3.1 Procedure

This research aims to test marketing message delivery strategies that can increase the tendency of university students to use Shariah banking services. In order to achieve this goal, a quantitative experimental survey method was used. The experimental survey method is increasingly used in the growing field of empirical social economics to understand the nature of attitudes that are not easily revealed in observational data (Kuziemko et al., 2015; Weinzierl, 2017; Liscow and Pershing, 2022; Liscow and Fox, 2022). This method allows the results obtained to show the causal effects of a treatment by collecting data from a large number of participants (Schnabel, 2021).

The process of filling out the experimental survey is summarised in Figure 3.1, where the survey begins with demographic questions and questions about control variables. Then respondents will be randomly divided into 5 groups, 4 groups receive treatments while the remaining 1 group will be the control. After going through the treatment, respondents will be asked to answer questions about which type of bank they want to open, Islamic bank or conventional bank.



**Figure 1. Survey Experiment Procedures**

Respondents were given information about Islamic banks in paragraph form as a treatment. This type of treatment has been used in previous studies, such as Lu & Wang's (2022) study, which provided randomly assigned paragraph information on monetary incentives,

institutional incentives, moral incentives, environmental incentives, and social influence. Information exposure used by Lu & Wang (2022) was based on existing facts. Another study by Liscow & Fox (2022) used factual information exposure about the tax system in paragraph form. In contrast, Hope et al., (2022) study used a graph to illustrate wealth inequality in four different information framings.

This study randomly assigned respondents to one of five groups: one control group (CG) that provided general information about Islamic banks and four treatment groups. The goal was to observe the treatment effect on response variables (Mutz, 2011). Following the method of Lu & Wang (2022), each treatment provided general information about Islamic banks, similar to the control group, and then additional information about a specific aspect of Islamic banks. These treatment groups included the religious message treatment group (RM), which received additional information about the prohibition of using conventional banks in Islam; the social impact message treatment group (SIM), which focused on the social impact of Islamic banks; the influencers treatment group (IM), which were presented with influencers who use Islamic banks for their banking services; and the service quality treatment group (SQM), which highlighted the services of Islamic banks that are comparable or better than those of conventional banks.

Treatment messages were created from facts about Islamic banks, as shown by Lu & Wang (2022). A group of students were asked to explain the treatments to ensure understanding, and respondents were asked to write down what they captured from the treatments. Based on feedback and the initial validity test, important points were bolded in the reading paragraphs.

### **3.2 Questionnaire design**

The experimental questionnaire consists of four sections. Section 1 asks demographic questions about gender, monthly income, religious affiliation and bank ownership status. Monthly income has three options: less than 1 million Rupiahs, 1-4 million Rupiahs, and more than 4 million Rupiahs, based on Nugraheni and Widayani's (2020) approach. Since the respondents are undergraduate students, two specific questions are included: their university type and study program. Respondents select either State/Private University or Islamic State/Private University for their current university and a program without Islamic discussion or a program with Islamic discussion (fiqh, Islamic economics, Quranic studies) for their program. Programs with Islamic discussion are usually offered at Islamic universities, but some public universities also offer them, such as the University of Indonesia.

In section 2, respondents fill out several control variables. The control variables include religiosity (Mathras et al., 2016; Souiden and Rani, 2015), knowledge of Islamic banking (Mbawuni and Nimako, 2017; Hati et al., 2021), and parental influence (Nugraheni and Widayani, 2020). The operationalization of these control variables are shown in table 2. All items were designed using a five-point Likert scale, and all the values of Cronbach's  $\alpha$  are greater than 0.85.

Section 3 includes a brief paragraph that serves as the treatment material for the study. This paragraph presents different contents to control groups and four treatment groups (RM, SIM, IM, and SQM). To ensure that respondents read the treatment, they are required to fill out a short paragraph describing the information they obtained from the treatment.

In the last section, respondents are asked to choose between a Islamic bank account or a conventional bank account. This response variable was chosen to force respondents to make a decision about which bank account they would open after receiving treatment. This response variable is similar to the one used by Hope et al. (2022), where respondents were forced to choose whether they support or do not support tax cuts for the wealthy.

**Table 2. Questionnaire Design**

Variable Measurement	Questionnaire Statement	Adapted Sources	Cronbach's $\alpha$
Parental/Family Influence	1. My parents/family have a savings account with an Islamic bank 2. My parents/family recommended me to use an Islamic bank 3. My parents/family asked me to use an Islamic bank	(Nugraheni & Widyani 2020)	0.91
Knowledge	1. I have knowledge about Islamic bank services 2. I do not have much experience with Islamic bank services (reverse question) 3. Overall, I have good knowledge of Islamic bank services 4. I have good information about Islamic bank services 5. Compared to my friends and acquaintances, I have knowledge of Islamic bank services	(Hati et al., 2021)	0.90
Religiosity	1. It is important for me to spend time in personal prayer and worship (such as reading the Quran, reading the Bible, meditating). 2. I often feel the strong presence of God. 3. I strive to live my entire life according to my religious beliefs. 4. I attend religious activities (such as praying at the mosque, Sunday worship at the church) because it can help me make friends. 5. I attend religious activities because I enjoy meeting people I know there. 6. I worship to get comfort or protection. 7. Religion gives me the greatest comfort when times are tough or sad.	(Kesgin et al., 2022)	0.88

## 4. Discussion and findings

### 4.1 Main results

Table 3 presents a summary of descriptive statistics for the variables used in this study, divided into sub-samples for each group. Part A, the dependent variable, is a dummy variable with respondents who choose Islamic banks valued at 1, and 0 for those who choose conventional banks. The value in part A represents the proportion of respondents who choose Islamic banks in each group. All treatment groups have higher values than the control group, with IM (influencers message treatment group) having the highest proportion of respondents that choose Islamic bank at 45.1%.

Part B includes control variables that are measured through operationalization consisting of various questions in a Likert scale. This section reports the mean values of each variable, along with their standard deviation values in parentheses. On the other hand, part C reports the proportion of demographic variables.

**Table 3. Summary Statistics**

	CG	RM	SIM	IM	SQM
<b>A. Dependent variable</b>					
Choose Islamic bank	0.322	0.361	0.370	0.451	0.415
<b>B. Control variables</b>					
Parental/Family Influence	2.379	2.439	2.517	2.500	2.652



	(0.800)	(0.914)	(0.900)	(0.843)	(0.884)
Knowledge	2.287	2.339	2.409	2.433	2.402
	(0.606)	(0.645)	(0.680)	(0.655)	(0.673)
Religiosity	4.036	4.010	3.973	3.985	3.981
	(0.052)	(0.551)	(0.591)	(0.581)	(0.655)

### C. Demographic variables

Gender (female=1, male=0)	0.733	0.662	0.683	0.693	0.598
Religious affiliation (Islam=1, others=0)	0.693	0.667	0.713	0.743	0.756
University type (Islamic University=1, others=0)	0.107	0.072	0.121	0.080	0.152
Study program (with Islamic subject discussion=1, without Islamic subjects discussion=0)	0.058	0.083	0.044	0.074	0.079
Monthly income					
< 1 million rupiahs	0.329	0.357	0.268	0.330	0.272
1-4 million rupiahs	0.646	0.614	0.696	0.642	0.679
> 4 million rupiahs	0.025	0.029	0.036	0.028	0.049
Bank ownership status					
Conventional bank only	0.873	0.856	0.845	0.880	0.872
Islamic bank only	0.068	0.078	0.055	0.023	0.061
Both Islamic and conventional bank	0.058	0.066	0.099	0.097	0.067
Observations (N total: 905)	205	180	181	175	164

To test the hypothesis, the proportions of respondents who chose an Islamic bank were compared between each treatment group (RM, SIM, IM, SQM) and the control group using the Z proportions test. The hypothesis stated that if there is a positive effect of the treatments, therefore a one-way p-value would be used. The results in Table 4 indicate that there is a significant difference in proportions within the IM-CG (diff = 0.129,  $z = 2.590$ ,  $P < 0.01$ ) and SQM-CG (diff = 0.093,  $z = 1.840$ ,  $P < 0.05$ ). However, the RM-CG (diff = 0.039,  $z = 0.809$ ,  $P > 0.1$ ) and SIM (diff = 0.048,  $z = 0.995$ ,  $P > 0.1$ ) did not show significant differences. These results suggest that only the influencer message treatment and service quality message treatment are effective, while the others are not. Without considering other interference factors, H3 and H4 are preliminarily verified.

**Table 4. Z-proportion test**

	Diff	SE	Z	[95% Conf. Interval]
RM-CG	0.039	0.048	0.809	-0.055 - 0.134
SIM-CG	0.048	0.048	0.995	-0.047 - 0.143
IM-CG	0.129	0.049	2.590***	0.031 - 0.227
SQM-CG	0.093	0.050	1.840**	-0.006 - 0.191

Diff = mean(control group) – mean(treatment group), \* p < 0.1, \*\* p < 0.05, \*\*\* p < 0.01.

To further investigate the treatment effect, variables that may affect the dependent variable must be considered. Therefore, a logistic regression model is used to isolate the effects of other variables on the dependent variable, as done in Hope et al. (2022), Lu & Wang (2022), and Carter et al. (2017). Table 5 presents the results of each treatment group's comparison with the control group from panel A to D. Column 1 only includes the treatment, while columns 2 and 3 demographic and control variables were included.

The results reveal that the treatments having a significant impact are column 1 to column 3 in Panel C (influencer's message treatment group) and column 1 in Panel D (service quality message treatment group). Although the coefficient in Panel C decreases as covariates are included, there is still a 9.9% rise in the probability of students selecting an Islamic bank while accounting for other factors. Meanwhile, in Panel D, the treatment is no longer significant as the covariates were added. Thus, considering other factors that can affect the dependent variable, only H3 is accepted. Additionally, other independent variables that consistently show significance across all models are parental/family influence, religious affiliation, and university type.

**Table 5 Logistic Regression Results (in Marginal Effect)**

	A. RM vs. CG			B. SIM vs. CG			C. IM vs. CG			D. SQM vs. CG		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Treatments	0.039	0.026	0.043	0.048	0.019	0.008	0.129***	0.099**	0.099**	0.093*	0.049	0.037
Parental/Family Influence		0.144***	0.096***		0.160***	0.105***		0.175***	0.125***		0.133***	0.077***
Knowledge		0.030	0.003		0.021	-0.001		0.037	0.018		0.077**	0.045
Religiosity		0.027	-0.001		0.067	0.041		0.030	-0.001		0.037	0.023
Female			0.143***			0.013			0.034			0.056
Islam			0.317***			0.326***			0.317***			0.303***
Islamic university			0.158**			0.164**			0.262***			0.197***
Islamic study program			-0.041			0.024			-0.045			-0.066
Income level (base: <1 million)												
1 - 4 million			-0.062			-0.061			-0.078*			-0.086**
> 4 million			-0.073			-0.081			-0.335			0.027
Bank ownership status (base: conventional only)												
Islamic bank only			0.349***			0.301***			0.13			0.356***
Both Islamic and conventional			0.104			0.03			0.105			0.209**
Pseudo R2	0.001	0.176	0.329	0.002	0.221	0.338	0.013	0.233	0.361	0.007	0.178	0.326

\* p < 0.1, \*\* p < 0.05, \*\*\* p < 0.01.

## 4.2 Discussion

This research used a Z-test for two proportions and logistic regression model to evaluate the influence of religious intervention, social impact, influencer, and services on students' decisions to choose a type of bank. The results of both hypothesis tests indicate that only H3 was accepted, or only influencer intervention significantly positively affects students' decisions to choose Islamic banks, consistent with the studies by Audrezet et al. (2020) and Bu et al. (2022).

This is quite surprising considering that previous studies have identified religiosity, social impact, and service as important factors in customers' decisions to choose Islamic banks (Awan & Bukhari, 2011; Souiden and Rani, 2015; Mathras et al., 2016; Ltifi et al., 2016; Klimkiewicz and Oltra, 2017; Christanti et al., 2017). However, the study conducted on the respondents in this research shows different results. Although these factors are considered important, when respondents were given interventions related to these factors, there was no increase in the tendency to choose Islamic banks among students.

On the other hand, independent variables that consistently significantly influence respondents' decisions to choose Islamic banks are only recommendations from parents/family, religious affiliation, and university type. Findings on the relationship between recommendations from parents/family, religious affiliation, and university type and the decision to choose Islamic banks are consistent with the studies by Chalimah et al. (2019), Nugraheni and Widayani (2020) and Sun et al., (2012). Meanwhile, other independent variables such as religiosity and knowledge did not show consistent significant results in each logistic model, unlike the findings of Hati et al. (2021) and Nugraheni and Widayani (2020).

The different results between this study and previous studies may be due to several factors. First, there are differences in the samples of respondents studied. Some previous studies used different samples of respondents than this study, so the characteristics and preferences of the respondents may differ.

In the religious intervention in this study, students as respondents did not respond to the intervention. This result is similar to Awan and Bukhari (2011) which states that religiosity does not significantly influence customers' decisions to choose Islamic banks in Pakistan. This may be due to students' lack of understanding of Islamic banks and the assumption that Islamic banks are the same as conventional banks. One respondent in this study said, "*For me, whatever bank I choose, there will always be interest. Conventional banks have interest from the front door, while Islamic banks have interest from the back door, so it's the same.*" Therefore, even though given interventions regarding the suitability of Islamic banks with Islamic principles, students are not affected because they feel that Islamic banks and conventional banks are not different.

Social impact interventions also did not have a significant positive impact on students' tendency to choose Islamic banks. This is not in line with the study by Hadi and Muwazir (2021) which states that social impact and religiosity are the main considerations for Malay customers in Malaysia. The insignificance of the intervention can occur because social impact is not an important factor for students, or even do not believe that a bank can have a big social impact.

The last intervention, service intervention, also did not have a significant positive impact, unlike the studies by Awan and Bukhari (2011) and Christanti et al. (2017). There are several factors that may cause this. First, students are likely to already know some conventional banks that have been proven to have good and reliable services, so they do not find the advantages of Islamic banks over conventional banks. Many respondents stated that the reason for not choosing Islamic banks was because they felt that conventional bank services were more reliable and had more ATM branches. The second factor is that students already feel

comfortable with the conventional banks they currently have, so they do not feel the need to choose Islamic banks that have the same services. In addition, many respondents stated that they did not choose Islamic banks because the majority of their families and friends used conventional banks, so they followed their surroundings.

Second, other factors outside the variables studied in this research can influence respondents' decisions in choosing a type of bank, especially characteristics that are inherent in the bank itself, such as trust in Islamic banks (Ltifi et al., 2016), ease of use of banks (Echchabi & Olaniyi, 2012), and the level of profit from saving in Islamic banks (Nugraheni & Widyani, 2020). Finally, differences in research design and analysis methods can also affect research results, especially with previous studies that used the Structural Equation Modelling (SEM) framework.

## 5. Conclusion

The Islamic banking industry in Indonesia has been developing since 1991, but still lags behind conventional banks with less than 10% of total third-party funds in April 2023 (OJK, 2023). Undergraduate students and those aged 18 to 24 are a potential customer group for Islamic banks (Nugraheni & Widyani, 2020). Factors that can influence the use of Islamic banking services include religiosity, alignment with Islamic principles, service quality, convenience, product features, low service costs, and knowledge of Islamic banking (Mathras et al., 2016; Souiden & Rani, 2015; Sayani & Miniaoui, 2013; Shome et al., 2018; Chowdhury et al., 2019; Ltifi et al., 2016; Awan & Bukhari, 2011; Tesfaye et al., 2019; Echchabi & Olaniyi, 2012; Hadi & Muwazir, 2021; Mansour et al., 2010; Mbawuni & Nimako, 2017; Hati et al., 2021). However, little research has been done on effective marketing strategies to attract new customers, especially among students.

To address the issue, an experimental survey was conducted. Students filled out demographic statements and answered questions that could influence their bank choice. Then, they were randomly divided into 5 groups (1 control group and 4 treatment groups) and exposed to different short information about Islamic banks. This method has also been used in previous studies by Hope et al., (2022), Liscow and Fox (2022), and Lu and Wang (2022).

Based on Lu & Wang's (2022) treatment design, the study had a control group that received a brief explanation of Islamic banking, while the treatment group received additional information based on the type of treatment. Treatment 1 (religion) provided information on the religious prohibition of using conventional banks. Treatment 2 (social impact) provided information on the positive social impact of Islamic banks. Treatment 3 (influencer) provided information on the number of influencers using Islamic banks. Lastly, Treatment 4 (service) provided information on the superior quality of Islamic banking services.

Z proportion test and logistic regression were used to assess the impact of treatments on students' choice of bank. The influencer message treatment was found to significantly increase students' likelihood of choosing an Islamic bank, consistent with research by Audrezet et al. (2020) and Bu et al. (2022). However, religious message, social impact message, and service quality message treatments did not have a significant positive impact. Parental recommendations, religious affiliation, and university type were found to be consistently significant factors in student bank choice, in line with research by Chalimah et al. (2019), Nugraheni and Widyani (2020), and Sun et al. (2012).

Based on the results of this study, it can be concluded that a marketing message strategy that highlights the use of Islamic banks by influencers is effective in attracting new customers among students. This is due to the influence possessed by influencers, who have many followers and are able to convince their followers to consider using Islamic banks. Therefore, Islamic banks can consider focusing on marketing through influencers, such as endorsements

or the appointment of brand ambassadors. To make messages more effective and attract the attention of students, Islamic banks should also choose influencers who are close to the student community. For example, Islamic banks can choose influencers who are students or who have many followers among students. This will help build trust and credibility with the target audience.

In addition, Islamic banks can focus their marketing efforts on Muslim students in Islamic universities, as they may be more responsive to using Islamic banks. This is due to a deeper understanding and appreciation of Islamic values and principles, including the importance of Islamic banking services. Islamic banks can also encourage parents to provide their children with Islamic banking services, such as a bank account under parental supervision, a junior bank account for children under 18 years old, or other strategies. By doing this, Islamic banks can help instil good financial habits in children from an early age and create loyal customers in the long run.

This research has identified several limitations that need improvement in future studies. First, the research subjects were limited to undergraduate students. Future studies should expand to other generations. Second, this study only used experimental survey methods and did not include field experiments. Future studies should conduct field experiments with response variables that are closer to the real world. Third, the intervention used in this study was limited to exposure to information in paragraph form. Future studies can test interventions in other formats, such as photos or videos. Fourth, some interventions mentioned Islamic bank brands, which could create bias in respondents. Future studies can consider brand-free interventions. Fifth, interventions did not expose information from conventional banks, which could also create bias. Future studies should add information from conventional banks. Sixth, the researcher did not segment the influencers used as interventions. Future studies should segment the influencer market first. Seventh, other variables that can affect the results, such as respondent location, ownership of social media accounts, and types of influencers followed, are not included. Lastly, variables inherent in Islamic banks, such as trust, reputation, and profit levels, are not accounted for in this study. Future studies can select additional variables to include in the model.

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