CHAPTER V

RESULT AND DISCUSSION

A. Descriptive Analysis

Descriptive analysis in this study explains about the general description of respondents that describe the characteristics of respondents. Sampling technique used for this study is purposive sampling technique and the sample size is 66 respondents. The criterias for the sample are: 1) Debtors of Bangun Drajat Warga (BDW) Sharia Rural Bank, 2) Debtors are currently using *Mudharabah* and *Musyarakah* financing services from BDW Sharia Rural Bank, 3) Debtors are working as SMEs actors, 4) Debtors are technology and internet users. Thus, the characteristics of the respondents in this study including:

1. Gender

Respondent classification based on gender explained as follow:

TABLE 5.1.
Respondent Classification based on Gender

Gender	Frequency	Percentage
Male	37	56,1%
Female	29	43,9%
Total	66	100,0%

Source: Primary Data processed using SPSS15

According to Table 5.1., this study involved more male respondents with 56,1% than female respondents with 43,9%. The respondents consist of 37 males and 29 females with total 66 respondents. The result can be used to indicate that *Mudharabah* and *Musyakarah* financings in BDW Sharia Rural Bank had more male debtors than female debtors.

2. Age

Respondent classification based on age explained as follow:

TABLE 5.2.

Respondent Classification based on Age

Age	Frequency	Percentage
20 - 29 years old	8	12,1%
30 - 39 years old	25	37,9%
40 - 49 years old	26	39,4%
≥49 years old	7	10,6%
Total	66	100,0%

Source: Primary Data processed using SPSS15

Based on Table 5.2., there are 4 age classification for the respondents. The result shows that most of the respondents involved in this study are between 40 – 49 years old with percentage of 39,4% consist of 26 respondents. The result can be used to indicate that respondents at the age between 40 – 49 years old use *Mudharabah* and *Musyarakah* financings in BDW Sharia Rural Bank to support the business. The result also shows that most of the debtors of *Mudharabah* and *Musyarakah* financings in BDW Sharia Rural Bank are at productive age who working actively in SMEs sectors.

3.   Educational Background

Respondent classification based on educational background explained as follow:

TABLE 5.3.

Respondent Classification based on Educational Background

Educational Background	Frequency	Percentage
Elementary School	1	1,5%
Junior High School	1	1,5%
Senior High School	21	31,8%
Diploma	10	15,2%
Bachelor	32	48,5%
Postgraduate	1	1,5%
Total	66	100,0%

Source: Primary Data processed using SPSS15

Based on Table 5.3., educational background of the respondent can be classified into 6 classifications. The table of result shows that respondents who had bachelor educational background have highest frequency with 32 respondents among total 66 respondents. According to the result, it shows that most of the respondents in this study had passed bachelor degree. This condition means that most debtors of *Mudharabah* and *Musyarakah* financings in BDW Sharia Rural Bank are well-educated. It is also related with one of the requirements to apply for a financing in BDW Sharia Rural Bank, that requires the debtors to understand the law related with any banking activity.

Based on the interview with respondents and bank representative during data collection process, the bank gives specific requirement for the debtor who is less-educated. A debtor who does not really understand

banking knowledge but wants to apply for financing is required to have a guardian. The guardian has a role to guarantee that both bank and debtor can carry out the agreement in accordance with the provisions.

4. Residence

Respondent classification based on residence explained as follow:

TABLE 5.4.
Respondent Classification based on Residence

Residence	Frequency	Percentage
Yogyakarta City	16	24,2%
Sleman	14	21,2%
Bantul	34	51,5%
Gunung Kidul	1	1,5%
Outside DIY	1	1,5%
Total	66	100,0%

Source: Primary Data processed using SPSS15

According to Table 5.4., most of the respondents in this study reside in Bantul Regency. The result shows that 34 respondents out of total 66 respondents reside in Bantul Regency. Since the respondents are the debtors of *Mudharabah* and *Musyarakah* financing in BDW Sharia Rural Bank, the result can indicate that most of the bank's debtors reside in Bantul Regency. This condition can be caused due to the location of BDW Sharia Rural Bank. Although the bank has few branches in Yogyakarta City and Bantul, but since the bank was established in Bantul and the head office is now located in Bantul, so the debtors also mostly come from near head office location. Choosing the nearest bank also make easier for the debtors for coming to the bank office, especially for Rural Banks that do not have a lot of branches in many locations like Commercial Banks.

5.   Fintech Knowledge

Respondent classification based on respondent's understanding about Fintech explained as follow:

TABLE 5.5.
Respondent Classification based on Fintech Knowledge

Fintech Knowledge	Frequency	Percentage
Yes	38	57,6%
No	28	42,4%
Total	66	100,0%

Source: Primary Data processed using SPSS15

Based on Table 5.5., more than half of total respondents are aware about the existence of Fintech in Indonesia. Among the total 66 respondents, 38 of them already know about Fintech. Despite respondent's understanding about Fintech, based on the interview, no one is using Fintech service currently. The respondents felt the convenient from using financing service by BDW Sharia Rural Bank and felt satisfied with service performance of BDW Sharia Rural Bank, but the respondents also agreed that the facilities and technology innovation from Fintech will support the debtor's activities even more.

B. Instrument Quality Test

The instrument quality test needs to be conducted to ensure that the instruments used in this study are valid and reliable in order to get valid and reliable result. Instrument quality test includes validity test and reliability test.

1.   Validity Test

Validity test conducted to analyse that the instrument in this study is valid instrument to measure what should be measured.

TABLE 5.6.
Result of Validity Test

Variables	Questions Item	r_{value}	r_{table}	Explanation
Perceived Financial Technology	PerceivedFintech1	0,892	0,3150	Valid
	PerceivedFintech2	0,835	0,3150	Valid
	PerceivedFintech3	0,784	0,3150	Valid
	PerceivedFintech4	0,878	0,3150	Valid
Service Feature	ServiceFeature1	0,898	0,3150	Valid
	ServiceFeature2	0,843	0,3150	Valid
	ServiceFeature3	0,864	0,3150	Valid
	ServiceFeature4	0,797	0,3150	Valid
Perceived Ease of Use	PerceivedEaseofUse1	0,961	0,3150	Valid
	PerceivedEaseofUse2	0,924	0,3150	Valid
	PerceivedEaseofUse3	0,885	0,3150	Valid
Perceived Risk	PerceivedRisk1	0,959	0,3150	Valid
	PerceivedRisk2	0,968	0,3150	Valid
	PerceivedRisk3	0,935	0,3150	Valid
Debtor's Preference	DebtorsPreference1	0,865	0,3150	Valid
	DebtorsPreference2	0,801	0,3150	Valid
	DebtorsPreference3	0,804	0,3150	Valid
	DebtorsPreference4	0,877	0,3150	Valid

Source: Primary Data processed using SPSS15

Validity test in this study conducted using Pearson Correlation. The result of validity test can be decided by comparing r_{value} and r_{table} with df (n – 2) = 64 and probability = 0,01. The instrument can be classified as valid instrument if r_{value} (Pearson Correlation) > r_{table}. Based on the result of validity test, r_{value} for all item questions are higher than r_{table}. The result meets the requirement so that all instruments used in this study can be stated as valid instruments.

2. Reliability Test

Reliability test measures the level of consistency of the instrument whether the instrument can be used more than once. By using the instrument in this study, at least the respondent is expected to give consistent data.

TABLE 5.7.
Result of Reliability Test

Variables	Cronbach's Alpha	Explanation
Perceived Financial Technology	0,867	Reliable
Service Feature	0,859	Reliable
Perceived Ease of Use	0,914	Reliable
Perceived Risk	0,951	Reliable
Debtor's Preference	0,858	Reliable

Source: Primary Data processed using SPSS15

Analysis of reliability test in this study used Cronbach's Alpha. The instrument can be classified as reliable instrument if the value of Cronbach's Alpha $\geq$ 0,70. According to the result of reliability test, the value of Cronbach's Alpha for all variables are higher than 0,70. Thus, based on the result, it can be concluded that all variables in this study are reliable.

C. Classical Assumptions

Classical assumptions test should be done to provide the best unbiased linear estimator or BLUE (Best Linear Unbiased Estimator) regression model. Classical assumptions test that should be conducted for primary data are normality test, multicollinearity test, and heteroscedasticity test.

1.	Normality Test

The purpose of normality test is to ensure that the collected data is normally distributed.

TABLE 5.8.
Result of Normality Test

Variables	Sig. (α)	Explanation
Unstandardized Residual	0,134	Normal

Source: Primary Data processed using SPSS15

Normality test in this study conducted using Kolmogorov Smirnov where the residual can be stated as normally distributed if the significant value (α) of the residual is higher than 0,05 (sig. > 0,05). According to the result, significant value equals 0,134 which is higher than 0,05. Thus, it can be concluded that the residual is normally distributed.

2.	Multicollinearity Test

The aim of multicollinearity test is to test the correlation between independent variables in a regression model. A regression model can be stated as a good model if there is no correlation between each independent variable.

TABLE 5.9.
Result of Multicollinearity Test

Variables	VIF	Explanation
Perceived Financial Technology	2,377	Passed
Service Feature	2,659	Passed
Perceived Ease of Use	2,079	Passed
Perceived Risk	1,983	Passed

Source: Primary Data processed using SPSS15

Multicollinearity can be detected by looking into Variance Inflation

Factors (VIF) value. If VIF value is lower than 10 (VIF < 10), then it can be

concluded that there is no multicollinearity among each independent

variable. According to the result, the VIF value for all independent variables

is lower than 10, so the model has passed multicollinearity test. Thus, there

is no high correlation between independent variables in the regression model

in this study.

3.   Heteroscedasticity Test

The purpose of heteroscedasticity test is to detect deviation from

classical assumption requirements in regression model. A good regression

model should pass heteroscedasticity test. Heteroscedasticity test can be

conducted by regressing absolute residual value with independent variables

in the model.

TABLE 5.10.
Result of Heteroscedasticity Test

Variables	**Sig. (α)**	**Explanation**
Perceived Financial Technology	0,167	Passed
Service Feature	0,153	Passed
Perceived Ease of Use	0,353	Passed
Perceived Risk	0,068	Passed

Source: Primary Data processed using SPSS15

Heteroscedasticity test in this study is conducted by using Glejser

Test. If significant value (α) is higher than 0,05 (sig. > 0,05), then it can be

concluded that the regression model does not suffer from heteroscedasticity.

Based on the result, the significant values for all variables are higher than

0,05. Thus, it can be concluded that the model has passed heteroscedasticity test where variable variance in the regression model has the constant value.

D. Multiple Linear Regression

The purpose of conducting multiple linear regression is to analyse the influence of more than one independent variables toward a dependent variable. Conducting multiple linear regression is used to provide the direction and magnitude of independent variables toward dependent variable. Based on data processing that has been conducted using SPSS15, the multiple linear regression analysis in this study explained as follow:

TABLE 5.11.
Result of Multiple Linear Regression

Variables	B	Sig.
Perceived Financial Technology	0,324	0,007
Service Feature	0,337	0,008
Perceived Ease of Use	0,330	0,003
Perceived Risk	-0,060	0,574

Source: Primary Data processed using SPSS15

Regression equation in this study is formulated as below:

$$DP = \beta_1 PFT_t + \beta_2 SF_t + \beta_3 PEU_t + \beta_4 PR_t + e$$

$$DP = 0,324PFT + 0,337SF + 0,330PEU - 0,060PR$$

Where:

DP   = Debtor's Preference

PFT   = Perceived Financial Technology

SF   = Service Feature

PEU   = Perceived Ease of Use

PR   = Perceived Risk

β_1 = coefficient of Perceived Financial Technology

β_2 = coefficient of Service Feature

β_3 = coefficient of Perceived Ease of Use

β_4 = coefficient of Perceived Risk

e   = residual / error

Based on the result, variable Service Feature influences the Debtor's Preference the most with coefficient 0,337, followed by Perceived Ease of Use with coefficient 0,330 and then Perceived Financial Technology with coefficient 0,324. Perceived Risk is the variable that gives the least influence toward Debtor's Preference with coefficient 0,060. Perceived Financial Technology, Service Feature, and Perceived Ease of Used each has positive influence toward Debtor's Preference. Perceived Risk is the only variable in this study that has negative influence towards Debtor's Preference.

E. Coefficient of Determination (R^2)

Coefficient of determination in regression analysis shows the proportion of dependent variable explained by the independent variables. The result of coefficient of determination according to the data processing explained as follow:

TABLE 5.12.

Result of Coefficient of Determination

R Square	Adjusted R Square
0,656	0,633

Source: Primary Data Processed using SPSS15

Based on the result, the value of adjusted R^2 is 0,633 which means that Perceived Financial Technology, Service Feature, Perceived Ease of Use, and Perceived Risk can explain as much as 63,3% of influence on Debtor's Preference. The other 36,7% is explained by other variables outside the model.

F. **Hypothesis Test**

1. T – Test

The purpose of T – Test is to analyse the influence of each independent variables toward dependent variable partially. The result of T – Test can be determined by looking at the significant value for each variable. If the significant value is higher than 0,05, then Do Not Reject H0. If the significant value is lower than 0,05, then Reject H0.

TABLE 5.13.

Result of T – Test

Variables	Sig.
Perceived Financial Technology	0,007
Service Feature	0,008
Perceived Ease of Use	0,003
Perceived Risk	0,574

Source: Primary Data processed using SPSS15

a. Hypothesis 1

H0: Perceived Financial Technology does not have significant and positive influence towards the change of Debtors' Preference on Sharia Rural Bank.

H1: Perceived Financial Technology has significant and positive influence towards the change of Debtors' Preference on Sharia Rural Bank.

The significant value for Perceived Financial Technology is 0,007 which is lower than 0,05, then the result is Reject H0. Thus, it means that **Perceived Financial Technology has significant and positive influence towards the change of Debtors' Preference on Sharia Rural Bank.**

b. Hypothesis 2

H0: Service Feature does not have significant and positive influence towards the change of Debtors' Preference on Sharia Rural Bank.

H2: Service Feature has significant and positive influence towards the change of Debtors' Preference on Sharia Rural Bank.

The significant value for Service Feature is 0,008 which is lower than 0,05, then the result is Reject H0. Thus, it means that **Service Feature has significant and positive influence towards the change of Debtors' Preference on Sharia Rural Bank.**

c. Hypothesis 3

H0: Perceived Ease of Use does not have significant and positive influence towards the change of Debtors' Preference on Sharia Rural Bank.

H3: Perceived Ease of Use has significant and positive influence towards the change of Debtors' Preference on Sharia Rural Bank.

The significant value for Perceived Ease of Use is 0,003 which is lower than 0,05, then the result is Reject H0. Thus, it means that **Perceived Ease of Use has significant and positive influence towards the change of Debtors' Preference on Sharia Rural Bank**.

d. Hypothesis 4

H0: Perceived Risk does not have significant and negative influence towards the change of Debtors' Preference on Sharia Rural Bank.

H4: Perceived Risk has significant and negative influence towards the change of Debtors' Preference on Sharia Rural Bank.

The significant value for Perceived Risk is 0,574 which is higher than 0,05, then the result is Do Not Reject H0. Thus, it means that **Perceived Risk has insignificant and negative influence towards the change of Debtors' Preference on Sharia Rural Bank.**

2. F – Test

The purpose of F – Test is to analyse the influence of independent variables towards dependent variable simultaneously. The result of F – Test can also be determined by looking at the significant value (sig. F). If the

significant value is higher than 0,05, then Do Not Reject H0. If the significant value is lower than 0,05, then Reject H0.

TABLE 5.14.
Result of F – Test

F	Sig. F
29,078	0,000

Source: Primary Data processed using SPSS15

Hypothesis 5

H0: Perceived Financial Technology, Service Feature, Perceived Ease of Use, and Perceived Risk simultaneously do not have significant and positive influence towards the change of Debtors' Preference on Sharia Rural Bank.

H5: Perceived Financial Technology, Service Feature, Perceived Ease of Use, and Perceived Risk simultaneously have significant and positive influence towards the change of Debtors' Preference on Sharia Rural Bank.

The significant value (sig. F) is 0,000 which is lower than 0,05 (0,000 < 0,05), then the result is Reject H0. Thus, it means that **Perceived Financial Technology, Service Feature, Perceived Ease of Use, and Perceived Risk simultaneously have significant influence towards the change of Debtors' Preference on Sharia Rural Bank.**

G. Discussion

Sharia Fintech tries to offer financing service similar with the financing service that Sharia Rural Banks have been offering. The financing service gets more similar with *Mudharabah* and *Musyarakah* financings in banks as Sharia Fintech started to offers productive financing to SMEs sectors. Nowadays, banks still have not implemented financing service by utilizing technological advance like Fintech. This study tried to analyse how the existence of Sharia Financial Technology gives influence towards the change of Debtors' Preference on Sharia Rural Bank in using financing service. The result of regression analysis shows that all independent variables, which are Perceived Financial Technology, Service Feature, Perceived Ease of Use, and Perceived Risk, simultaneously have significant influence towards the change of Sharia Rural Bank's Debtors' Preference. The influence of independent variables towards dependent variable partially explained as follow:

1. Variable Perceived Financial Technology

TABLE 5.15.
Result of Multiple Linear Regression
Variable Perceived Financial Technology

Variables	β_1	Sig.
Perceived Financial Technology	0,324	0,007

Source: Primary Data processed using SPSS15

According to the result β_1 equals 0,324, as coefficient of variable Perceived Financial Technology, shows that Perceived Financial Technology has positive influence towards Debtor's Preference. The significant value equals 0,007 (sig.<0,05) shows that Perceived Financial Technology also has significant influence towards Debtor's Preference.

Perceived Financial Technology represents Fintech Knowledge of the debtors or how well debtors understand about the existence of Fintech. In deciding to use a financing service, debtors tend to learn about the product to gain more understanding. The better debtor's understanding about Fintech, the debtor will feel more convinced in deciding to use financing service. If the debtor felt assured with Financial Technology and the financing service offered, it increases the possibility of changes in debtor's preference.

According to previous study, Fintech improved customer's understanding about Fintech product and risk profile by using better organized data. Fintech gave general view of credit risk to the customer in advance. Fintech also allowed customer to understand a product or financing that is aligned with customer's profile risk (Arner, et al., 2015).

2. Variable Service Feature

TABLE 5.16.
Result of Multiple Linear Regression
Variable Service Feature

Variables	β_2	Sig.
Service Feature	0,337	0,008

Source: Primary Data processed using SPSS15

According to the result, variable Service Feature is the most influential variable towards Debtor's Preference with highest coefficient value among all independent variables where β_2 equals 0,337. Variable Service Feature also positively influences the change of Debtor's Preference. The significant value equals 0,008 (sig.<0,05) also shows that Service Feature has

significant influence towards Debtor's Preference. Service Feature represents the innovation of service feature in financing service offered by Fintech. Debtors consider service feature of a financing service as one of the factors before deciding to use a financing service. The debtors show good response to innovation of financing service feature offered by Fintech. The better the financing service feature offered by an institution, the more it influences debtor's decision to use a financing service.

Based on the previous survey conducted by EY Global Banking Survey (2017) in Indonesia and other several countries such as US, UK, Germany, Singapore, Hong Kong, India, and Brazil, 41% of the total around 55.000 respondents anticipated the emergence of new online providers that compete with traditional banks. The respondents did not rule out the possibility to change financial service providers that provide better online or digital offer. The respondents stated the most important reasons to consider an online non-bank provider, such as better online functionality, better access to different products and services, easy to set up an account, and better service quality.

3.   Variable Perceived Ease of Use

TABLE 5.17.
Result of Multiple Linear Regression
Variable Perceived Ease of Use

Variables	β_3	Sig.
Perceived Ease of Use	0,330	0,003

Source: Primary Data processed using SPSS15

Variable Perceived Ease of Use also has positive influence towards Debtor's Preference with β_3 equals 0,330. Perceived Ease of Use also significantly influence Debtor's Preference with significant value equals 0,003 (sig.<0,05). Perceived Ease of Use represents the convenience for debtors from using a financing service. The result in this study shows that the higher Perceived Ease of Use or the more easiness offered by a product, then the higher it influences the change on Debtor's Preference.

The result was supported by previous study by Zhu and Lei (2016), which also found that perceived ease of use had positive significant influence towards purchasing intention. Based on the study, the coefficient value and significant value (sig.) of perceived ease of use were each 0,582 and 0,000, which indicated that perceived ease of use had high positive significant influence on customer's purchasing intention. It can be concluded from the result that the higher perceived ease of use will create higher possibility for customers to buy or use a product or service.

4.   Variable Perceived Risk

TABLE 5.18.
Result of Multiple Linear Regression
Variable Perceived Risk

Variables	β_4	Sig.
Perceived Risk	-0,060	0,574

Source: Primary Data processed using SPSS15

Variable Perceived Risk represents the uncertainty regarding of losses that might happen from using a financing products. According to the result, the coefficient value of variable Perceived Risk β_4 equals -0,060 indicates

that Perceived Risk has negative influence towards Debtor's Preference. It means that the higher the possible losses from a financing service, the lower the Debtor's Preference on using the service. The result also provides the significant value of variable Perceived Risk equals 0,574 (sig.>0,05) which indicates that Perceived Risk does not have significant influence towards the change of Debtor's Preference. It indicates that there are another factors, such as Perceived Financial Technology, Service Feature, and Perceived Ease of Use, that debtors considered more in using a financing service.

The previous study by Sohail and Shanmugham (2003) about e-banking and customer preference also found that possible risks did not significantly influence e-banking usage. The previous study found the coefficient value of variable security concerns of e-banking was -0,003 with significant value 0,99. This previous result indicated that security concerns of e-banking had negative influence but did not has significant influence towards e-banking usage. Another previous study by Peter and Ryan (1976) stated that customer's expectation of losses prevented customer to purchase a product. Perceived Risk could be minimized using the advance of information technology (Krauter & Faullant, 2008).

Overall, the result of this study shows that Sharia Financial Technology influences debtors' perception on Sharia Rural Bank in using a financing service, especially *Mudharabah* and *Musyarakah* financings. Sharia Fintech as newcomer in financial market improves society knowledge about Fintech vigorously. Innovation offered by Fintech in form of advanced service feature and ease of

access also influence debtors' preference. Debtors of Sharia Rural Bank, especially debtors of Bangun Drajat Warga Sharia Rural Bank in *Mudharabah* and *Musyarakah* financings, mostly accept the innovation of Sharia Fintech in positive way. The better convenience of using a service influences debtors the most. Debtors of *Mudharabah* and *Musyarakah* financings by Bangun Drajat Warga Sharia Rural Bank accept the easiness of using Sharia Fintech financing service in positive way and also demand for new technology in using productive financing in bank.

Regardless of debtors' positive point of view towards Sharia Fintech, debtors of Bangun Drajat Warga Sharia Rural Bank also prefer some points that cannot be offered by Sharia Fintech. As stated in the research background, Sharia Fintech has limited variation of financing service mostly about the amount of financing. Since debtors of *Mudharabah* and *Musyarakah* financings in Bangun Drajat Warga Sharia Rural Bank work as SMEs actors, the debtors need large amount of financing to develop the business, while Sharia Fintech only offers short-term financing with small amount of financing. Debtors of Bangun Drajat Warga Sharia Rural Bank, especially in *Mudharabah* and *Musyarakah* financings, also still prefer face-to-face interaction when the debtors face difficulties or problems. These points that cannot be offered by Sharia Fintech are the biggest advantages for Sharia Rural Bank since the bank offers various short-term to long-term financings and prioritizes direct interaction between bank and debtors.