

**THE INFLUENCE OF SHARIA FINANCIAL TECHNOLOGY TOWARDS  
DEBTORS' PREFERENCE ON SHARIA RURAL BANK IN  
MUDHARABAH AND MUSYARAKAH FINANCINGS  
(Case Study on Bangun Drajat Warga Sharia Rural Bank Bantul,  
Special Region of Yogyakarta)**

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**ABSTRACT**

The aim of this research is to analyse the influence of Sharia Financial Technology towards the change of Debtors' Preference on Sharia Rural Bank. The influence of Sharia Financial Technology was measured by using indicators Perceived Financial Technology, Service Feature, Perceived Ease of Use, and Perceived Risk. This research took case study on Bangun Drajat Warga Sharia Rural Bank Bantul, Special Region of Yogyakarta. The type of data used in this research is primary data collected using questionnaire and interview. The primary data was processed using SPSS15 and analysed using Multiple Linear Regression. The results of this research show that the variables Perceived Financial Technology, Service Feature and Perceived Ease of Use partially have significant and positive influence towards the change on Sharia Rural Bank Debtors' Preference. The variable Perceived Risk is the only variable that has insignificant and negative influence towards the change of Sharia Rural Bank Debtors' Preference. Overall, the independent variables simultaneously share significant influence towards the change on Sharia Rural Bank Debtors' Preference. The independent variables can explain 63,3% of dependent variable, while other 36,7% is explained by other variables outside the model.

Keywords: Financial Technology, Perceived Financial Technology, Service Feature, Perceived Ease of Use, Perceived Risk, Debtors' Preference, Sharia Rural Bank

## A. INTRODUCTION

Banks have main function as financial intermediaries that collect deposits from surplus unit and distribute financing to deficit unit. The role of credit and financing from bank gives positive impact to economic growth. Increase in credit or financing demand will increase purchasing power, create more entrepreneurship, and support investment. Despite the important role of credit, the problem of financial inclusion recently emerged because of limit access range and financing service that has not meet the needs of unbankable society.<sup>1</sup> Banks were also considered to prefer distributing the fund to one big bankable company, not to Small-Medium Enterprises.<sup>2</sup>

Sharia Rural Banks have been helping the SMEs actors to expand their business through Islamic financing product. As in Yogyakarta Province, according to the data of Indonesia Financial Service Authority, currently there are 55 Conventional Rural Banks and 12 Sharia Rural Banks. Bangun Drajat Warga Sharia Rural Bank is one of Sharia Rural Banks in Yogyakarta Province that have achieved highest financing performance since 2016.<sup>3</sup> It reflects that BDW Sharia Rural Bank also helped financial inclusion in Indonesia. New challenge has risen these days because Sharia Rural Banks are not the only institution serving SMEs sectors. Technology innovation in financial market has risen tight competition in SMEs market. In order to achieve customer satisfaction, the bank should consider to adopt technology in financing service to compete with new players in financial market.

Technological advance has hit banking sector through a phenomenon of disruption by Financial Technology (Fintech) institutions. Central Bank of Indonesia explained Financial Technology as the use of technology in financial system that create new product, service, or business model that can give impact on monetary stability, financial system stability, and payment system. According to Indonesia Fintech Landscape Report by Fintech Singapore, at least there were 162 Fintech players in May 2018 that were engaged in payment, lending, personal finance and wealth management, comparison, insurtech, crowdfunding, pos system, cryptocurrency and blockchain, and accounting. Based on the report, transaction value of Fintech in Indonesia in 2018

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<sup>1</sup> Randi Eka, "Mendalami Masalah Utama Inklusi Finansial di Indonesia", <https://dailysocial.id/post/inklusi-finansial-indonesia>, 2018, (accessed 28 August, 2018)

<sup>2</sup> Yoga Sukmana, "Masalah Klasik UMKM, "Feasible" tetapi Tidak "Bankable", <https://ekonomi.kompas.com/read/2017/02/14/210000726/masalah.klasik.umkm.feasible.tetapi.tidak.bankable>, 2017, (accessed 28 August, 2018)

<sup>3</sup> According to data of Total Assets, Financing, and Mudharabah Investment of Sharia Rural Banks in Yogyakarta Province per September 2016 – 2017 by Indonesia Financial Service Authority

was projected at USD 22.338 million with expected growth 16,3% annually. Fintech in payment and online lending had the highest growth among others Fintech players with each 38% and 31% growth. By entering financial market for payment and lending, Fintech continuously tried to take part in intermediary function that has been undertaken by Banks.

Indonesia Financial Service Authority Regulation (POJK) No.77/POJK.01/2016 explains about Fintech online lending or Fintech Peer-to-Peer Lending as a type of Fintech institutions that acts as marketplace for lender and borrower to meet and conduct loan and borrowing agreement through electronic system using internet network. Fintech Peer-To-Peer Lending allows individuals and companies to invest in a business without banks intermediation (Vives, 2017). Fintech had the ability to match the lenders and borrowers directly using technology (Dermine, 2017). Based on its operation, Fintech Peer-To-Peer Lending in Indonesia can be divided into Conventional Fintech and Sharia Fintech. The main difference between Conventional Fintech and Sharia Fintech is the using of interest that leads to the difference of contracts and financing products.

Sharia Fintech is in lead for its new technology that allows its borrowers to choose and fill out the requirement for financing via online. The lack of Fintech compared with Banks is on the limitation of the financing given. Fintech Peer-To-Peer Lending gives financing for short-term only, while Banks give more option for long-term or short-term financing. Nowadays, Rural Banks have not yet to adopt the advanced technology, whereas Fintech keeps approaching society with its financing innovation. Even though Sharia Rural Banks give more option of financing products, but Sharia Rural Banks should be aware of the presence of Sharia Fintech since both targets the same SMEs market and people welcome the technology innovation.

Looking to the case of digital banking or internet banking in Indonesia, it was also well accepted. Indonesia Financial Service Authority recorded 50,4 million e-banking users in 2016.<sup>4</sup> The interest to use internet banking was influenced by several factors, such as perceived value, perceived risk, perceived easy to use, perceived of information technology, and product feature (Amijaya, 2010; Widyarini, 2005). Reflecting on the previous research, there is possibility that people will also accept Fintech on financial market, since both Fintech and internet banking adopt the advanced technology. Therefore, it would be necessary to analyze how debtors' preference,

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<sup>4</sup> Dwitya Putra and Paulus Yoga, "OJK : Empat Tahun Pengguna E-Banking Meningkat 270%", <http://infobanknews.com/empat-tahun-pengguna-e-banking-meningkat-270/>, 2017, (accessed July 12, 2018)

expectation, and opinion if bank also adopt technology-based financing service, especially on Sharia Rural Banks' debtors. Perceived Financial Technology, Service Feature, Perceived Ease of Use, and Perceived Risk are used to measure the influence of Sharia Financial Technology on Debtors' Preference to choose a financial service.

## **B. LITERATURE REVIEW**

### **1. Perceived Financial Technology**

Perception is a process that makes a person to choose, organize, and interpret stimuli into a meaningful and complete picture. Consumer perception is consumer response to the existence of an object or product chosen (Wahyuni, 2008). Consumers show their behavior after making a perception of what decision will be taken in buying a product. Debtor perception is debtor response from a process that makes debtors to choose, organize, and interpret stimuli into complete picture. Perceived financial technology is a process where debtors make complete picture about financial technology after organizing, and interpreting stimuli about financial technology. Debtors perception about financial technology related with debtors' behavior in making decision to use a financing product.

### **2. Service Feature**

Feature is the characteristic that gives additional basic function to a product and one of the reasons for customer to choose a product (Schmitt, 2010). Service feature for financial institution, including banks, becomes one thing that could differentiate one institution with others. Offering different feature availability that meet user's need was one of determinant factors for the success of financial service innovation (Gerrard & Cunningham, 2003). Good quality of banking service has become one of the success keys to attract banking customers (Suharini, 2008). Financial service given by bank is the continuous service, so maintaining good relation between bank and customers is a must. Customer loyalty could be earned through product features and service excellence (Poon, 2008).

### **3. Perceived Ease of Use**

Perceived ease of use is defined as the degree to which a person expects that using one particular system would be free of effort. On Technology Acceptance Model, perceived ease of use and perceived usefulness on technology related with a person's attitude on using the technology (Davis, 1989). A person's attitude, that showed interest to a product or services,

could be used to predict a person's intention to use a product or service (Amijaya, 2010). Perceived ease of use influenced customer behavior indirectly through perceived usefulness (Zhu & Lei, 2016) and perception of usage risk (Featherman & Pavlou, 2003). If a product or service is perceived as being complex, it is also likely assumed as risky to use. Davis (1989) also stressed that the easier to use a technology, the more useful the technology can be. Customers with higher perceived ease of use had higher possibility to buy or use a product or service (Zhu & Lei, 2016).

#### **4. Perceived Risk**

Risk has been defined as consumer's subjective estimation to suffer losses in receiving desired results (Chellappa & Pavlou, 2002). Risk is the uncertainty condition people considered in deciding to conduct online transaction (Amijaya, 2010). Perceived risk mainly related to searching and choosing information of products and services before customers make the decision (Kesharwani & Bisht, 2012). The thought of perceived risk could be managed using IT devices and impacted customer's intention (Krauter & Faullant, 2008). If customers perceive higher risk, then customers may avoid to use the product and services as the result did not come out as expected. In the case of internet banking, the risks may rise from system and information exchange error or illegal access to the account caused by imperfect verification (Fadare, 2016).

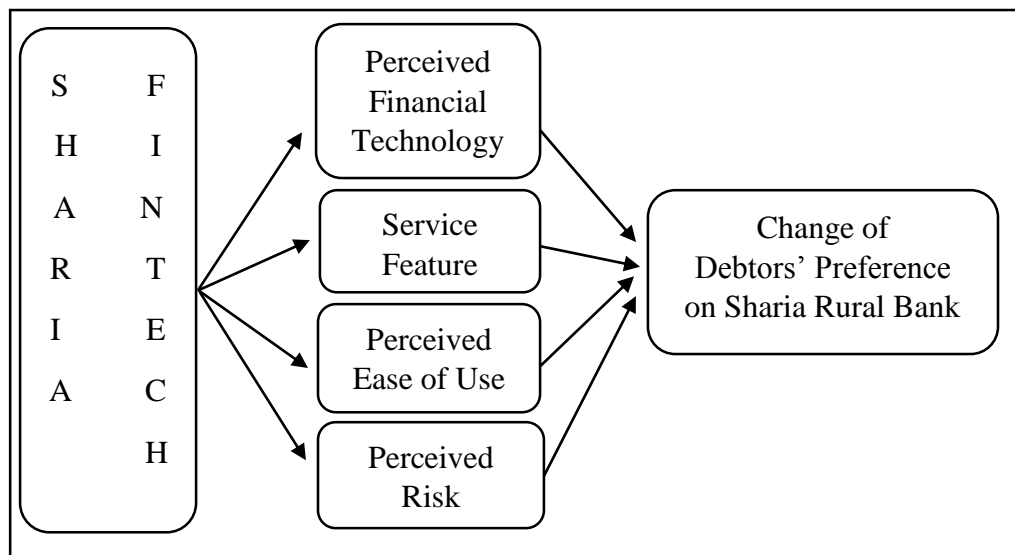
#### **5. Customer's Preference**

The development of industries caused the customer behavior and preference to change. In the integrated digital and physical world, customer preference for greater self-service rose various players in financial industry. Technology innovation had the ability to disrupt the established players by attracting its customers to favor the new solutions (Andersson & Holmgren, 2017). Customers showed the preference for convenient transactions through mobile and internet (Agrawal, 2017). According to Sohail & Shanmugham (2003), customers' preference for internet-based banking service would not only depend on internet service, but also on other social and psychological aspects. Banks needed to measure customers' preference on digitalization from customers' perspective rather than from bank's point of view (Jayamaha, 2016).

## C. RESEARCH MODEL AND VARIABLE DEFINITION

### 1. Research Model

The emergence of Sharia Fintech in financial market became new challenge for Islamic financial institutions. This study is proposed to analyze how Sharia Fintech influence Debtors' Preference on Sharia Rural Bank in using financing products. Using the variables Perceived Financial Technology, Service Features, Perceived Ease of Use, and Perceived Risk as indicators to measure the influence, the result is expected to show whether Debtors' Preference on Sharia Rural Bank change or not. The result is also expected to be used to analyze debtor acceptance on advanced technology adoption and what kind of financing product demanded by bank's debtors.



**FIGURE 1.**

Research Framework

The hypothesis on this study are:

H1: Perceived Financial Technology has 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.

H3: Perceived Ease of Use has significant and positive 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.

H5: 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.

## **2. Operational Definition of the Variables**

### **a. Perceived Financial Technology (PFT)**

Perceived Financial Technology is the debtor perception of technology-based financing service and measured through indicators:

- i. Technology-based financing service transaction will be more effective than traditional method (by going to the office)
- ii. Technology-based financing service will support debtor's business activities better in the future
- iii. Using technology-based financing service will help accelerating debtor's business productivity in the future
- iv. Technology-based financing service can become a better financing service that helps debtors to meet capital requirement

### **b. Service Feature (SF)**

Service Feature is the debtor perception of the service feature of technology-based financing service in the future and measured through indicators:

- i. Service feature for *submitting financing via online* will greatly help debtors to get financing service
- ii. Service feature for *fulfilling financing requirements via online* will make it easier for debtors to meet the predetermined financing requirement
- iii. *Fast financing process* through technology-based financing service will help debtors to meet the funding needs
- iv. Technology-based financing service will ease the debtors regarding with *financing costs* that must be paid by debtors

### **c. Perceived Ease of Use (PEU)**

Perceived Ease of Use is debtor perception of debtor's ability to use technology-based financing service in the future and measured through indicators:

- i. Using technology-based financing service will be *very efficient and save debtor time*
  - ii. Using technology-based financing service is *very flexible and can be done everywhere*
  - iii. Flexible and applicable technology-based financing service will make it *easier* for debtors *to access* the service
- d. Perceived Risk (PR)
- Perceived Risk is debtor perception of risks arising from using technology-based financing service in the future and measured through indicators:
- i. Financing contracts through technology-based financing service can be carried out while paying attention to *legality factor* needed
  - ii. Transactions through technology-based financing service can be done while paying attention to *confidentiality of debtor data*
  - iii. Transaction through technology-based financing service will pay attention to *consumer protection factor*
- e. Debtor's Preference (DP)
- Debtor's Preference is debtor priority in choosing to use a financial service and measured through indicators:
- i. I want to use technology-based financing service in the future
  - ii. I want to use more efficient and flexible financing service in the future
  - iii. I want to make technology-based financing service a better financing option in the future
  - iv. Technology-based financing service will be very suitable for my needs in the future

#### **D. RESEARCH METHOD AND RESULTS**

The case study used in this study is Bangun Drajat Warga (BDW) Sharia Rural Bank Yogyakarta. Primary data used in this study was collected directly by the researcher using questionnaire. Population in this study is debtors of Sharia Rural Bank in Yogyakarta Province. Sampling technique used in this study is purposive sampling technique to obtain truly representative sample from population. Thus, the criterias for the sample in this study are: 1)



Debtors of 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. Based on the data on BDW Sharia Rural Bank, there are 178 customers of *Mudharabah* financing and 17 customers of *Musyarakah* financing. Total customers of *Mudharabah* and *Musyarakah* financing in BDW Sharia Rural Bank are 195 customers. Using Slovin Formula, the sample size for this study calculated as below (Imran, 2017):

$$n = \frac{N}{Nd^2 + 1}$$

Where:

$n$  = sample size

$N$  = population size

$d$  = the leniency not to be fastidiously fault of sample that can be tolerated

So, the sample size for this study is:

$$n = \frac{195}{195((0,1)^2) + 1}$$

$$n = \frac{195}{2,97}$$

$n = 66,33$ , unanimous decision is 66 sample

### 1. Validity and Reliability 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.

**TABLE 1.**  
Result of Validity Test

Variables	Questions Item	r <sub>value</sub>	r <sub>table</sub>	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 conducted to analyse that the instrument in this study is valid instrument to measure what should be measured. Validity test in this study conducted using Pearson Correlation. The result of validity test can be decided by comparing  $r_{\text{value}}$  and  $r_{\text{table}}$  with  $df (n - 2) = 64$  and probability = 0,01. The instrument can be classified as valid instrument if  $r_{\text{value}}$  (Pearson Correlation)  $> r_{\text{table}}$ . Based on the result of validity test,  $r_{\text{value}}$  for all item questions are higher than  $r_{\text{table}}$ . The result meets the requirement so that all instrument used in this study can be stated as valid instruments.

**TABLE 2.**  
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

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. 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 variable in this study are reliable.

## 2. 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.

**TABLE 3.**  
Result of Normality Test

Variables	Sig. ( $\alpha$ )	Explanation
Unstandardized Residual	0,134	Normal

Source: Primary Data processed using SPSS15

The purpose of normality test is to ensure that the collected data is normally distributed. Normality test in this study conducted using Kolmogorov Smirnov where the residual can be stated as normally distributed if the significant value ( $\alpha$ ) 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.

**TABLE 4.**  
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

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. 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.

**TABLE 5.**  
Result of Heteroscedasticity Test

<b>Variables</b>	<b>Sig. (<math>\alpha</math>)</b>	<b>Explanation</b>
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

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. Heteroscedasticity test in this study is conducted by using Glejser Test. If significant value ( $\alpha$ ) 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.

### **3. 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 6.**  
Result of Multiple Linear Regression

<b>Variables</b>	<b>B</b>	<b>Sig.</b>
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
- $\beta_1$  = coefficient of Perceived Financial Technology
- $\beta_2$  = coefficient of Service Feature
- $\beta_3$  = coefficient of Perceived Ease of Use
- $\beta_4$  = 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 have positive influence toward Debtor's Preference. Perceived Risk is the only variable in this study that has negative influence towards Debtor's Preference.

#### 4. Coefficient of Determination ( $R^2$ )

**TABLE 7.**  
Result of Coefficient of Determination

R Square	Adjusted R Square
0,656	0,633

Source: Primary Data Processed using SPSS15

Coefficient of determination in regression analysis shows the proportion of dependent variable explained by the independent variables. 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.

## 5. Hypothesis Test

The influence of each independent variables toward dependent variable partially can be analysed by conducting T-Test. 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 8.**  
Result of T – Test

<b>Variables</b>	<b>Sig.</b>
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

Based on the result, the significant values of Perceived Financial Technology, Service Feature, and Perceived Ease of Use are each 0,007; 0,008; and 0,003. The significant values of those independent variables are lower than 0,05 (sig.<0,05). Therefore, it can be concluded that H1, H2, and H3 are accepted. It means that Perceived Financial Technology, Service Feature, and Perceived Ease of Use partially has significant and positive influence towards the change of Debtors' Preference on Sharia Rural Bank. Whereas, the significant value of Perceived Risk is 0,574 which is higher than 0,05 (sig.>0,05), so H4 cannot be accepted. It means that Perceived Risk has insignificant and negative influence towards the change of Debtors' Preference on Sharia Rural Bank.

The influence of independent variables towards dependent variable simultaneously can be analysed by conducting F-Test. 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 9.**  
Result of F – Test

<b>F</b>	<b>Sig. F</b>
29,078	0,000

Source: Primary Data processed using SPSS15

According to the result, the significant value (sig. F) is 0,000 which is lower than 0,05 (0,000 < 0,05), then H5 can be accepted. 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.

## **E. DISCUSSION**

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. According to the result, Perceived Financial Technology, Service Feature, and Perceived Ease of Use partially has positive and significant influence towards Debtor's Preference. Whereas, Perceived Risk has negative and insignificant influence towards Debtor's Preference. The better debtor's understanding about Fintech, the debtor will feel more convinced in deciding to use financing service. The better the financing service feature offered by an institution, the more it influences debtor's decision to use a financing service. The higher the easiness offered by a product, then the higher it influences the change on Debtor's Preference. If debtor feels high possible losses from a financing service, debtor will be unsure to use a financing service.

Fintech improved customer's understanding about Fintech product and risk profile by using better organized data. (Arner, et al., 2015). 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. Another previous study by Zhu and Lei (2016) found that the higher perceived ease of use will create higher possibility for customers to buy or use a product or service. The previous study by Sohail and Shanmugham (2003) about e-banking and customer preference also found 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. Debtors of Sharia Rural Bank, especially debtors of Bangun Drajat Warga Sharia Rural Bank in *Mudharabah* and *Musyarakah* financings, mostly 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 various amount of financing offered by bank. 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. 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.

## **F. CONCLUSION AND RECOMMENDATION**

### **1. Conclusion**

- a. Variable Perceived Financial Technology has positive and significant influence towards the change of Debtors' Preference on Sharia Rural Bank.
- b. Variable Service Feature also has positive and significant influence towards the change of Debtors' Preference on Sharia Rural Bank.
- c. Variable Perceived Ease of Use has positive and the most significant influence towards the change of Debtors' Preference on Sharia Rural Bank.
- d. Variable Perceived Risk has negative influence and does not significantly influence the change of Debtors' Preference on Sharia Rural Bank
- e. 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 in using financing service. The independent variables in this study explained as much as 63,3% of dependent variable, while other 36,7% can be explained by other variables outside the model.

### **2. Recommendation**

- a. For Sharia Rural Bank as established financial institution, it would be better to start establishing new system that implements new advanced technology and carry out socialization to the debtors in order to maximize the performance of the new system offered by the bank.



- b. By using new system and advanced technology, it would be better for Sharia Rural Bank to create new service feature to facilitate the debtors in applying financing to the bank.
- c. By using advanced technology and new financing service feature, it would be better for Sharia Rural Bank to create financing product that could help the debtors from the aspects of time efficiency and service cost.
- d. Sharia Rural Bank as established financial intermediary, must be able to guarantee the legality factor, confidentiality of debtor data, and customer protection factor in creating financing service innovation to keep customer's trust.
- e. Sharia Rural Bank, as a developed financial institution, can start building partnership with Sharia Financial Technology, which is still developing, to bring win-win solution for both institutions. Sharia Rural Bank can attract debtors using various financing service, while Sharia Financial Technology can offer more convenience from the application of advanced technology.

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THE INFLUENCE OF SHARIA FINANCIAL TECHNOLOGY TOWARDS  
DEBTORS' PREFERENCE ON SHARIA RURAL BANK IN  
MUDHARABAH AND MUSYARAKAH FINANCINGS  
(Case Study on Bangun Drajat Warga Sharia Rural Bank Bantul,  
Special Region of Yogyakarta)


PENGARUH TEKNOLOGI FINANSIAL SYARIAH TERHADAP PREFERENSI  
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MUDHARABAH DAN MUSYARAKAH  
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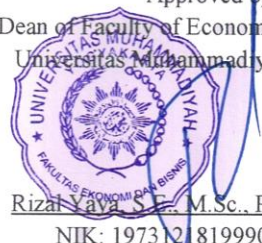


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