



Preferences of Millennial Generation in Choosing Islamic Banking Services: A Case Study

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Article Info

Article history:

Received 23 July 2024

Received in revised form 9 September 2024

Accepted 12 January 2024

Keywords:

Preference

Millennial Generation

Sharia Marketing

Abstract

This study aims to determine the preferences of the millennial generation in choosing Islamic banking services in Makassar City. This research is a descriptive study with a quantitative approach with data analysis techniques using simple linear regression and hypothesis testing consisting of t test and the coefficient of determination. The results of the study show that the Millennial Generation's consumer preferences have a positive and significant influence on the Millennial Generation's decision to choose Sharia Banking Services in Makassar City. The sharia marketing concept is expected to be applied in supporting the development of sharia products, especially for the millennial generation, which currently has a large population.

Introduction

The development of the marketing concept is currently happening dynamically, this is characterized by changes in technology and information that also make consumer perceptions change. Consumers today are quite smart, characterized by the amount of information known before choosing and deciding on a product or service that they want to use so that the marketing concept must adjust to these changes. Consumer understanding of the value of a product and service has also developed where consumers are now aware of whether the product is in accordance with the teachings of their religion, especially in Indonesia where the majority of the population are Muslim.

The perception that the conventional market is always more profitable and the Islamic market is interpreted as a market for Muslims today is not correct. Therefore, in conducting business competition, business actors must do the best, to realize it all, it is not uncommon for business actors to do everything possible to achieve it, even they justify all means to be able to achieve it so that there is unhealthy business competition. Sharia marketing has a strategic position because this marketing is one of the marketing strategies based on the Quran and Sunnah of the Prophet Muhammad SAW. Islamic marketing is a strategic discipline that directs the process of creating, offering, and changing values from one initiator to its stakeholders in the whole process in accordance with Islamic contracts and principles and muamalah in Islam. (Alma & Priansa, 2009). In addition, according (Kertajaya & Sula, 2008). Sharia marketing is not only profit-oriented but also contains the value of worship values. In Islam, it has been given direction that in marketing all aspects of muamalah the origin of the law is permissible unless there is evidence that forbids it. The important thing about marketing in accordance with sharia principles is that it prohibits all forms of invalid transactions that will have a mudharat impact on others such as usury, fraud, gharar and etc (Syukur & Favouritha, 2023; Syari'ati, 2024).

The millennial generation is a unique generation and different from other generations, this is due to the influence of the development of the internet, smartphones and social media

(facebook, instagram, whatsapp etc), thus influencing the mindset and behavior of the millennial generation, in accordance with the characteristics of the millennial generation, namely wanting to be fast-paced, creative, dynamic, technologically literate, easily changing jobs in a short time, close to social media, and etc (Sebastian, 2016; Tirendi & Gargiulo, 2024). Seeing the behavior of the millennial generation or usually called gen Y, researchers are interested in conducting research on how millennial generation preferences for Islamic banking products.

However, with the development of Islamic banking, consumers, especially the millennial generation, do not necessarily choose Islamic banking as their financial service, this is due to several factors that influence them, namely knowledge and attitudes. previous research conducted (Romadhoni & Rafiqi, 2021) get the results of millennial generation is carried out with product socialization and the second strategy is to take advantage of mass media by holding Vidio Vlog events.

Literature Review

Marketing Management

Marketing Management is the art and science of selecting target markets and obtaining, maintaining and creating, delivering and communicating superior customer value (Kotler, 2016). Marketing management is the activity of analyzing, planning, implementing and supervising all activities to obtain a profitable level of exchange with target buyers in order to achieve organizational goals (Ngatno, 2017). Marketing management is planning, directing and supervising all marketing activities of the company or part of the company. From this definition, marketing management is an effort to plan, implement (which consists of organizing and directing activities) and supervise or control marketing activities in an organization in order to achieve organizational goals effectively and efficiently (Hadrian et al., 2021; Haq et al., 2022).

Shariah Marketing

According Asnawi & Fanani (2017) marketing is part of a form of muamalah that is permitted in Islam as long as in the process it still complies with Islamic regulations and stays away from its prohibitions. We can describe marketing is a muamalah practice based on Islamic sharia principles involving interested parties to obtain benefits and value. Thus, marketing is a form of business agreement made by humans to be adhered to by committed parties. Islamic marketing is a business strategy that leads to the process of creating, offering, and changing value from an initiator to its stakeholders in the whole process in accordance with the contracts and principles of muamalah or business in Islam and there must be no things that contradict the contracts and principles of Islamic muamalah. So, any form of transaction in marketing can be done if it does not deviate from the contract and sharia principles.

Consumer Behavior

Consumers are the most important element in marketing which is of great concern to a business institution. This is because consumers are the target of products, both goods and services produced by producers. Without consumers the business will never achieve any goals. (Kotler, 2016) Preference is the tendency of people to like something. It can also be interpreted as a person's choice of liking or disliking the product or service used. Preference is one part when someone makes a decision-making process. Other components also include satisfaction, attitudes, values, and perceptions.

Consumer behavior is a field of science that studies how individuals, groups and organizations choose, buy, use and utilize goods, services, ideas or experiences in order to satisfy their needs

and desire (Kotler, 2005) in (Razak, 2016). (Schiffman & Kanuk, 2007) suggests that consumer behavior is the study of the processes that occur when individuals or groups select, buy, use or stop using products, services, ideas or experiences in order to satisfy certain desires and desires. From the several definitions above, it can be concluded that consumer behavior is basically the physical and mental activities of end consumers and business consumers which include activities to obtain, consume and stop using certain products, services, ideas and or experiences.

Millenial Generation

The development of composition population in Indonesia has undergone many changes. The dominance of productive age is currently growing rapidly more than 35% of Indonesia's population in the age group of 15-34 years in 2015 or 1/3 of the total population in Indonesia. In Indonesia there more than 80 million millenial generation or ussualleye we called gen Y in 2010 and will increase to 90 million by the end of 2030, which means that 1/3 of Indonesian society is generation Y. Theoretically, a generation is formed as a group that has a similar birth year, age, location and significant life events at a critical stage of development. So, a generation becomes different from other generations because of the changing factors that bring it about.

Generation Y or commonly known as the millennial generation is a generation that is sensitive to changes in information, lifestyle and gadgets. Their numbers are now starting to multiply in the banking industry. Based on national statistics, the number of labor force in August 2019 reached more than 121 million and as many as 66% are already working (Madiistriyanto & Hadiwijaya, 2020).

The millennial generation is a generation born in 1977 until 1994. An important stage in the millennial generation's development is technological advances that cannot be separated from their routine. The characteristics of the millennial generation have a level of education and knowledge that has increased from their predecessors. This generation sees a better diversity. It is termed the millennium generation because this generation feels the advancement of technology and the movement of the millennium year from 1990 to the 2000s. (BPS, 2018).



Figure 1. Frame work

Based on the previous discussion, the researcher makes the following hypothesis:

H₁: Consumer preferences have a positive and significant effect on Millennial Generation's decision to choose product Islamic banking in Makassar City.

Methods

The type of research used in this study uses quantitative research with survey methods. Survey research methods are used to obtain data from certain natural places. (Sugiono, 2017). Quantitative research can be interpreted as a research method based on the philosophy of positivism used to research on certain populations or samples. The data collection technique used is a questionnaire. The population used with the specified characteristics is the millennial generation born in 1980-2000 and has had a job and work experience of at least 1 year. Sampling in this study used a non-probability sampling method with the Insidental Sampling sampling. The sample in the study who filled out the research questionnaire was 50 respondents who were students of the Faculty of Economics and Business, Muhammadiyah University of

Makassar. The data analysis method uses simple linear regression, validity test, reliability and hypothesis testing which consists of the t test and the coefficient of determination and is analyzed using software SPSS version 23.

Table 1. Operational Definition of Variables

Variable	Definition
Preference of Millenial Generation	Defined which consists of the knowledge and attitudes of millennials in choosing Islamic banking services.
Purchase Decision	Defined as a millennial generation consumer decision-making process to use Islamic banking services for saving and borrowing.

Results and Discussion

This data is primary data obtained based on the results of questionnaires that support this research. As well as the results of testing the analytical methods used in this study using the SPSS version 23. The results can be seen in the following table :

Table 2. Uji Validity Test Preference

Variabel Preference Millenial Generation	<i>r</i> table	<i>Correct Item-Total Correlation</i>
X1.1	0.235	0.596
X1.2	0.235	0.802
X1.3	0.235	0.706
X1.4	0.235	0.749
X1.5	0.235	0.702

Source: data processed SPSS 23 (2023)

The validity test results show that all question items in the millennial generation preference research variable in the questionnaire are valid and can be used as a research measurement tools. This research is evidenced by the Corrected Item -Total value or $r_{count} > r_{table}$ with a value of 0.235.

Table 3. Validity test Purchase Decision Variable

Purchase Decision Variable	<i>r</i> table	<i>Correct Item-Total Correlation</i>
Y1.1	0.235	0.536
Y1.2	0.235	0.737
Y1.3	0.235	0.827
Y1.4	0.235	0.836
Y1.5	0.235	0.840

Source: data processed SPSS 23 (2023)

The validity test results show that all question items in the millennial decision research variable in the questionnaire are valid and can be used as research measuring instruments. This research is evidenced by the Corrected Item -Total value or $r_{count} > r_{table}$ with a value of 0.235

Table 4. Realibility Preference of Millenial Generation

Cronbach's Alpha	N of Items
.759	5

Source: data processed SPSS 23 (2023)

Based on the results of the Millennial Generation Preference instrument reliability test in this study, it can be said reliable, it be seen in the table below that the Cronbach's Alpha value is 0.759 which is more than the $r > 0.60$ value so that this value can be said to be reliable if it is used several times to measure the same object so that it produces the same data.

Table 5. Realibility Purchase Decision

Cronbach's Alpha	N of Items
.785	5

Source: data processed SPSS 23 (2023)

Based on the results of the reliability test of the Millennial Generation Decision instrument in this study, it can be said to be reliable or reliable, it can be seen in the table below that the Cronbach's Alpha value is 0.785 which is more than the $r > 0.60$ value so that this value can be said to be reliable if it is used several times to measure the same object so that it produces the same data.

Table 6. Simple Linear Regression

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std.Error	Beta		
1	(Constant)	14.495	2.925	4.956	.000
	Total_Preferensi	.365	.134	.367	.009

Source: data processed SPSS 23 (2023)

Based on partial testing as in the table above, it shows that the Preference of Millenial Generation variable has a positive and significant effect on Purchase decision in product Islamic Banking. Furthermore, in the table it can also be seen that the results of the simple linear regression equation of this research model are as follows:

$$Y = 14,495 + 0.365 X_1$$

Based on the simple linear regression equation above, it can be interpreted as :

The constant (a) obtained a value of 14.495 states that the amount of millennial generation purchase decisions will increase by 14.495 units when other variables are considered constant.

$b_1 = 0.365$, has a positive sign indicating that Millennial Generation Preferences have a positive influence on millennial generation purchase decisions. The b_1 coefficient can be said to be significant because $\text{sig} = 0.000$ is smaller than the value of $\alpha = 0.05$. This can be explained that if there is an increase in the Preference variable and other variables are constant, it will increase the decision millennial generation to choose Islamic banking services by 0.365.

Table 7. Coefficients

Model		T	Sig.
1	(Constant)	4.956	.000
	Total X	2.729	.009

Source: data processed SPSS 23 (2023)

The hypothesis testing method with t_{count} can be seen if $t_{\text{count}} > t_{\text{table}}$ the hypothesis is accepted otherwise if $t_{\text{count}} < t_{\text{table}}$ then the hypothesis is rejected. In this study using a 95% confidence degree or with an error rate of 5%, the coefficients below obtained a t_{count} value of $2.729 > t_{\text{table}} 1.679$.

Table 8. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.367	.134	.116	2.002

Source: data processed SPSS 23 (2023)

Based on the results of the determination test above, it can be explained that the correlation (R) is at 0.367 or in a weak level while the coefficient of determination (R^2) is 0.134. This coefficient of determination states that the Millennial Generation's preference is 13.4% and the remaining 86.6% shows the influence of other variables not included in this study.

The results of hypothesis testing indicate a positive and significant influence between millennial generation preferences on decisions to choose Islamic banking services in Makassar City, South Sulawesi Province. From the answers to the respondents questionnaires, consumer preferences have indicators consisting of Knowledge and Attitudes. Where the consumer decision indicator consists of aspects of saving and borrowing. In the preference variable, the Knowledge indicator has the highest score among other indicators, this means that respondents already know the differences in products between conventional and Islamic banks which are felt to be useful in personal life or daily life. This means that millennials get good information in choosing Islamic banking service products. This is supported by research (Andriani & Juliandi, 2008) which states that aspects of knowledge and attitudes have a positive and significant relationship to the decision to accept Islamic banking in Medan City with details The knowledge of the Medan community towards Islamic banking is quite good, with a dominant average value of agreeing. This is supported by research (Titisari & Susanto, 2020) which indicates that consumer preferences will positively influence consumer decisions. The decisions that consumers will make will be influenced by how consumer preferences are formed from how these consumers obtain information, input and filter this information which will be described by how consumer attitudes after obtaining information and the possibility of actions taken by consumers. Research conducted by (Larasati, 2019) shows that the behavior of the millennial generation has a significant effect on the intention to become an Islamic bank customer. As for the behavior that has the greatest influence on the intention to become an Islamic bank customer, namely the obligation to have social media and the use of technology and information. The results of this study are also supported by (Supriyanto et al., 2021) which states that the behavior of the millennial generation is significantly related to the decision to become an Islamic bank customer. As for the behavior that has the greatest influence value on the intention to become an Islamic bank customer, namely the obligation to have social media and the use of technology and information.

Conclusion

This study aims to see the influence of consumer preferences in choosing Islamic banking, especially in the millennial generation in Makassar City. The conclusions obtained from this study indicate that millennial generation preferences consisting of knowledge and attitude aspects will influence decision making in choosing Islamic banking. Of the two aspects, the knowledge aspect has a more dominant position in shaping the preferences of the millennial generation in choosing Islamic banking. The implication of this research is that Islamic banking, apart from paying attention to service factors, Islamic banking also needs to pay attention to marketing aspects in the form of products that really match the characteristics of today's millennial generation who like flexibility, convenience and reliability so that millennials are able to obtain better information so that they can choose Islamic banking as their first choice.

Suggestion

Based on the discussion and conclusions above, the researcher can express several suggestions, including the following: 1) Millennials, especially those sampled in Makassar City, are certainly different from those in the regions so that they can show different results so that the authors suggest more comprehensive research be carried out.

Islamic banking, which is growing rapidly at this time, must pay more attention to the millennial generation with a marketing strategy that emphasizes digitalization and service reliability because the current workforce is dominated by this generation.

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