The Effect Of Religiousness, Cultural Beliefs, And Margin Level On Customer Decisions In Using Financing Products From Islamic Banks in The Regency Of Tanah Datar

Abdi Dea Cantika[1], Asyari[2]

Sjech M. Djamil Islamic University, Djambek Bukittinggi, Indonesia[1,2]
abdideacantika@gmail.com[1], asri_rara@yahoo.com[2]

ARTICLE INFO

ABSTRACT

This research is motivated by the low growth rate of microfinance in Islamic banks in the Tanah Datar Regency area. This is evidenced by data published by OJK from 2019 to 2022 and reinforced by BSI's internal data in the first quarter to the third quarter of 2022 which confirms that the lowest microfinance growth is located in Tanah Datar Regency / Batusangkar. The quantitative method was used in this study using a sample of 143 MSME practitioner who have not used Islamic bank financing products in Tanah Datar Regency. The data were collected using a questionnaire and analyzed using statistical software, namely smart-PLS 3.0 to see the effect of religiosity, cultural beliefs and margin levels on the decisions of MSME practitioner in using Islamic bank financing products in Tanah Datar Regency. The results of the study prove that the decision of MSME practitioner in Tanah Datar Regency to use financing products in Islamic banks is influenced by the variables of religiosity, cultural belief and margin level positively and significantly. This shows that religiosity, cultural belief and margin rates are crucial points for Islamic banks that will influence the community of MSME practitioner to switch to using Islamic banking.

Keywords: Religiosity, Cultural Belief, Margin Level, MSME practitioner

1. Introduction

The potential of the Islamic economy is very large in West Sumatra, considering the majority of the population in West Sumatra is Muslim. So that it provides an opportunity to be able to develop business in the banking world, especially Islamic banking (Fathoni, 2020). Islamic banking in West Sumatra began to grow positively in terms of financing and assets. This cannot be separated from the encouragement of the local government to develop the halal industry, especially in the tourism sector and MSMEs. Based on Islamic banking statistics published by OJK from 2019 to 2022, it can be seen from table 1.1 the development of Islamic banks in West Sumatra as follows:

Table 1. Total Financing of Islamic Commercial Banks and Islamic Business Units by City / Regency in 2019-2022 (Nominal in Billion Rp)z

Province	City/District	2019	2020	2021	2022
West Sumatra	Tanah Datar District	105	129	161	216
	Bukittinggi City	742	777	988	1.209
	Padang City	2.166	2.690	2.599	3.006
	Solok City	281	309	329	406

Province	City/District	2019	2020	2021	2022
	Payakumbuh City	634	674	696	677

Source: Islamic Banking Statistics Data (Secondary Data 2019-2022)

Based on table 1, it can be seen that the total distribution of financing from Islamic commercial banks and Islamic business units in West Sumatra has increased from year to year. Thus it can be seen that the financing of Islamic financial institutions can be one of the drivers of the real economy to lift the economic welfare of the community. One of the superior products supported by the government is KUR (Kredit Usaha Rakyat), then there is also small medium financing, as well as commercial financing which is also very competitive compared to conventional banks.

As an Islamic bank with the largest assets in Indonesia, Bank Syariah Indonesia (BSI) which is a merger of three banks (Bank Syariah mandiri, BNI Syariah, and BRI Syariah) offers more comprehensive services, broader coverage and has better capital capacity. One of BSI's flagship products is microfinance products. Where BSI

microfinance products are divided into two, namely BSI KUR and BSI Micro Business, where BSI KUR products are products that are facilitated and subsidized by the government with a financing margin equivalent to 6% per year to help business people in Indonesia according to sharia principles with Murabahah, Ijarah and MMQ (Musyarakah Mutanaqisah) schemes. Meanwhile, BSI Micro Business is not a product facilitated by the Government with a higher margin equivalent to 14-16% per year intended for Micro, small and medium enterprises that have a feasible and productive business with Murabahah, IMBT (Ijarah Muntahiyah Bit Tamlik) and MMQ schemes.

Referring to table 1.1 of Sharia Banking Statistics data published by OJK, it can be seen that the development of BSI microfinance in cities / districts in 5 regions in West Sumatra in the first, second and third quarters sourced from internal BSI data is as follows:
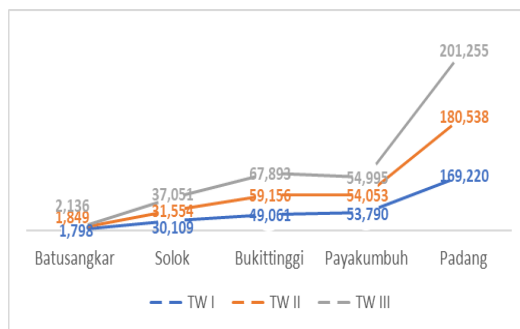

Figure 1. BSI Micro Financing Growth in Quarterly I, II and III in 2022
Source: Bank Syariah Indonesia Internal Data (2022)

Figure 1, which is sourced from internal BSI data, confirms the data published by OJK for the five regions/cities, with the lowest microfinance growth in Tanah Datar Regency/City of Batusangkar and the highest microfinance growth in Padang City.

Tanah Datar Regency is the oldest Muslim-majority region in West Sumatra. Tanah Datar Regency is known as the forerunner of the establishment of Minangkabau which has a very strong historical, religious and cultural background, which should make the people of Tanah Datar Regency have a high willingness to transact in Islamic banks to avoid ribawi practices. Tanah Datar Regency is one of the districts that maintains the philosophy of "Adat basandi syara', syara' basandi kitabullah" as the vision of the region, where Minangkabau people are known to be very fanatical about their cultural values including in religion (Andira, 2023).

The Minang philosophy of "Adat basandi syara', syara' basandi kitabullah" is the dominant philosophy of life in Minangkabau society, which makes the teachings of Islam the only foundation or guideline for life behavior patterns, both socially, politically and economically. The value of customs and religiosity of this community is inseparable and very strong until now in Tanah Datar Regency. So that the religiosity, customs and cultural factors of the people of Tanah Datar Regency can be an important consideration in

choosing Islamic financial institutions for transactions.

In preliminary observations conducted by researchers on 30 (thirty) MSMEs in Tanah Datar Regency, it was found that 35% of MSMEs wanted to migrate to Islamic banks due to the usury-free aspects of sharia, even 34% of MSME practitioner were interested in Islamic banks because of cultural beliefs rooted in individual communities that follow the Minangkabau philosophy of "Adat Basandi Syara, Syara Basandi Kitabullah" in accordance with Islamic teachings.

In addition, 31% of MSMEs complained about the high margin rate of Islamic banks because not all business actors can get KUR financing because KUR is a government program and has a limited quota. When the quota runs out, it cannot be distributed to business actors. From the above findings, it can be explained that the decision of Tanah Datar Regency MSME practitioner to choose Islamic banks is thought to be influenced by several factors, namely religiosity, cultural beliefs and margin rates.

This research was conducted with a focus on the community of MSME practitioner in Tanah Datar Regency. Referring to Sharia Banking Statistics data, especially in five regencies / cities in West Sumatra Province in 2019-2022 and supported by BSI internal data in TW I, II and III of 2022 where the growth rate of microfinance in Tanah Datar Regency is very low compared to other cities and regencies in West Sumatra.

The selection of MSME actors in Tanah Datar Regency in this study is an interesting thing to be studied further by (Firdaus et al., 2022), (Hafizah, 2022), & (Shobirin et al., 2022), that as a community with the oldest nagari in Minangkabau and thick with the teachings of Islam, customs and culture, there will be a sense of shame if the community comes into contact with usury transactions. Because the characteristics of the community are in accordance with the guidelines and principles of Islamic banking, there should be no element of rejection that occurs in the community.

Several previous studies discuss the importance of religiosity, cultural values and margin rates in the study of customer decisions in using Islamic banking financing products in Indonesia. This study tries to see the importance of variables that are identified as influencing the relationship between religiosity, cultural belief and margin rates with customer decisions to use Islamic bank financing products. In contrast to previous research which has not discussed much specifically about religiosity, cultural belief and margin rates, this study will focus more on examining the effects of these three variables in relation to the decisions of MSME practitioners in Tanah Datar district in using Islamic bank products.

This study uses TPB (Theory of Planned Behavior) in analyzing the behavioral interests of prospective Islamic bank customers. In TPB, behavioral interest is determined by three factors (Sakdiyah et al., 2019). The factor that can describe religiosity is attitude toward the behavior

and the factor that can describe cultural belief is subjective norm.

Where attitude toward the behavior is an attitude towards behavior determined by strong beliefs about behavior called behavioral beliefs, in this case belief in God and religion. Then subjective norm is a person's view of beliefs that will influence the interest in doing or not doing a behavior, in this case it is things that are believed in society, namely culture. Then the variable widening is carried out or also called the extended model. The variable widening taken is the economic variable, namely the margin level.

2. Literature Review

Theory of Planned Behavior

Theory of Planned Behavior (TPB) which is intended as a tool to predict individual behavior more specifically. Research using TPB as the main conceptual framework is still not fully followed by a measurement system that is in accordance with this theory. The dimensions of attitude, subjective norms, and behavioral control built from the interaction between the two psychological aspects supporting these dimensions are still not widely taken into account in compiling research variable measurement tools. The TPB developed by Ajzen from the TRA was developed to overcome the measurement weaknesses that led to the low correlation between attitude and behavior (Ramdhani, 2016).

Attitude Toward the Behavior

Ajzen suggests that attitudes towards this behavior are determined by beliefs about the consequences of a behavior or briefly called behavioral beliefs). Behavioral beliefs are related to the individual's subjective assessment of the surrounding world, the individual's understanding of himself and his environment is carried out by connecting certain behaviors with various benefits or disadvantages that may be obtained if the individual does or does not do it. This belief can strengthen attitudes towards the behavior if based on the valuation made by the individual, data is obtained that the behavior can provide benefits for him (Ramdhani, 2016).

Subjective Norm

Subjective norms are individual perceptions of the expectations of influential people in their lives (significant others) regarding whether or not certain behaviors are carried out. This perception is subjective so this dimension is called subjective norm. Attitudes towards behavior, subjective norms are also influenced by beliefs, the difference is that if attitudes towards behavior are a function of individual beliefs about the behavior to be carried out (behavioral belief), then subjective norms are a function of individual beliefs obtained from the views of others on attitude objects related to individuals (normative belief) (Santos & Liguori, 2020).

Microfinance Products

Financing broadly means financing or spending, which is funding issued to support planned investments, whether carried out by yourself or carried out by others (Andrianto & Firmansyah, 2019). According to Veithzal Riva'i, financing is (trust), meaning that a bank or Islamic financial institution trusts a person or company to carry out the mandate given in the form of providing funds and managing them properly, fairly and accompanied by clear ties and conditions that are mutually beneficial to both parties (Riva'i & Veithzal, 2008). Microfinance products in Islamic financial institutions have three financing contract schemes, namely murabahah, Ijarah Muntahiyah Bit Tamlik (IMBT) and Musyarakah Mutanaqisah (MMQ).

Customer Decision

According to (Harahap, 2018), customer decisions are an integrating process that combines knowledge to evaluate two or more alternative behaviors, and choose one of them. The decision to become a customer in terms of sharia business is something the company is waiting for. The decision to become a customer arises because of an emotional impulse from within the customer and the influence of others.

Religiosity

The Qurʾān as the holy book of Muslims serves as a guide in living life in the world. This is also called the way of life or minhajul hayah. Therefore, when discussing religiosity, it must be based on the holy book of the Koran. Very many verses of the Koran are used as the basis for the concept of religiosity.

Cultural Belief

Another focus of cultural studies is more directed at the important component of culture, namely cultural belief. Cultural beliefs are common ideas or thoughts shared by several individuals. These ideas and values govern their lives, interactions between them and with other groups. In culture there is cultural action which takes the form of mental action or cultural belief. Mental action or cultural belief has the power to influence behavior (on conduct) (Sinulingga, Nora. Tamando, 2021).

Margin Level

The definition of margin is the difference between the selling price and the cost of financing with a sale and purchase scheme (murabahah, ijarah and salam). Margin is the amount of profit that the bank is entitled to as a seller for the sale and purchase of goods carried out and agreed upon by the customer. The size of the margin obtained is influenced by the principal and term of financing (OJK, 2016).

Determination of Selling Price

What is meant by the reference profit margin is the profit margin determined at the ALCO meeting of the Islamic Bank. Profit margin is determined based on Direct Competitors Marker Rate (DCMR), Indirect Competitors Marcet Rate (ICMR), Expected Competitive Return For Investor (ECRI), Acquring Cost and Overhead Cost.

3. Methodology

The quantitative method was used in this study using a sample of 143 MSME practitioners who have not used Islamic bank financing products in Tanah Datar Regency. The data was collected using a questionnaire using a Likert scale and analyzed using statistical software, namely smart-PLS 3.0 to see the effect of religiosity, cultural beliefs and margin rates on the decisions of MSME practitioners in using Islamic bank financing products in Tanah Datar Regency. determination of the margin rate to distribute financing to the community, especially MSME practitioners.

For hypothesis testing using statistical values, for alpha 5%, the t-statistic value used is 1.96 through the bootstrapping process. The criteria for acceptance / rejection of the hypothesis are:
1. If Sig> 0.05 and tcount < ttable then H0 is accepted or H1 is rejected.
2. If Sig < 0.05 and tcount> ttable then H0 is rejected or H1 is accepted.

4. Results and discussion

Descriptive Statistics

Descriptive statistics is an analysis that de-scribes the characteristics of respondents and research variables. Descriptive analysis is done by presenting primary data into a frequency distribution table, calculating the total score, average score and respondent achievement rate (TCR). The first stage is to calculate the total score of respondents' answers for each question item contained in the religiosity knowledge variable (X1), cultural belief (X2), margin level (X3) and customer decisions (Y). The following are details of respondents' responses to 19 question items:

A. Religiosity Variable (X1)

To find out the experience dimension and knowledge dimension of the religiosity variable, questions were asked about financing agreements in accordance with Sharia, staying away from all usury activities and awareness that usury is haram. From the results of distributing question-naires obtained respondents' answers to religi-osity variables which can be seen in the follow-ing table:

Table 2. Frequency Distribution of Religiosity (X1)

No	Question Item	Score					Average Score	TCR	Description
		5	4	3	2	1			
1	X1.1	36	79	28	0	0	4,05	81,11	Strongly Agree
2	X1.2	36	67	34	6	0	3,93	78,60	Agree
3	X1.3	93	50	0	0	0	4,65	93,01	Strongly Agree
4	X1.4	54	72	17	0	0	4,25	85,17	Strongly Agree
5	X1.5	87	49	7	0	0	4,56	91,18	Strongly

No	Question Item	Score	Average Score	TCR	Description
					Agree
	Average		4,29	85,85	Sangat Setuju

Source: Primary data processed in 2023
Description: (5) Strongly Agree, (4) Agree, (3) Neutral, (2) Disagree, (1) Strongly Disagree

The level of respondents' religiosity towards the decision to choose financing at Islamic banks is divided into two parts and based on table 4.5, it can be explained the respondents' responses to the religiosity variable as follows:
1. People's religiosity based on experience (Feeling Religiosity)

Based on item 1, it can be seen that as many as 36 respondents (25.2%) strongly agreed, most of the 79 respondents (55.2%) agreed and 28 respondents (19.6%) were neutral towards the financing agreement made according to the terms of the contract.

Based on item 2, it can be seen that some respondents, 36 respondents (25.2%) strongly agree that banks are open to providing information needed by customers, most of the 67 respondents (46.8%) agreed, while 34 respondents (23.8%) stated that they were neutral about the openness of banks in providing information needed by customers and 6 respondents (4.2%) disagreed that banks were open in providing information
2. Community religiosity based on religious knowledge (Religious Knowledge)

Table 1. Cultural Belief Frequency Distribution (X2)

No	Question Item	Score					Average Score	TCR	Description
		5	4	3	2	1			
1	X2.1	2	13	85	33	10	3,02	60,41	Agree
2	X2.2	2	8	11	108	14	2,49	40,98	Neutral
3	X2.3	14	35	24	70	0	2,95	59,02	Neutral
	Average						2,82	53,47	Neutral

Source: Primary data processed in 2023
Description: (5) Strongly Agree, (4) Agree, (3) Neutral, (2) Disagree, (1) Strongly Disagree

The effect of cultural belief on customer decisions in choosing financing at Islamic banks is divided into three parts and based on table 3, it can be explained the respondents' responses to the cultural belief variable as follows
1. Cultural Belief based on the involvement of traditional leaders or religious leaders

Based on item 2, it can be seen that 2 respondents (1.4%) strongly agreed, 13 respondents (9%) agreed, 85 respondents (59.4%) were neutral, 33 respondents (23%)

disagreed that the involvement of traditional or religious leaders and as many as 10 respondents (7.2) strongly disagreed.
2. Cultural Belief based on financing customers can be guaranteed by traditional leaders / religious leaders

Based on item 3, it can be seen that 2 respondents (1.4%) strongly agreed, 8 respondents (5.6%) agreed, 11 respondents (7.7%) were neutral, most of the 108 respondents (75.5%) disagreed that financing customers could be guaranteed by traditional leaders / religious leaders. Then as many as 14 respondents (9.8%) chose strongly disagree with item 3.
3. Culural Belief based on financing marketing comes from the community of Tanah Datar Regency.

Based on item 4, it can be seen that 14 respondents (9.7%) strongly agreed, as many as 35 respondents (24.5%) agreed, 24 respondents (16.8%) were neutral and most of the 70 respondents (49%) disagreed that marketing financing came from the community of Tanah Datar Regency.

Based on the description in table 4.8 above, the average score of the cultural belief variable is 2.82% with a respondent achievement rate (TCR) of 53.47%. Where this figure shows that the cultural belief applied is in the good enough category. The highest respondent achievement level was 59.02 in statement item number 3 and the lowest respondent achievement level was 40.98 in statement item number 1.

Table 2. Frequency Distribution of Margin Level (X3)

No	Question Item	Score					Average Score	TCR	Description
		5	4	3	2	1			
1	X3.1	2	104	35	0	0	3,71	74,26	Setuju
2	X3.2	7	65	71	0	0	3,55	71,05	Setuju
3	X3.3	2	100	41	0	0	3,73	74,54	Setuju
4	X3.4	10	79	51	3	0	3,68	73,43	Setuju
Average							3,67	73,32	Setuju

Source: Primary data processed in 2023
Description: (5) Strongly Agree, (4) Agree, (3) Neutral, (2) Disagree, (1) Strongly Disagree

The effect of the margin rate on customer decisions in choosing financing at Islamic banks is divided into three parts and based on table 4, it can be explained the respondents' responses to the margin rate variable as follows:
1. Margin rate based on transaction object price.

Based on item 1, it can be seen that 2 respondents (1.4%) strongly agreed, most of the 104 respondents (72.7%) agreed with the margin rate based on the price of the transaction object, then 35 respondents (25.9%) chose neutral.
2. Margin level based on people's tastes or abilities

Based on item 2, it can be seen that 7 respondents (4.9%) strongly agreed, as many as 65 respondents (45.5%) agreed and most of the 71 respondents (49.6%) were neutral in choosing a margin rate based on people's tastes or abilities.

Based on item 3, it can be seen that 2 respondents (4.9%) strongly agreed, most of the 100 respondents (70%) agreed and 41 respondents (25.1%) chose neutral.
3. Margin level based on Murabahah Financing Demand

Based on item 4, it can be seen that 10 respondents (7%) strongly agreed, 79 respondents (55%), then 51 respondents (35.7%) and 3 respondents (2.3%) chose to disagree with the statement of the margin rate based on the demand for murabaha financing.

Based on the description in table 4.8 above, the average score of the margin rate variable is 3.67% with a respondent achievement rate (TCR) of 73.32%. Where this figure shows that the margin rate applied is in the good category. The highest respondent achievement level was 74.54 in statement item number 3 and the lowest respondent achievement level was 71.05 in statement item number 2.

Table 3. Frequency Distribution of Customer Decisions (Y)

No	Question Item	Score					Average Score	TCR	Description
		5	4	3	2	1			
1	Y.1	15	93	35	0	0	3,86	77,2	Setuju
2	Y.2	8	98	37	0	0	3,79	75,94	Setuju
3	Y.3	28	104	11	0	0	4,12	82,38	Sangat Setuju
4	Y.4	5	114	18	6	0	3,82	76,5	Setuju
5	Y.5	3	80	58	2	0	3,59	71,74	Setuju
6	Y.6	27	79	6	26	0	3,68	73,57	Setuju
7	Y.7	27	95	20	1	0	4,03	80,69	Sangat Setuju
Average							3,84	76,86	Setuju

Source: Primary data processed in 2023
Description: (5) Strongly Agree, (4) Agree, (3) Neutral, (2) Disagree, (1) Strongly Disagree

Customer decisions in choosing financing at Islamic banks are divided into five parts and based on table 5, it can be explained the respondents' responses to the Customer Decision variable as follows:
1. Recognizing Needs

Based on item 1, it can be seen that 15 respondents (10.5%) strongly agree to choose an Islamic bank because it is in accordance with sharia, then most of the respondents, 93

respondents (65%), agreed, while 35 respondents (24.5%) stated that they were neutral if they chose an Islamic bank because it was in accordance with sharia.

Based on item 2, it can be seen that 8 respondents (5.6%) strongly agreed to choose an Islamic bank because it was in accordance with their needs, then most of the 98 respondents (68.5%) agreed, while 37 respondents (25.9%) stated that they were neutral if they chose an Islamic bank because it was in accordance with their needs.

Based on item 3, it can be seen that 28 respondents (19.6%) strongly agree that they want to apply for financing at Islamic banks for business capital, then most of the 104 respondents (72.7%) agreed, while 11 respondents (7.7%) stated neutral.

2. Seeking Information

Based on item 4, it can be seen that 5 respondents (3.5%) strongly agree that they get information about sharia bank financing through relatives or friends. Then most of the 114 respondents (79.7%) agreed. A total of 18 respondents (12.6%) chose neutral and 6 respondents (4.2%) disagreed with obtaining information about Islamic bank financing through relatives or friends.

3. Alternative Evaluation

Based on item 5, it can be seen that 3 respondents agreed, as many as 80 respondents (55.9%) strongly agreed that they obtained information about financing at Islamic banks through promotions or advertisements. Then 58 respondents (40.6%) were neutral and 2 respondents (3.5%) disagreed with obtaining information about financing at Islamic banks through promotions or advertisements.

1. Decision to choose

Based on item 6, it can be seen that 27 respondents (18.9%) strongly agree that they want to use Islamic bank financing because the procedures and processes are easier. A total of 79 respondents (55.2) agreed. Then 6 respondents (4.2%) were neutral and as many as 26 respondents (21.7) disagreed that they wanted to use Islamic bank financing because the procedures and processes were easier.

2. Behavior after becoming a customer of an Islamic bank

Based on item 7, it can be seen that 27 respondents (18.9%) strongly agreed, as many as 95 respondents (66.4%) agreed that they would reuse Islamic bank financing if needed. Then 20 respondents (14%) were neutral and 1 respondent (0.7) disagreed that they would reuse Islamic bank financing if needed.

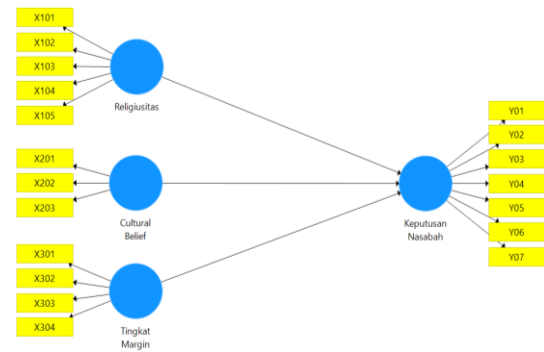**Data Processing Results**
Model Path Diagram

Figure 1. Path Diagram
Source: Primary data processed in 2023

Based on the path diagram above, this study consists of two variables, namely the dependent variable and the dependent variable. The dependent variable in this study is the customer decision variable (Y) with five indicators, while the independent variable is the religiosity variable (X1) with 2 indicators, cultural belief (X2) with 3 indicators, margin level (X3) with 3 indicators. This analysis is used to see how the influence of religiosity, cultural beliefs and margin levels on customer decisions to choose Islamic banks in Tanah Datar Regency.

The number located between the latent variable and each indicator is a loading factor that describes the suitability of each indicator in measuring the latent variable. The number located between latent variables illustrates the path coefficient between variables. The number located inside the circle on the latent variable is the R2 value which describes the contribution of each independent variable to the independent variable

Outer Model Test (Measurement Model)

Before measurement is carried out, it is necessary to test the feasibility of data by measuring the validity and reliability of variables. The outer model test is conducted to assess the validity and reliability of the model (Ghozali & Latan, 2015). The results of the validity and reliability tests are explained as follows:

1. Convergent Validity

Convergent validity is indicated by the correlation between indicators and latent variables. Proof of convergent validity can be achieved in two ways, namely through achieving criteria and through model comparison tests. In this study, convergent validity is proven through achieving criteria. In the SmartPLS approach, the rule of thumb that is usually used to assess convergent validity is that the loading factor value must be more than 0.7 for confirmatory research. The loading factor results can be seen in Table and Figure below:

Table 4. Result Loading Faktor

Matrix	Religiosity	*Cultural Belief*	Margin Level	Customer Decision
Re1	0,417			
Re2	0,686			
Re3	0,787			
Re4	0,870			
Re5	0,824			
CB1		0,442		
CB2		0,707		
CB3		0,847		
TM1			0.925	
TM2			0,780	
TM3			0,799	
TM4			0,812	
KN1				0,822
KN2				0,706
KN3				0,662
KN4				0,338
KN5				0,567
KN6				0,609
KN7				0,822

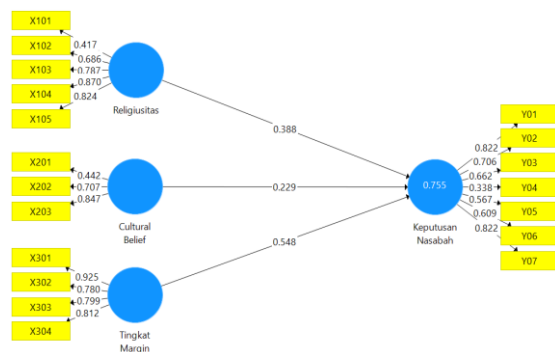*Source: Primary data processed in 2023*

Figure 2. Path diagram Loading factor value
Source: Primary data processed in 2023

Based on table 4.9 and the path diagram above, the results of loading factor testing on variable Y obtained four statement items (Y03, Y04, Y05, Y06) which have a loading factor value smaller than 0.7 are invalid and must be discarded then recalculated.

From the results of loading factor testing on variable X1, there are two statement items (X101, X102) which have a loading factor value smaller than 0.7 invalid and must be discarded then recalculated.

From the results of loading factor testing on variable X2, there is one statement item (X201) which has a loading factor value smaller than 0.7 invalid and must be discarded then recalculated.
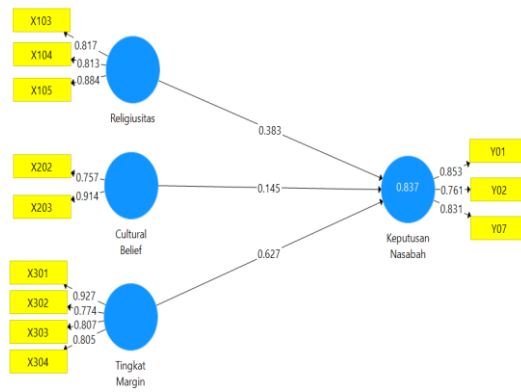

Figure 3. Path Diagram
Source: Primary data processed in 2023

After recalculating, it can be seen that the loading factor value of all indicators of variable Y, X1, X2 and X3 already has a value greater than 0.7. These results indicate that all indicators have good convergent validity. Thus, the indicators are valid in measuring each latent variable.

2. Discriminant Validity Test

Discriminant validity test is conducted to determine how far the difference in the validity value of a variable is when compared to other variables. In discriminant validity testing, it can be seen using the Average Variance Extracted (AVE) test output, Crossloading and latent variable correlation. The following are the results of the discriminant validity test output:

a. *Average Variance Extracted* **(AVE)**

Table 5. Discriminant Validity of Latent Variables with AVE Value

Contsruct Reliability and Validity			
Matrix			
	Cronbach' Alpha	Rho_A	Composite Reliability	Average Variance Extracted (AVE)
Cultural Belief	0,597	0,687	0,826	0,704
Customer Decision	0,748	0,748	0,856	0,666
Religiosity	0,795	0,855	0,876	0,703
Margin Level	0,851	0,880	0,898	0,689

Source: Primary data processed in 2023

One way to measure discriminant validity is to look at the AVE (Average Variance Extracted) value. Where the AVE value must be greater than 0.50, which means that all latent variables have good discriminant validity. If the AVE value is below 0.5, it means that the latent variable does not have good discriminant validity or the variable is invalid. Based on the research results, it is found that the AVE value of each variable in this study is greater than 0.50, this means that all latent variables in this study have good discriminant validity.

b. Cross Loading

Table 6. Discriminant Validity of Latent Variables with Cross Loading

	Discriminant Validity			
	Cross Loadings			
Matrix	*Cultural Belief*	Customer Decision	Religiosity	Margin Level
X103	-0.008	0.521	0.817	0.337
X104	-0.042	0.419	0.813	0.198
X105	0.130	0.734	0.884	0.589
X202	0.757	0.179	0.010	0.254
X203	0.914	0.288	0.066	0.115
X301	0.241	0.860	0.474	0.927
X302	-0.034	0.598	0.438	0.774
X303	0.361	0.731	0.431	0.807
X304	0.000	0.545	0.245	0.805
Y01	0.321	0.853	0.696	0.610
Y02	0.137	0.761	0.378	0.887
Y07	0.252	0.831	0.643	0.536

Source: Primary data processed in 2023

From the results of cross loading for discriminant validity, we can see that the cross loading value of the Religiosity indicator (X103) on the religiosity variable is 0.817 greater than the cross loading value of the cultural belief variable, the margin rate and customer decision, namely -0.008, 0.337, 0.521. The cross loading value of the cultural belief indicator (X201) on the cultural belief variable of 0.757 is greater than the cross loading value of the religiosity variable, the margin rate and customer decision, namely 0.010, 0.254, 0.179. Likewise, in other indicators, all cross loading values of indicators with their variables are greater than cross loading with other variables. So it can be concluded that the variables in all variables in this study have a good level of discriminant validity.

c. Latent Variable Correlation

The discriminant validity test is carried out to determine how far the difference in the validity value of a variable is when compared to other variables. One way to measure discriminant validity is to compare the square root value of the average variance extracted (AVE) obtained through the correlation value between variables.

If the square root value of the average variance extracted (AVE) of a latent variable is greater than 0.7 and greater than the correlation value with all other latent variables, it is said to have good discriminant validity (Furadantin, 2018). To see the square root value of the average variance extracted (AVE) of latent variables, it can be seen in the Fornell - Larcker Criterion column below:

Table 7. Discriminant Validity of Latent Variables with Fornell - Larcker Criterion

	Fornell – Larcker Criterion			
Matrix				
	Cultural Belief	Customer decision	Religiosity	Margin Level
Cultural *Belief*	0.839			
Customer decision	0.289	0.816		
Religiosity	0.52	0.697	0.838	
Margin Level	0.197	0.843	0.488	0.830

Source: Primary data processed in 2023

Based on table 4.12 above, it shows that the square root value of AVE on the cultural belief variable is 0.839. This value is greater than the correlation value between cultural belief and other variables. The AVE square root value on the Customer Decision variable is 0.816. This value is greater than the correlation value between other latent variables. Thus the AVE square root value is greater than the correlation value between variables and other variables. This means that all latent variables in this study have good discriminant validity.

3. Composite Reliability

The indicator group that measures a variable has good composite reliability if it has a composite reliability ≥ 0.7 even though it is not an absolute standard. The composite reliability results are presented in table below:

Table 8. Reliability Value of Each Research Variable

	Contsruct Reliability and Validity			
Matrix				
	Cronbach' Alpha	Rho_A	Composite Reliability	Average Variance Extracted (AVE)
Cultural Belief	0.597	0.687	0.825	0.704
Customer Decision	0.748	0.748	0.856	0.666
Religiosity	0.795	0.855	0.876	0.703
Margin Level	0.851	0.880	0.898	0.689

Source: Primary data processed in 2023

The table above shows that the composite reliability value of all latent variables ranges from 0.825 to 0.898, meaning that the overall composite reliability value is greater than 0.7. These results indicate that all latent variables have good composite reliability.

Inner Model Test (Structural Model)

The Inner Model is a structural model to predict the causal relationship between latent variables. The Inner Model is measured using the R-square of the dependent latent variables with the same interpretation as regression; Q-Square predictive relevance for the structural model, measuring how well the observed values are generated by the model and also the parameter estimation. A Q-Square value > 0 indicates that the model has predictive relevance, otherwise if the Q-Square value ≤ 0 indicates that the model lacks predictive relevance.

According to Hair et al, the Q-square value of 0.35 means the model is classified as strong, 0.15 is a medium model, and 0.02 means the model is weak. The structural model is evaluated using R-Square for the dependent construct, the path coefficient value or t-value of each path for the real level in hypothesis testing. The higher the R-Square value, the better the prediction model of the proposed research model.

The inner model aims to see the relationship between latent constructs. Testing the structural model (inner model) is done through:

1. R-square Approval

Table 9. R² Value

R Square		
Matrix		
	R Square	**R Square Adjustive**
Customer Decision	0.837	0.834

Source: Primary data processed in 2023

Based on the results of data processing, the R2 value listed in the output above can be explained that the Customer Decision variable is explained by the Religiosity, Cultural Belief and Margin Level variables of 0.837 or 83.7% percent, the remaining 16.3% percent is explained by other variables outside the model.

2. Q-Square Testing

Table 10. Q-Square Value

Construct Crossvalidated Redundancy Total			
	SSO	**SSE**	**Q² (= 1-SSE/SSO)**
Cultural Belief	286.000	286.000	
Customer Decision	429.000	198.152	0.538
Religiosity	429.000	429.000	
Margin Level	527.000	527.000	

Source: Primary data processed in 2023

Based on the table above, the Q-square value is 0.538, which means that religiosity, cultural belief and margin level in predicting customer decisions are classified into a strong category, which means it shows that the model has very good predictive relevance.

Hypothesis Testing

This hypothesis test is a causality analysis conducted to determine the relationship between variables. Causality analysis can be used to determine the influence that occurs between exogenous variables and endogenous variables. Exogenous variables are declared to have a significant effect on endogenous variables if the t statistical value> t table and the P-value < alpha 0.05. The results of hypothesis testing are presented in the following figures and tables.
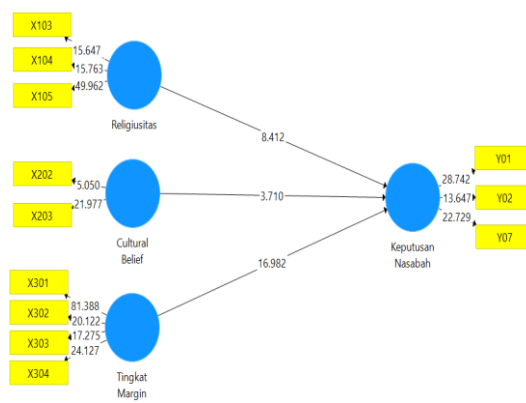

Figure 4. Path Diagram of Hypothesis Results

Table 11. Path Coefficient Results Path Model

	Original Sample (O)	**Sample Mean (M)**	**Standard Deviation (STDEV)**	**T Statistics (|O/STDEV|)**	**P Values**
Cultural Belief - > Customer Decision	0.145	0.154	0.037	3.962	0.000
Religiosity - > Customer Decision	0.383	0.387	0.047	8.111	0.000
Margin Level - > Customer Decision	0.627	0.624	0.039	16.115	0.000

Source: Primary data processed in 2023

Description:
1. The original sample value is 0.145, so cultural belief has a positive effect on customer decisions. Each increase in cultural belief 1 unit, will increase customer decisions by 0.154 units. The higher the cultural belief, the higher the customer's decision. The t statistical value of 3.962 is greater than the t table (1.645) and the p-value is 0.000 < alpha 0.05, then H0 is rejected and H1 is accepted, meaning that cultural belief has a positive and significant effect on customer decisions.
2. The original sample value is 0.383, so religiosity has a positive effect on customer decisions. Every increase in religiosity by 1 unit will increase customer decisions by 0.387 units. The higher the religiosity, the higher the nasaba decision. The t statistical value of 8.111 is greater than the t table (1.645) and the p-value is 0.000 < alpha 0.05, then H0 is rejected and H1 is accepted, meaning that religiosity has a positive and significant effect on customer decisions.
3. The original sample value is 0.627, so the margin rate has a positive effect on customer decisions. Each increase in the margin rate of 1 unit will increase customer decisions by 0.624 units. The higher the margin rate, the higher the customer's decision. The t statistical value of 16.115 is greater than the t table (1.645) and the p-value is 0.609>

alpha 0.05, then H0 is rejected and H1 is accepted, meaning that the margin rate has a positive and significant effect on customer decisions.

5. Conclusions

Minangkabau society is known to have a strong religious and cultural foundation that needs to be tested academically. Based on the results of the research and discussion above, several conclusions can be drawn as follows:

1. The religiosity factor shows a positive and significant influence on the decision of the Tanah Datar Regency community to choose an Islamic bank, because ideally when the community as a customer has high religious experience and knowledge, of course he will be wiser in making decisions and then will react by believing or choosing certain products according to the needs that will be used in Islamic banks.

2. There is a positive and significant influence on the cultural belief variable on the decisions of MSME practitioner in Tanah Datar Regency. In general, it can be concluded that the strengthening of the culture of the people of Tanah Datar Regency can strengthen the decision to become Islamic bank financing customers. Then the Islamic bank can also approach traditional and religious leaders who are influential in the lives of the people of Tanah Datar Regency and increase the religious understanding of MSME practitioner in Tanah Datar Regency.

3. The variable margin rate shows a significant positive effect on the decision of MSME practitioner in Tanah Datar Regency to choose financing products at Islamic banks. Determination of the selling price and a clear margin rate in the murabaha contract is important because it avoids injustice to a party, namely the buyer or customer. For this reason, Islamic banks must be able to reconsider the determination of the margin rate for channeling financing to the community, especially MSME practitioner such as entrepreneurs, traders and the lower middle economic community by providing competitive margins so as to encourage MSME practitioner in Tanah Datar Regency to use financing products at Islamic banks.

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