

## **FACTORS INFLUENCING CUSTOMERS IN USING ISLAMIC BANKING SERVICE**

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### **Abstract**

This research is aimed to analyze factors influencing customers in using Islamic banking services. This research used mixed method. The quantitative method used to test the quality service, advantage, and availability of ATM. While the qualitative method used to test religion. The independent variables in this research are quality service, advantage, availability of ATM, and religion, meanwhile dependent variable is Islamic banking service. The data are taken directly from sixty respondents used purposive sampling technique, and using in-depth interview of BRI Syariah and BNI Syariah customers in Klojen, Malang. The quantitative data are processed and analyzed by multiple regression, while qualitative data analyzed by using triangulation technique. The result showed that service quality and advantage influence the using of Islamic banking service. The availability of ATM and religious do not influence the using of Islamic banking service.

Keywords: Customers Choices, Islamic Banking, Service Quality

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### **INTRODUCTION**

The emergences of Islamic banking which have the interest-free based become a pillar of financial system [33]. Islamic banking differs from conventional banking in several ways, such as the prohibition of interest rate-based and the requirement that bank’s operations are carried out according to certain procedures through the use of certain financial instruments [10]. Even this system is still new, but the development of Islamic banking is experiencing a rapid growth worldwide. The International Monetary Fund (IMF) released a report which stated that Islamic Banking is the one of the fastest growing segments in the financial industry with a tracking of 10-15 percent growth over the past decade, and globally, Islamic banking assets are estimated to grow around 15 percent a year of \$1 trillion by 2016 [1]. More than 180 Islamic banks and financial institutions are operating more than 8000 branches in different countries in Asia, Africa, the Middle East, Europe and North America [25].

In Indonesia, Islamic banking industry started in 1992 with the establishment of the first Islamic bank in Jakarta, Bank Muamalat Indonesia. The growing of banking industry in Indonesia become significant since the enactment of Law No. 10 of 1998. This regulation of the law gives a bigger chance for growth of Islamic banking to regulate in detail the legal basis and the types of business that can be operated and implemented by Islamic banks, as well as giving direction to the conventional banks to open Islamic branches or even convert itself totally into an Islamic bank. Thus, the presence of Islamic banking in the national banking system is not solely to accommodate the interests of the population of Indonesia which predominantly Muslim, but rather to give more benefits to the Islamic banking in bridging the economy. With the impressive development progress which reached an average asset growth of more than 65% in the last five years, it is expected that the Islamic banking industry’s role in supporting the national economy will be significant [5]. The growth of Islamic banking in Indonesia explained in the table below:

**Table 1 Growth Performance of Islamic Banking**

Info	2015						2016					
	Jul	Agt	Spt	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
CAR	14.7	15.0	15.1	14.9	15.3	15.0	15.1	15.4	14.9	15.4	14.7	14.7
ROA	0.50	0.46	0.49	0.51	0.52	0.49	1.01	0.81	0.88	0.80	0.16	0.73
NPF	5.30	5.30	5.14	5.16	5.13	4.84	5.46	5.59	5.35	5.48	6.17	5.68
FDR	90.1	90.7	90.8	90.6	90.2	88.0	87.8	87.3	87.5	88.1	89.3	89.3
BOPO	97.0	97.3	96.9	96.7	96.7	97.0	95.2	34.4	4.40	94.7	99.0	95.6
APYD	5.83	6.04	5.94	6.05	5.93	5.19	5.96	6.13	5.91	5.90	6.14	5.49
STM	20.8	22.0	27.6	21.6	26.0	20.0	22.9	23.6	23.4	23.2	20.3	19.4
NCD	51.2	50.7	50.8	50.1	50.0	50.3	49.8	50.19	50.81	50.54	50.90	50.98

Source: OJK, 2016

Islamic banking is a popular in non-Muslim societies now [16]. Islamic banking is not only intended for the Muslim but also non-Muslims [25] [22]. It was initially that the target was not only for the Muslim community, it has changed and non-Muslim customers are welcome to use it. This indicates that the provision of Islamic banking services are given to anyone fairly. Customers in Islamic banks are also very important to consider, given that non-Muslims in Indonesia besides significant minority also has great economic potential. Moreover, the prohibition of usury collection that characterizes Islamic banking also has a similar concept with the teachings of non-Muslims. So far even when there are still many things need to be developed, the presence of Islamic banking has been quite known to the public. Many customers both Muslims and non-Muslims who have finally decided to try and finally use the services of Islamic banking. There are many factors that would make them decided to become customers. Both Muslims and non-Muslims certainly have the motivation and the contributing factors that make them finally decided to become customers. This situation needs to be extracted by the bank as one way to find out the needs of its customers, which is able to deliver Islamic banking in the more competitive environment with conventional banking. Understand how customers choose a bank is important because it can help banks to identify the right marketing strategies necessary to attract and retain customers [3].

Studies conducted on customers of non-Muslims in Saudi Arabia found that what things that make non-Muslim customers using Islamic banking are due to the lower cost, better quality, and the provision of services experienced by Islamic banking. While the principle of free usury or interest is not a major factor that makes them using Islamic banking [12]. Meanwhile, based on the research conducted by [27] in Pakistan found that a higher profit and lower service costs become the main thing in choosing to use Islamic banking, followed by a religious motive and also the service quality. In a study in South Africa according to [25], it can be concluded that consumer choice of bank depends on the quickly and efficient service. Another important attribute is the Bank and lower administrative costs, and wide network of ATMs and branches. In a study conducted in Bahrain, the youth segment show that the five most influential factors for the selection of the bank are in the following order: availability of ATMs in multiple locations, the reputation of the Bank, the availability of 24-hours ATM service, and the availability of parking spaces nearby [3]. That results in contrast with the results of research conducted by [26] in Jordan which indicated that religious motives are variables that affect customers. [6] concluded that the preference of selecting Islamic banks is motivated by religious values not by financial knowledge.

Each customer in various countries has a vary tendency of factors in choosing to use Islamic banking service. There is not always well that a country with a Muslim majority makes religious motives as a reason to choose. This diversity is the main attraction in exploring various possible factors that will cause a Muslim and non-Muslim in using Islamic banking services primarily in Indonesia as a developing country with a majority of Muslim population. In addition to Islam, Indonesia recognizes the existence of five other religions namely Buddhism, Hinduism, Protestantism, Catholicism, and Confucianism. It describes the market in addition to Muslim customers, Islamic banks also have the potential to expand the market of non-Muslim customers. Domestic banking industry market is heterogeneous with different beliefs held [9].

## LITERATURE REVIEW

### Islamic Banking

The Islamic Banking are bounded to some basic principles in Holy Quran [21] [22]. The Islamic perform mostly perform similar fuction to that of conventional Banks, but their approach is distinctly different [14] [29]. The Islamic Banking transactions must be free from the interest (*riba*), and contractual uncertainly (*gharar* and *maysir*), adherence to risk and profit-sharing, promoting halal investment that enhances and must be asset-based [23], [22].

In general, Islamic banking is a financial institution whose main business gives credit financing services and services in payment traffic and circulation of money which operates to Islamic principles. A transaction is accordance with the principles of Islamic law if it fulfills the following requirements: a transaction does not contain elements of cruelty, not usury, not paying parties themselves or others, there is no fraud, do not contain any material that is forbidden, and does not contain elements of gambling [30].

### Religion

Previous studies have suggested that customers choose Islamic banks mainly on religious grounds. customers in Islamic banks seriously consider whether the bank complies with Shariah rules in all stages of banking activities [11], [6], [15], ([24], [17], [13]. Religion in the prespective of sociology have social interaction among humans. Religiosity embodied in various aspects of life including economic aspects. [6] concluded that the preference of selecting Islamic banks is motivated by religious values not by financial knowledge. [15] conducted a study on banking behavior of Islamic bank customers found that religious principles was the key

bank selection criterion of the Islamic bank customers. [24] found compliance to Shariah law is one of influential factor for banking selection among customers in Bangladesh. According to [24] religious principles remain at the heart of people's preference for Islamic banks, which indicates that the banks should remain highly dedicated to Islamic principles. [17] examined that along with the religious values and belief there are many factors include in selecting Islamic banking like ATM, service quality, influence of family and friends but they don't play a substantial role in selecting Islamic banking. [13] analyzed that religious thinking that customer have in their mind regarding selection of Islamic banks are interest free transaction, conformation of Shariah laws, social contribution in form of zakat, transparency, and honesty but Islamic banks not only take favor from religious aspect of customer but also provide quality products and services.

### **Service quality**

Service quality is an important factor for success in the banking sector. Service quality is gaining more importance in the banking industry and the value of improving service quality should be determined [4]. [19] introduce five general dimensions of service quality of any service provider. These dimensions include: 1) Tangibility: physical facilities, tools, machines, personnel, materials and communication channels. 2). Trustworthiness: the ability to provide promised services in a proper and reliable way. 3). Accountability: to have the interest in providing appropriate service and generally helping customers. 4). Reliability: knowledgeable and polite personnel and their ability to win customers trust and confidence. 5). Sympathy: taking care and paying attention to individuals.

[2] found service quality has significant influences on customer satisfaction in the case of Islamic and conventional banking, while the agnitude of effect is greater in Islamic banking as compared to conventional banking. [18] on banking behavior of Islamic banking customers and found that most customers were highly satisfied with the products and services of Islamic banks. [8] determined the importance of service quality to attract more customers and they explained that Islamic banks can no longer depend on promoting the Islamic factor but also service quality. [24] found the higher demand of Islamic banking products and services requires existence of superior quality in service.

### **Advantages**

Advantages can be considered as the potential benefits in terms of customers who are customers of Islamic banking at the time of economic activity in the Islamic bank, both materially and psychologically. Can be pieces fees, low administrative costs even none at all, a sense of security in carrying out the transaction, and that certainly is the free-interest system. This advantage can also be an advantage obtained compared between the Islamic banking customers and conventional banking customers. Banking customers and potential customers have relatively rational arguments, including economic motives in making decisions. The study implies that although there are various non-economic aspects that affect the interaction of the community towards the banking world, the decision to choose the banking services with reasons/rational choice remain very decisive.

### **METHODS**

This research used a mixed method, a method that combines qualitative and quantitative approaches in terms of methodology (as in the data collection phase), and the study of the mixed model combines two approaches in all stages of the research process. The point is to bring together quantitative data and qualitative data in order to obtain a complete analysis. In this study, quantitative methods used to find measurable information about the variable service quality, advantages, and the availability of ATMs. While qualitative methods are used to obtain information about the variables of religion, which will be described in descriptive effect on the consideration of Muslim communities and non-Muslims to use Islamic banking services.

Data are taken directly by using purposive sampling by distributing questionnaires to 60 Muslims and non-Muslims customers, as well as in-depth interviews with two Muslim customers and two non-Muslims customers who are customers of BRI Syariah and BNI Syariah in Klojen, Malang. A questionnaire using a Likert scale, according to [28] Likert scale used to measure attitudes, opinions, and perceptions of a person or a group of social phenomenon. Quantitative data processed and analyzed with multiple linear regression using Software SPSS 16.0 for windows. Qualitative data was processed using triangulation techniques are then analyzed inductively, which is contrary to the thought process in one or more specific data that is useful to formulate a conclusion of a causal relationship.

## FINDINGS AND ARGUMENT

The demographic data of respondents obtained from the questionnaires spread in 60 Muslim and non-Muslim respondents of the BRI Syariah and BNI Syariah. The demographic data are presented as follows:

**Table 2 Demographic Data of Respondents**

Item	Respondents Data	Amount	Percentage
Gender	Man	24	40%
	Woman	36	60%
Age	18-22 years old	23	23,38%
	23-27 years old	13	13,22%
	28-32 years old	11	11,18%
	33-37 years old	4	4,7%
	>37 years old	9	9,15%
Religion	Muslim	48	80%
	Protestant	12	20%
	Catholic	0	0%
	Hindu	0	0%
	Buddhist	0	0%
Job	Student	25	42%
	Civil Servant	8	14%
	Self-employees	8	13%
	Private sector employees	14	23%
	Other	5	8%
Last Education	Junior High School	1	2%
	Senior High School	30	50%
	Diploma	11	18%
	Bachelor	16	27%
	others	2	3%
Amount of Salary	< IDR 700.000	18	30%
	IDR 700.000 - 1.000.000	8	14%
	IDR 1.000.000 - 1.500.000	5	8%
	IDR 1.500.000 - 2.000.000	11	18%
	> IDR 2.000.000	18	30%
Kind of Product	Mortgage Products	14	14,21%
	Business Loan	13	13,19%
	Pawn	3	3,5%
	Saving	21	21,31%
	Hajj Saving	7	7,10%
	Clearing	3	3,5%
	Demand Deposits	6	6,9%

Source: Primary Data, Processed (2017)

From these data known that most of the respondents (60%) are women, then others are men whose of 18-22 years old, as many as 23 people (23.38%). The number of respondents aged 18-22 years indicates that the use of Islamic banking products and services have been widely used by students. This means that the students learn more about Islamic banking and use it. This may be due to the introduction of Islamic banking began to intensively conduct at universities. While on religious items, more than half of the respondents who use the products and services of Islamic banking is a customer is Muslim (80%). From the above data, it can be seen that 20% of customers who responded to a customer who was a Christian. This indicates that Islamic banking is universal. Based on his work, most customers come from the students (42%) followed by private sector employees (23%). While civil Servant and self-employed as many as 8 people. Others are housewives (8%). Half of the total number of respondents who use the products and services of Islamic banking is a customer with a background of past high school (50%). Followed by graduates (27%), diploma (18%), Junior High School (2%). As many as 30% of customers have income <IDR 700,000 most of whom are students and> IDR 2,000,000. Followed by customers who have an income ranging from IDR 1,500,000 to IDR 2,000,000, then the customer with an income of IDR 700,000 to IDR 1 million, and the final customer with an income of IDR 1,000,000 to IDR 1,500,000. Of the seven types of products (services) offered Islamic banking, as many as 21.31% of customers using the product in the form of savings, then mortgage products amounted to 14.21%, and business loans 13.19%. Deposits, mortgages, and demand deposits are still less desirable. However, many customers who have more than one type of Islamic banking products are used.

### **Customer understanding about Islamic Bank**

Customer views or knowledge in general regarding Islamic banks really need to know to see how far customers with different religious backgrounds use Islamic banks today. Image formation of Islamic banking among diverse community much-needed capital for marketing for the bank, so as to provide the things that become increasingly needs of customers can even transform itself in order to compete competitively with conventional banking. Based on the interviews that four customers both Muslim and non-Muslim show that are still low knowledge about Islamic banking, ranging from the first impression about Islamic banking, differences with conventional banking, to the meaning of the contract in its products.

### **The Religion Factor as a Consideration of Using Islamic Banking Services**

There are many factors that became a reason why people eventually decide to become customers and used Islamic banking service, and one of that is for religious reasons. This is because of the name alone already contains religious elements. Therefore, it may also need to be considered by the bank in order to remain that it should be able to expand its market reach in not only Muslim market but also on the non-Muslim market because the Islamic banking itself is universal. This study investigates whether religious factors influence the consideration of the use of Islamic banking services.

Based on the interviews that customers both Muslims and non-Muslims about their motivation and decision to use the services of Islamic banking, their perception of usury in accordance belief, the perception of market share, up to their expectations in Islamic banking. The results show that their motivations using Islamic banking are diverse, there is because of parental demands, the demands of the office, or for Hajj agent who collaborated with Islamic banking relates to the process of saving the hajj funds, and as well as the desire to be able to save money without any cost cut. As for the perception of the market share of Islamic banking, all respondents initially thought that the market share is only aimed at Muslims because of its name, employees, as well as clothing worn by the employees. Perceptions of usury for Muslim respondents were opposed by religious and they agreed that it is necessary to avoid usury, but this is not necessarily a consideration why they use Islamic banking. While in the non-Muslim customers, they do not understand and confused about the prohibition of usury, for them the most important is how profits can be obtained. Hope all respondents about Islamic banking are overall the same, which is associated with increasing the number of offices, reproduce bonus, as well as improving service quality.

### **Service Quality Factor which Influences Muslim and Non-Muslim of Using Islamic Banking**

Based on the analysis on the service quality variables, it can be seen that the service quality effect on the use of Islamic banking services. This indicates that the level of service quality has a positive impact on the use of Islamic banking services. The more service quality provided, it will also increase the use of Islamic banking services. With the growing of the quality services provided, then the possibility for customers to continue using the services of Islamic banking will be even greater. Therefore, the banking business engaged in the service, then it certainly matters relating to the provision of services such as good quality service becomes the main thing that must be considered to attract and maintain customer loyalty.

The following items can increase the use of Islamic banking services, among which are tangibles such aspects and facilitate the provision of Islamic banking is the same with the facilities provided by the conventional banks. Supplies, technology, and even a large parking area, safe, and comfortable will affect the view (the image of) customers will be the quality of Islamic banking. With complete facilities, the customer does not have to bother to look for another banking which has complete facilities. This is due to the availability of adequate facilities, customers will be satisfied; Reliability form of employee performance professional (reliable) by providing services that meet consumer expectations related to speed, timeliness, no errors, sympathetic attitude, and others will make customers more confidence to continue using the services of Islamic banking. Moreover, given the demands of time that requires everything done quickly and accurately; Responsiveness in the form of service process that is straightforward and accompanied by the delivery of a clear and easy to understand can give satisfaction to the customer.

There would be a misunderstanding or lack of information on adverse customer; Assurance reflected from employees who are competent in their respective fields of work provide guarantees and assurances obtained from employees politeness, good communication, and knowledge, so as to foster a sense of trust of customers; Empathy in the form of services provided do not view social status or anything redistributed by providing genuine concern and personal to the customer, this is done to determine accurately the consumer desires and specific. The mind and the perception of consumers is very useful in the improvement of Islamic banking operations. [7] which states that the quality of care affects the customer's decision to save. Similarly, the research [27] which states that the service quality, religious motives, high profits and services provided little influence the choice of customers for Islamic banks.



### **Advantage Factor which Influences Muslim and Non-Muslim of Using Islamic Banking**

Based on the analysis results, it can be seen that advantage variable affect on the use of Islamic banking services. This means a number of the benefits that customers can have a positive impact on the use of Islamic banking services. The more or much profit given, it will also increase the use of Islamic banking services. With more and more advantage given, then the possibility for customers to continue using the services of Islamic banking will be even greater.

Increased use of the services of Islamic banking is affected by the following items, among which the first is the use of a system of interest such as conventional banks, because the system of interest that is considered detrimental to the customer, especially if the customer is using a loan product, it would be burdensome, especially when repayment/payment. Does not use the system of interest, customers will feel more confident in investing their money or even in terms of borrowed funds. Moreover, with the number of students (income only < IDR 700,000) service users of Islamic banking, which is mostly intended to keep money from being quickly exhausted or for actually saving money, then in the free-interest will make them not to be bothered with the problem of interest that can fluctuate anytime. This is because the *wadiah* contract which positioned banks just be the recipients of a mandate for care money. Islamic banking does not use interest-based system because Islamic bank using real transaction with obvious consequences, logical and consistent. As an illustration, if the sale and purchase transaction has been agreed upon price, it will not be possible price increases and change (volatile). For transaction-based revenue-sharing, sharing of certainty calculated from the amount of profit, not from the principal amount of the loan (as happened to the interest-based system). Supervision of the Sharia Supervisory Board (DPS) which is useful for avoiding and continue to monitor the occurrence of irregularities or violations of Islamic banking and realign these deviations. Bankers of Islamic banking should be fully consistent with the application of the principles of Shari'ah, because generally in this world Islamic bank failure may occur, due to inconsistency in implementing the principles of the Shari'a. Thus, customers do not have to worry about irregularities that could plunge the bank on failure. They confirm that if Islamic banking deviated from the provisions of the Sharia, then the income should not be recognized as revenue Islamic Bank and should be incorporated into the post-Benevolent Fund, ZISWAF or CSR. It could be a transaction deviated harmonious transactions and the conditions are not met or could be taking advantage pursuant the Sharia. Then, chance to negotiating revenue sharing will give benefit between both banks and customers. Agreements are always done with the open at the beginning of the use of products and services. So that business activity that are carried out not burdensome. When financing customers experiencing face any difficulties in completing obligations, there is opened space for discussion and negotiation in order to achieve the best solution. Low administrative costs or even free, anyone would use rationality in doing or deciding to use something. Certainly, no one will be refused if presented with so much ease and also benefit financially. Free monthly administration fee so each month the savings will not be cut, a free monthly fee for an ATM card, free when withdrawing cash at an ATM itself or from an ATM, free to do the transfer fee at the ATM and also in mutual ATM, free of charge debit, and others. This is certainly a special allure for customers to even be able to invite relatives to join using the services of Islamic banking. More stable financial system against the turmoil is evident in the financial tragedy subprime loans in 2007 barely shake sharia-based investments. While many investment banks and large banks go bankrupt and in need of funding, many new Islamic Bank which it sprung up or even open a branch. The economic crisis has actually proven that sharia-based financial management is much more secure than economic liberalism followed by conventional banks. Islamic banks only pay for the results to its customers in accordance with the profit margin obtained by the bank, with the system of Islamic banks will not experience negative spread as experienced by the conventional banking system using interest system.

The result of research on the service quality is consistent with the theory that explains that the Macro Economy purchase decision is the result of conscious rational economic calculation. Individual buyers seek to use the items that will provide the most utility, according to the tastes and prices relative. [20] which states that the main reason consumers save in Islamic banks is due to a combination of reasons of religion and reason gain. As well as well as research conducted by Rival, et al. (2006) the results of these studies support that the motivation of the customer in choosing Islamic banks tend to be based on the profit motive and not on religious motives.

### **Availability of ATM Factor which Influence Muslim and Non-Muslim of Using Islamic Banking**

Based on the analysis of the variable availability of ATM can be seen that the availability of ATM is not affected by the use of Islamic banking services. Based on research conducted, it can be analyzed that there are some things that reduce the use of use of Islamic banking services, such as ATM deemed no longer becomes necessary today. This is because the current technology has advanced enough to be used in everyday transactions. Banking was currently has developed their technology to facilitate customers in the transaction,

such as e-banking, m-banking, and others. Moreover, Islamic banking ATM card can now be used also as a debit card so that any transaction now quite simply by swiping the debit card. In addition, the use of the ATM does not always in sharia ATM but also can be done on a regular conventional banking ATM and mutual ATM, there is even no charge at all. Although it is the current ATM availability can no longer be separated from the banking world, let alone the big banks. However, due to advances in technology as well as government Movement of Non-Cash programs are being intensively causing ATM as cash withdrawal service providers began to no longer be the main thing.

Results of research on the service quality is not in accordance with the results of research conducted by [3], which identified five essential attributes that consumers consider in choosing a bank, the ATM location that is easily accessible, the availability of ATMs in multiple locations, the bank's reputation, ATM services 24 hour, and the availability of adequate parking.

### **Religious Factor which Influence Muslim and Non-Muslim of Using Islamic Banking**

Based on the analysis of the observations and in-depth interviews were carried out, it is known that the religious motive does not affect the use of Islamic banking services. It is known from the results of interviews conducted in four respondents as users of services of Islamic banking is divided into two Muslim customers and two non-Muslims customers as a whole to say that religious motives are not affected them in deciding to use the services of Islamic banking. Overall speakers paid more attention to factors such advantages administrative costs cheaper compared to conventional banking, as well as other factors such as family support and for the work. All sources also said that they are still actively using conventional bank until today.

This is because the understanding of Islamic banking is still very poor, they do not fully understand the contract, in addition to their inherent image Muslim bank makes the market share of Islamic banks is still less extensive. In fact, one customer education background in boarding school, but he also did not know that the Islamic banks can be used all people, regardless of religion. Muslim customer knows that interest (usury) is forbidden in their religion and it needs to be adhered to, but after view the motivation and expectations, it obtained that overall customers of Islamic banks is because of the benefits and interests of the individual as well as to add a bonus or other benefits, it can be concluded that there is religious motives still not be the main factors to be considered in selecting or Muslim customers decide to use the services of Islamic banking.

Similarly, the non-Muslim customers, their knowledge of Islamic banking is certainly more limited compared to Muslim customers. Regarding the covenants contained in each product was not understood. In general, the first customer does not know that Islamic banking is universal. Regarding the prohibition of interest is not fully known, the most important are the advantages and convenience gained more superior than conventional banks. However, did not make them stop using conventional banking services until now. And hoped that improving the service quality that is even easier in the transaction. So we can conclude that indeed religious motives still not be the main factors to be considered non-Muslim customers in choosing or deciding to use the services of Islamic banking.

### **CONCLUSION**

Overall analysis of the results of this study proves that the service quality variables affecting the use of Islamic banking services to the Muslim customers and non-Muslims customers in Klojen, Malang. Service quality must consider the aspect of tangibles, reliability, responsiveness, assurance, and empathy because it is calculated by the customer. Banks engaged in services, so it is important to provide quality service, according to customer needs, and continued to pay attention to customer satisfaction in order to keep the using of the customers not just be temporary.

Advantage variables affecting the use of Islamic banking services to the Muslim customers and non-Muslims customers in Klojen, Malang. This case should be taken to the bank in order to manage the psychological satisfaction of its customers by providing both financial and psychological satisfaction. In this case, the advantage being considered by the customer in the form of the absence of the system of interest (usury), the DPS is always supervising the performance of Islamic banking, can make the profit sharing ratio, low administrative costs, as well as a more stable financial system against the turmoil.

Availability of ATM variable does not affect the use of Islamic banking services to the Muslim and non-Muslims customers in Klojen, Malang. The possibility arises that the persistence of the notion that availability of ATM is not a factor that is really needed by the customer at this time because it has a lot of alternative ATM facilities. So it would be better if the bank increased the number of offices rather than to increase the number of ATMs. This is because the offices of Islamic banking is still very rare, so people are still few who know this Islamic banking.

Based on analysis of interviews that have been conducted, the conclusion that religion variable does not affect the use of Islamic banking services to the Muslim and non-Muslims customers in Klojen, Malang. This is based on the dominant motivation for using the services of Islamic banking are the benefit and service quality. Motivation religion is not used as the main reasons for choosing to use the services of Islamic banking. So that the banks really need to disseminate clearly what the actual target of Islamic banking market, so that the public mindset about the bank's Muslims is no longer spreading in the community.

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