

## The Behavioral Intentions of Muslim and Non-Muslim Customers Toward Bank Syariah Indonesia Products Post-Merger

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### Abstract

This study aims to evaluate the impact of the conversion and merger of Bank Syariah Indonesia (BSI) after the implementation of the Qanun that requires all financial institutions in Aceh to switch to sharia. The sample consisted of 300 Muslim and non-Muslim customers. Using the Theory of Reasoned Action (TRA) and Theory of Planned Behavior (TPB), the study analyzed changes in customer behavior in response to the regulation. The findings show that the conversion initially decreased customers' attitudes and subjective norms towards using BSI products, but increased post-merger. There is a difference between Muslim and non-Muslim customers' attitudes; non-Muslim customers support BSI products despite unfavorable subjective norms, while Muslim customers only show subjective norms without significant attitudes towards usage intention. These findings provide insights for IB service providers to design innovative services that accommodate different consumer attitudes and ensure comprehensive application of Islamic principles.

**Keywords:** Customer Intentions, Subjective Norms, Customer Attitude, Conversion dan Bank Merger

## Niat Perilaku Nasabah Muslim dan Non-Muslim Terhadap Produk Bank Syariah Indonesia Pasca Merger

### Abstrak

Penelitian ini bertujuan mengevaluasi dampak konversi dan merger Bank Syariah Indonesia (BSI) setelah penerapan Qanun yang mewajibkan semua lembaga keuangan di Aceh beralih ke syariah. Sampel terdiri dari 300 nasabah Muslim dan non-Muslim. Dengan menggunakan Theory of Reasoned Action (TRA) dan Theory of Planned Behavior (TPB), penelitian ini menganalisis perubahan perilaku nasabah dalam menanggapi peraturan tersebut. Temuan menunjukkan bahwa konversi awalnya menurunkan sikap dan norma subyektif nasabah terhadap penggunaan produk BSI, tetapi meningkat pasca-merger. Terdapat perbedaan antara sikap nasabah Muslim dan non-Muslim; nasabah non-Muslim mendukung produk BSI meskipun norma subyektif tidak mendukung, sedangkan nasabah Muslim hanya menunjukkan norma subyektif tanpa sikap yang signifikan terhadap niat penggunaan. Temuan ini memberikan wawasan bagi penyedia layanan IB untuk merancang layanan inovatif yang mengakomodasi berbagai sikap konsumen dan memastikan penerapan prinsip-prinsip Islam secara komprehensif.

**Kata Kunci:** Niat Nasabah, Sikap Nasabah, Norma Subyektif, Konversi dan Merger Bank

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## **INTRODUCTION**

Islamic Banking (IB) is a service sector that has attracted attention, especially after the conversion and merger of Bank Sharia Indonesia (BSI) (Utami et al., 2022). Moreover, after the global monetary crisis as a result of the coronavirus disease (COVID-19) outbreak (Herwany et al., 2021). Especially in Indonesia, a multicultural country with the highest Muslim population in the world, such as Indonesia (Resty & Hidayat, 2021). The number of Muslims reaches 86.7% or 231 million of the total population (Muslim Population By Country, 2023). Aceh is one Indonesian province with a sizable Muslim population, with 5 million Muslims (99.04%) and 50,178 non-Muslims (0.96%), ("Aceh Province in Figures," 2023). Aceh implements Sharia law in all areas, including finance, through the Sharia Financial Institutions Law (LKS Law) No. 11/2018. Article 6 stipulates that this law applies to all persons and entities in Aceh in financial transactions and requires Islamic financial institutions to operate according to Sharia law (Qanun Lembaga Keuangan Syari'ah, 2019). When the conversion was not fully completed, Indonesia's Ministry of SOEs merged Bank BRI Syariah, BNI Syariah and Mandiri Syariah into Bank Syariah Indonesia (BSI). This merger was done because the three banks had small market shares and assets, making it difficult to compete with conventional and private banks.

The purpose of mergers, according to (Nevermann & Heckmann-Draisbach, 2023) Coccoresse & Ferri, (2020); Carletti et al., (2021), is to strengthen market position, challenge traditional banks, accelerate market entry, and share organizational knowledge. As IB conversion is mandatory in Aceh, the impact covers all customers, both Muslim and non-Muslim.

The issue of Aceh's parliament urging BSI to reinstate the conventional bank strengthened due to frequent problems with BSI's mobile and ATM services not working (Yuslinnas, 2023). Although the BSI merger was initially positive on the stock market, its share price continued to fall (Utami et al., 2022). Islamic banking in Muslim-majority regions should influence growth, but the implementation of IB in Indonesia is still slow, with only about 18.75 percent of Islamic bank customers compared to conventional banks (Utami et al., 2022; Trinugroho et al., 2021; Trinugroho et al., 2018).

Recently, the issue of the Aceh Representative Council's insistence on returning Conventional Banks to Aceh has intensified. Additionally, several ATMs have been out of service because of a BSI system malfunction (Yuslinnas, 2023). BSI's previous merger was also known to generate a positive reaction in the stock market, but BSI's share price continued to fall after the merger (Utami et al., 2022). Islamic banks located in regions with large Muslim populations should significantly impact growth (Trinugroho et al., 2021; Trinugroho et al., 2018). Nevertheless, Indonesia's implementation of IB could be accelerated. Compared to conventional banks, the number of Islamic bank customers is only about 18.75 percent (Utami et al., 2022).

Non-Muslim customers find subjective norms irrelevant in Muslim-majority countries when choosing IB services (Ayyub et al., 2020) and are hesitant to use these services, believing that IB is exclusively for Muslims (Saiti et al., 2019). However, knowledge about

Islamic banking can increase their beliefs, influencing attitudes, control and norms (Mustapha et al., 2023).

Some Muslim customers have low intentions towards IB products because they perceive them as similar to conventional banking, seeing them as “Islamization” to attract the Islamic market (Resty & Hidayat, 2021). Low knowledge and awareness of IB principles also affect customer decisions (Hati et al., 2020). Johan et al., (2020) noted that only religious Muslims are willing to use IB. Thus, views on IB differ between Muslim and non-Muslim customers (Brahmana & You, 2022).

This study uses the Theory of Reasoned Action (TRA) and Planned Behavior (TPB) to explain whether consumers will use IB services, linking intention to action (Ajzen, 2015). TRA and TPB have been widely accepted in global banking and financial management research, such as in Nigeria (Saiti et al., 2019), Indonesia (Effendi et al., 2020; Resty & Hidayat, 2021), Malaysia (Johan et al., 2020; Mustapha et al., 2023), Pakistan (Ayyub et al., 2020), Morocco (Boubker et al., 2021), and the United Arab Emirates (ElMassah & Abou-El-Sood, 2022). However, literature on changes in IB customer behavior due to the conversion and merger of state-owned banks is scarce, especially in the Islamic banking sector.

This article is interesting because it uses a novel approach that combines TAM and TPB to analyze technology acceptance in Islamic banking. While previous research often uses TAM or TPB separately, this study integrates both theories to provide a deeper understanding of how attitudes, subjective norms, and intentions influence customer behavior in the context of Islamic banking. This study also examines changes in customer behavior due to IB conversions and bank mergers, which is important for understanding Muslim and non-Muslim consumer preferences in a competitive market like Aceh.

## **Theoretical Framework and Hypothesis**

### **Intention To Use**

According to TRA and TPB, behavioral intentions are based on three main factors: attitude toward the activity, social pressure, and capacity to engage in the behavior (Fishbein & Ajzen, 1975). These intentions reflect a person's willingness to adopt or use actions, and customer behavior depends on their intentions (Hati et al., 2020). Clear product information strengthens intentions, so the stronger the intention, the more likely the action is to be taken (Saputra et al., 2020). In Western countries, the intention to implement Islamic financial products is increasing (Bananuka et al., 2020). However, some countries, such as the UK, do not have specific Islamic finance regulations (Riaz et al., 2023). Research shows that Muslims make different decisions than non-Muslims, but often use services that do not comply with religious principles (Shahzad et al., 2021). Many Muslims continue to use conventional banks because they are unaware of the “non-halal” element or due to limitations of IB services and personal reasons (Johan et al., 2020; Ezeh & Nkamnebe, 2022). In this study, intention to use IB products was used as the outcome variable, with attitudes and subjective norms integrated into the research model as key elements to achieve the goal. These variables are important in the study of the behavior and use of IB products.

## **Customer Attitude**

Attitude is a person's judgment and reaction to something, which affects whether they like or dislike it (Kotler & Armstrong, 2018). Consumers consider satisfaction and benefits when choosing a product (Saputra et al., 2020). In the TRA and TPB models, attitudes are based on individual beliefs about behavioral outcomes, with positive behaviors considered to produce positive outcomes (Ajzen, 2015). Behavioral attitudes, which refer to a person's positive or negative assessment of using Islamic banking services (Mustapha et al., 2023), are influenced by voluntary consumer impact, emotional reactions to products, parenting, and social views (ElMassah & Abou-El-Sood, 2022). An individual's view of the object (behavioral beliefs) and assessment of the outcome determines the emotional attitude, which can be positive or negative (Johan et al., 2020). The extent to which a behavior is perceived as beneficial or detrimental will influence consumer attitudes, reflecting feelings of liking or disliking the options offered before further action is taken (Ayyub et al., 2020).

Previous research, including studies by Mbawuni & Nimako, (2017); Saiti et al., (2019); Bananuka et al., (2019); Johan et al., (2020); Ayyub et al., (2020); Effendi et al., (2020); Boubker et al., (2021); Shahzad et al., (2021); Resty & Hidayat, (2021); ElMassah & Abou-El-Sood, (2022); Singh et al., (2022); and Mustapha et al., (2023) showed that attitudes towards Islamic banking significantly influence the intention to use IB products. This attitude is important because it can predict the behavior of both Muslim and non-Muslim customers, with purchase intention positively correlated with attitude towards Islamic banking. An understanding of the Islamic economic system, the concept of profit sharing, and various terms in Islamic finance, such as *riba*, *ijarah*, *mudarabah*, *musharakah*, and *murabahah*, contribute to this attitude (Effendi et al., 2020). In addition, differences in the decision-making process between Muslims and non-Muslims are recognized (Brahmana & You, 2022). The TPB theoretical approach is used as a theoretical framework to analyze customer attitudes in this context. As a theoretical framework, the attitudes of Muslim and non-Muslim customers use the TPB theory approach. Thus, the following hypotheses were developed:

**H1:** Customer attitudes affect intention to use BSI products

## **Subjective Norm**

Subjective norms are social factors that influence individuals through social networks and cultural norms, reflecting the extent to which people around them support or oppose their actions. The opinions of people related to non-Muslim customers influence their decision to use Islamic banking (Saiti et al., 2019). Subjective norms reflect individual perceptions of peer group encouragement to use Islamic banking services (Mustapha et al., 2023) and are behaviors that are accepted or permitted in a group or society (Johan et al., 2020).

Empirical studies, such as those by Saiti et al., (2019); Bananuka et al., (2019); Johan et al., (2020); Ayyub et al., (2020); Singh et al., (2022) and Mustapha et al., (2023), showed that subjective norms contribute significantly to the intention of Muslims and non-Muslims to use IB products, because these norms reflect the views or values of individuals or groups that influence purchasing decisions (Singh et al., 2022). However, research by (Resty &

Hidayat, 2021), shows that subjective norms do not always affect customers' behavioral intention to choose IB. In addition, Akram & Akram, (2015) found that religious norms did not significantly influence non-Muslims' decision to use IB in a Muslim-majority country, while Brahmana & You, (2022) stated that the adoption of Islamic banking is strongly influenced by knowledge of its functions (Ezeh & Nkamnebe, 2022). Thus, the following hypothesis is developed:

**H2:** Customer subjective norms affect Intention to Use BSI products

### **Perception of Bank Merger**

After a merger, banks often consolidate services and change the products they offer, which may affect customers through changes in fees, terms, conditions, or service features (Bindal et al., 2020; Dahl et al., 2018). Bank mergers may cause direct and indirect impacts on customers, such as changes in services, product mergers or modifications, and migration of accounts to new systems, which may require adjustments or cause inconvenience to customers (Bindal et al., 2020). According to Coccorese & Ferri, (2020) merger strategies can improve bank effectiveness but are often unfavorable to customers, who tend to prefer the services of smaller banks that offer better service queues than large banks. Mergers may result in branch closures or mergers and changes to ATM networks, so customers may need to find new branches or adjust their ATM locations (Carletti et al., 2021). However, mergers can also provide benefits, such as access to more branch locations and a wider range of services Leledakis & Pyrgiotakis, (2019).

On the other hand, customers often face a loss of benefits or relationships with their previous bank after a merger. An unsmooth integration process can disrupt customer service, especially if technical or administrative problems occur during the transition (Carletti et al., 2021). Customers need to pay attention to communication from the bank regarding the changes that will occur, because banks usually provide information and procedures to facilitate adaptation (Ezeh & Nkamnebe, 2022). Research by Leledakis & Pyrgiotakis, (2022) shows that the positive impact of mergers on small transaction returns is limited after implementation, while an analysis of the impact of small bank mergers in the US post-Dodd-Frank Act (DFA) shows an increase in shareholder value compared to before the DFA. Although an initial positive reaction to the BSI merger was noted in the stock market, BSI share prices tended to decline after the merger (Brahmana & You, 2022). However, millennials showed greater interest in saving in Islamic banks after the merger (Resty & Hidayat, 2021). Here use consumer intention for BSI products as a moderating variable to investigate the impact of the merger of State Owned Islamic Bank, so the following hypothesis is formulated:

**H5:** IB Merger moderates the result of customer attitudes on intention to use BSI products

**H6:** Islamic Bank Merger moderates the result of customer subjective norms on Intention to Use BSI products

### **Perception of Bank Conversion**

Conversion, or system change for the better (Bank Indonesia Regulation No. 11/15/PBI/2009), aims to improve organizational effectiveness and adaptability to the external environment. Robbins notes that organizational modifications include policies, technology, systems, hardware, and personnel (Judge & Robbins, 2017). Organizational change involves initiatives arising from changes in development and operational directions (Kimhi et al., 2019). Lewin's model mentions three stages of change implementation: freezing, transfer and transformation process, and refreezing (Lewin, 2015). Dalati, (2018) states that organizational change affects ideas, implementation, roles, responsibilities, and member interactions. Bindal et al., (2020) emphasized that change is essential for organizational development in a competitive business climate. Factors such as market competition and customer needs drive change, which can ensure organizational survival and provide benefits such as increased competitiveness, financial performance, and customer satisfaction (Hussain et al., 2018) Adaptive organizational structures enable growth and new opportunities, while bank conversions can change transaction processes, including turnaround times and procedures. Banking transformation strategies are often more profitable and efficient than spin-off approaches (Trinugroho et al., 2021).

Conversion is the process by which a company replaces an old, less effective system with a new, more efficient system. In this context, IB conversion involves changing from a conventional bank to an Islamic bank. Organizational change is crucial to facing intense market competition and meeting new customer demands. Based on this, the following hypothesis was developed:

**H3:** IB conversion moderates the result of customer attitudes on intention to use BSI products

**H4:** IB conversion moderates the result of customer subjective norms on intention to use BSI products

**H7:** The attitudes of Muslim and non-Muslim customers are different in their intention to use BSI products

**H8:** Subjective norms of Muslim and non-Muslim customers different in their intention to use BSI products

### **METHOD**

Figure 1 below displays the conceptual framework created using the theoretical basis and actual research mentioned earlier. This study was conducted in Aceh, the province with the largest Muslim population in Indonesia and the privilege to comprehensively implement Islamic financial institutions. The target population consisted of both profitable and non-beneficial conventional banking customers, selected based on their potential purchasing power and decision-making ability regarding IB products. Data were collected through an online questionnaire and quota sampling was used to determine a sample of 300 customers, consisting of 150 Muslim and 150 non-Muslim customers.

Measures were evaluated through a structural model that considered the key determinants of attitudes, subjective norms, and IB adoption intentions by analyzing partial

and mediation effects. Moderation testing of conversion and merger was conducted using Moderated Regression Analysis (MRA) (Ferdinand, 2014). A multigroup t-test with significant differences in chi-square values was used (Hair et al., 2014) to analyse the correlation between Muslim and non-Muslim customers' attitudes.

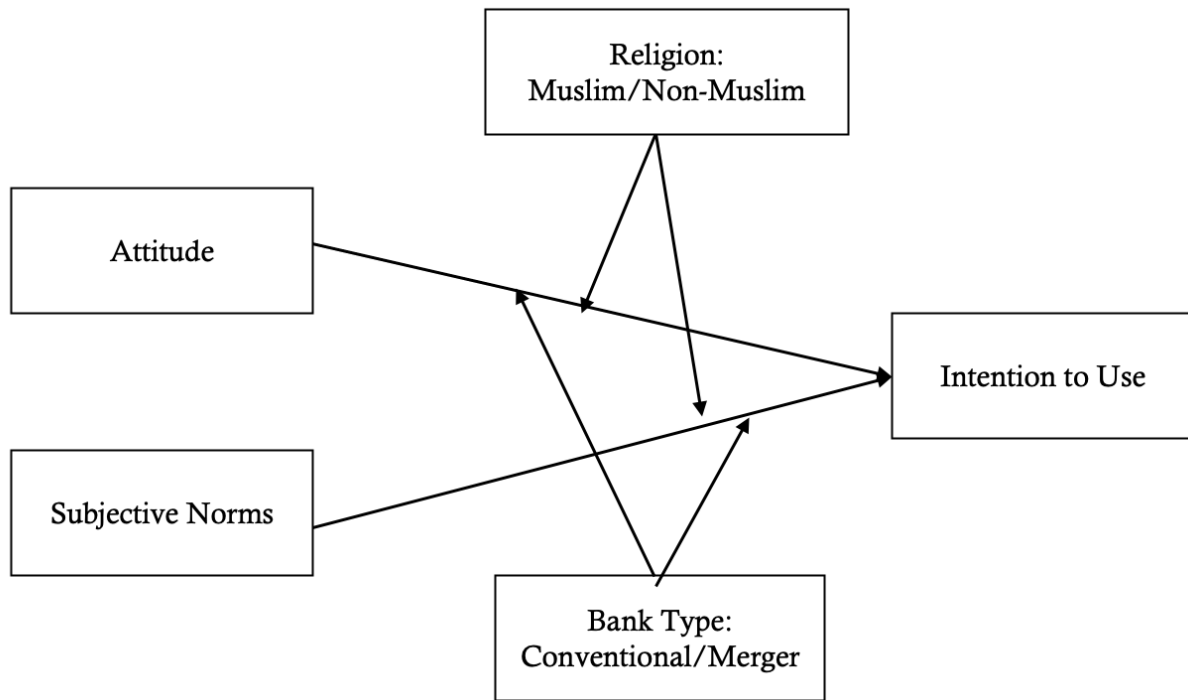


Figure 1. Development of a conceptual framework Model Theory Planned Behavior (Ajzen, 2005)

Product usage intention is adopted from Said et al. (2022), ElMassah & Abou-El-Sood (2022), and Effendi et al. (2020) with four statement items. Customer attitudes are adopted from Said et al. (2022) and Effendi et al. (2020) using six statement items. Subjective norms are adopted from Anshu et al., (2022) and Effendi et al. (2020) through five statement items. Merger perception is adopted from Utami et al., (2022); (Nevermann & Heckmann-Draisbach, 2023), and Leledakis & Pyrgiotakis (2022) with four statement items, while bank conversion was adopted from Cameron & Green, (2019) with four statement items. All statements were measured using a five-point Likert Scale, from (1) “strongly disagree” to (5) “strongly agree” (Likert, 1932).

## FINDING AND DISCUSSION

Table 1 shows the characteristics of the respondents in terms of gender, where the average respondent is male, with an average age of 36 to 45 years at present. They have a bachelor's degree on average and are currently entrepreneurs, while most of them use BSI services for savings purposes.

Table I. *Respondent Profile*

<b>Respondent characteristics</b>	<b>Number of respondents</b>	<b>Percentage</b>
<b>Gender</b>		
Male	205	68,33
Famale	95	31,67
<b>Religion</b>		
Muslim	150	50,00
Non-Muslim	150	50,00
<b>Age</b>		
18 - 25 year old	55	18,33
26 - 35 year old	60	20,00
36 - 45 year old	108	36,00
46 - 55 year old	59	19,67
56 and above	18	6,00
<b>Education</b>		
High school	98	26,67
Diploma	36	23,33
Bachelor's	108	32,00
Master's	39	16,33
Doctoral	19	1,67
<b>Occupation</b>		
Student	51	17,00
Government employee	44	14,67
Private employee	43	14,33
Businessman	109	36,33
Educator	40	13,33
Others	13	4,33
<b>The types of bank accounts held by customers</b>		
Current account	99	33,00
Saving account	123	41,00
Accounts for investments and financing	78	26,00
	<b>300</b>	<b>100</b>

Table 2. *Measurement Models*

<b>Variable</b>	<b>Valid Indicator</b>	<b>Statement</b>	<b>Std Loading</b>	<b>VE</b>	<b>CR</b>	<b>AVE</b>
<b>Intention of Use</b>	INT1	I chose BSI because I understand the basic concepts of Islamic banking.	0,606	0,512	0,806	0,716
	INT2	I was interested in BSI because the loan was interest-free.	0,754			
	INT3	I would like to find out more about BSI products and services.	0,809			
	INT4	I will become a repeat customer of BSI.	0,677			



<b>Customer Attitude</b>	AT1	Overall, BSI is the best solution	0,711			
	AT2	I like BSI products because they provide better benefits	0,622			
	AT3	Becoming a BSI customer is a wise step	0,690			
	AT4	I feel comfortable using BSI products	0,827	0,512	0,863	0,716
	AT5	I believe BSI is fair to all customers, both Muslim and non-Muslim.	0,684			
	AT6	I believe BSI can customize its services for Muslim and non-Muslim customers.	0,615			
<b>Subjective Norms</b>	SN1	BSI is already the top choice in Aceh today.	0,785			
	SN2	BSI is now the best Islamic bank.	0,663			
	SN3	Government and Community give full attention to BSI.	0,756	0,555	0,861	0,745
	SN4	My community is very supportive of using BSI.	0,729			
	SN5	BSI runs the system in accordance with sharia rules.	0,785			
<b>Merger Perception</b>	MP1	BSI merger makes the Bank's services better.	0,732			
	MP2	I believe the number of customers increased after the Merger.	0,858	0,535	0,820	0,732
	MP3	I believe Access and networking is easier.	0,656			
	MP4	Benefits provided after the merger are better.	0,663			
<b>Perception of IB Conversion</b>	CON1	The local government's decision to abolish non-sharia financial services is appropriate.	0,596			
	CON2	The time given for this change was sufficient.	0,706	0,578	0,842	0,760
	CON3	I do not feel aggrieved by this rule change.	0,903			
	CON4	I am in full support of this change.	0,801			

Table 2 shows that the standard loading (Std Loading) value exceeds 0.50, the Variant Extracted (VE) value is also above 0.50, the Construct Reliability (CR) value is more than 0.70, and the Average Variance Extracted (AVE) value for Discriminant Validity is more

than 0.70. SEM validity analysis shows that all criteria, including Convergent Validity and  $VE > 0.50$ ,  $CR > 0.70$ , and AVE for Discriminant Validity, have met the standards of construct and discriminant validity and reliability. Based on the test results in Table 2 and 3, all stages of validity and reliability have been met.

Table 3. Construct Validity Testing

Research Variables	Subjective Norms	Merger Perception	Bank Conversion	Customer Attitude	Intention of Using
Subjective Norms	<b>0,745</b>				
Merger Perception	0,179	<b>0,760</b>			
Bank Conversion	0,033	0,222	<b>0,732</b>		
Customer Attitude	0,037	0,205	-0,034	<b>0,716</b>	
Intention of Using	0,234	0,339	0,226	0,209	<b>0,716</b>

Table 4. Hypothesis Testing

Direct Hypothesis		Estimate	S.E.	C.R.	P	Information
H1:	Intention_Of_Using <--- Subjective_Norms	0,181	0,070	2,589	0,010	Accepted
H2:	Intention_Of_Using <--- Attitude	0,180	0,076	2,353	0,019	Accepted
Moderation Hypothesis						
H3:	Intention_Of_Using <--- Bank Conversion	-0,048	0,063	-0,768	0,442	<i>Pure Moderator</i>
	Intention_Of_Using <--- Moderation (AT*BC)	0,019	0,004	5,107	0,000	
H4:	Intention_Of_Using <--- Bank Conversion	-0,029	0,063	-0,462	0,644	<i>Pure Moderator</i>
	Intention_Of_Using <--- Moderation (SN*BC)	0,012	0,003	4,551	0,000	
H5:	Intention_Of_Using <--- Perception Merger	0,051	0,066	0,769	0,442	<i>Pure Moderator</i>
	Intention_Of_Using <--- Moderation (AT*PM)	0,015	0,004	4,343	0,000	
H6:	Intention_Of_Using <--- Perception Merger	0,089	0,067	1,327	0,184	<i>Pure Moderator</i>
	Intention_Of_Using <--- Moderation (SN*PM)	0,008	0,002	3,458	0,000	

Note: AT = Attitude; BC= Bank Conversion; SN = Subjective Norm; PM = Perception of Merger; \* = Multiplication

Table 4 indicates that first hypothesis, namely the existence of a direct relationship between subjective norms and intention to use, shows a significant value of 0.010, which is smaller than 0.05. This implies that subjective norms have a significant influence on intention to use. Testing the second hypothesis shows that the direct relationship between attitude and intention to use has a significant value of 0.019, which is less than 0.05. This indicates that attitude has a significant influence on intention to use.

Testing the third hypothesis shows that the effect of the bank conversion variable on intention to use is not significant, with a value of 0.442, which exceeds 0.05. In contrast, the effect of the moderating variable, which is the interaction between attitude and bank conversion, is significant with a value of 0.000, which is less than 0.05. This shows that bank conversion acts as a pure moderator to the relationship between attitude and intention

to use, with a coefficient of -0.048, which indicates that bank conversion weakens the effect of attitude on intention to use.

Testing the fourth hypothesis shows that the effect of the bank conversion variable on intention to use is not significant, with a value of 0.664, which exceeds 0.05. However, the moderating effect, which is the interaction between subjective norms and bank conversion, is significant with a value of 0.000, which is less than 0.05. This indicates that bank conversion serves as a pure moderator to the relationship between subjective norms and intention to use, with a coefficient of -0.029, indicating that bank conversion weakens the influence of subjective norms on intention to use.

Testing the fifth hypothesis shows that the effect of the merger perception variable on intention to use is not significant, with a value of 0.442, which exceeds 0.05. In contrast, the moderating effect, i.e. the interaction between merger perception and attitude, is significant with a value of 0.000, which is less than 0.05. This shows that merger perception acts as a pure moderator of the relationship between attitude and intention to use, with a coefficient of 0.089, indicating that merger perception strengthens the effect of attitude on intention to use.

Testing the sixth hypothesis shows that the effect of the merger perception variable on intention to use is not significant, with a value of 0.184, which exceeds 0.05. However, the moderating effect, i.e. the interaction between merger perception and attitude, is significant with a value of 0.000, which is less than 0.05. This indicates that merger perception serves as a pure moderator of the relationship between subjective norms and intention to use, with a coefficient of 0.051, indicating that merger perception strengthens the influence of subjective norms on intention to use.

Table 5. *Multigroup Hypothesis*

		Variable		Muslim				Non-Muslim			
		Endogen	Exogen	Estimate	S.E.	C.R.	P	Estimate	S.E.	C.R.	P
H7:	Intention_Of_Using	<--	Attitude	-0,030	0,246	-0,120	0,904	0,249	0,093	2,683	0,007
H8:	Intention_Of_Using	<--	Subjective_Norms	0,617	0,256	2,415	0,016	0,215	0,120	1,788	0,074

Table 5 presents the multigroup hypothesis testing results for Muslim and non-Muslim respondents. The seventh hypothesis shows that for Muslim respondents, the effect of attitude on intention to use is insignificant, with a probability value of 0.904, which exceeds 0.05. In contrast, for non-Muslim respondents, the effect is significant, with a probability value of 0.007, which is less than 0.05. Therefore, it can be concluded that the effect of attitude on intention to use differs between Muslims and non-Muslims.

The eighth hypothesis shows that for Muslim respondents, the effect of subjective norms on intention to use is significant, with a probability value of 0.016, which is less than 0.05. In contrast, for non-Muslim respondents, the probability value is insignificant, at 0.074, which exceeds 0.05. Therefore, the effect of subjective norms on intention to use differs between Muslims and non-Muslims.

## **CONCLUSION**

This study concludes that customer attitudes generally contribute significantly to the intention to use IB products, although this is not the case for Muslim customers. In contrast, non-Muslim customers showed positive and significant attitudes. Subjective norms had a substantial impact on customer intentions, but only for Muslim customers, while non-Muslim customers showed no significant contribution. IB conversion weakened the influence of attitude and subjective norms on the intention to use IB services. However, the merger of the three banks strengthened customers' attitudes and subjective norms towards BSI Bank products.

This study concluded that subjective norms do not contribute substantially to the intention of non-Muslim customers to use Sharia Bank products. This is in line with the findings of Akram & Akram, (2015), which show that non-Muslim customers do not show the influence of religiosity in choosing savings in Muslim-majority countries. Mahdzan et al., (2017), also noted that non-Muslims' hesitation in using IB services is often due to the perception that IB is only for Muslims.

Muslim customers do not show a playful attitude towards their plans to use Islamic Bank products, as they believe that business owners need more time to switch to Shariah compliant products. Their trust in Syariah's services is still not fully established. Some customers see similarities between Islamic and conventional banking services, with the only difference being customization to appeal to the Muslim community (Hati et al., 2020). Customers' decisions are influenced by the need for a deeper understanding of Islamic banking principles (Mustapha et al., 2023).

Islam prohibits interest-based transactions with banks, yet many Muslims have not applied this principle consistently (Bananuka et al., 2020). This may be due to a lack of understanding regarding the "non-halal" aspects of conventional banks (Mustapha et al., 2023). In addition, the perception that Islamic banks are not significantly different from conventional banks reduces awareness of the negative impacts of using conventional banks. The availability of IB services in many Islamic countries as well as the level of religiosity of individuals may also influence this decision (Riaz et al., 2023).

IB conversion has the potential to weaken customers' attitudes and subjective norms towards BSI Bank products, especially due to the suddenness of the change and the lack of consideration involving the new elements. Customers accustomed to conventional services often feel forced to switch to new services that are limited and inadequate. Hence, many resist conversion from conventional to Islamic banking, wanting both types of banks to operate side by side. In contrast, the bank merger may strengthen customers' attitudes and subjective norms towards Bank BSI products, as the improved services and expanded reach resulting from the merger of three state-owned banks may reinvigorate customers' attitudes and subjective norms.

This research provides valuable insights for the Islamic banking industry in understanding the needs and preferences of Muslims and non-Muslims in Indonesia, and helps design effective strategies by introducing innovative services in accordance with Islamic attitudes and regulations. BSI should be a role model for other banks, given that

Islam is considered a mercy for all natures by Muslims. It is important for customers to understand various Islamic finance concepts, such as *riba*, *sharia*, *ijarah*, *mudarabah*, *musharakah*, and *murabahah* (Effendi et al., 2020).

BSI should actively engage with the interfaith community to promote the understanding that IB is a pluralistic framework that welcomes individuals from diverse religious backgrounds. Islam and other religions should not be used as political tools in the promotion of IB. Education about Islamic banking should be done through various channels such as public relations, marketing, and engagement with political and religious leaders, using mass media, blogs, conferences, seminars, and public forums to achieve wider understanding.

This study is limited to one Islamic banking institution, BSI, and focuses on one province in a Muslim-majority country, which may not reflect conditions in countries with a more balanced distribution of Muslims and non-Muslims. For future research, it is recommended to explore various Islamic banks and consider additional variables such as level of religious observance and moderation, in order to gain a more comprehensive insight into customer attitudes, especially in Indonesia and countries with a more balanced distribution of Muslims and non-Muslims.

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