

DETERMINANTS OF ISLAMIC BANKING ACCEPTANCE AS A SINGLE BANKING SYSTEM IN ACEH

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Abstrak: Penelitian ini bertujuan untuk melihat faktor-faktor yang mempengaruhi penerimaan terhadap implementasi perbankan syariah sebagai sistem tunggal perbankan di Provinsi Aceh, Indonesia. Penelitian menggunakan data primer yang dikumpulkan dari 169 responden dengan metode penyebaran kuesioner. Data dianalisis menggunakan Partial Least Square Structural Equation Modelling (PLS-SEM). Hasil dari penelitian menunjukkan bahwa sikap konsumen, kesiapan untuk mentaati hukum Islam, Persepsi terhadap Manfaat Perbankan Syariah dan Persepsi terhadap Inovasi Perbankan Syariah merupakan faktor-faktor determinan yang mempengaruhi niat menggunakan bank syariah yang merupakan salah satu indikator penerimaan Perbankan Syariah sebagai sistem tunggal perbankan di Aceh. Sedangkan pengetahuan tentang Perbankan Syariah tidak memiliki pengaruh signifikan. Hasil dari penelitian ini diharapkan bermanfaat kepada pemerintah, stakeholder perbankan syariah dan regulator perbankan syariah dalam menyusun kebijakan perbankan syariah sebagai sistem tunggal perbankan di Aceh, Indonesia. Selanjutnya penelitian ini diharapkan bermanfaat dalam menambah literatur akademik bidang ekonomi dan keuangan Islam.

Kata Kunci: *Niat Menggunakan Bank Syariah, Sikap Terhadap Bank Syariah, Pengetahuan tentang Bank Syariah, Persepsi terhadap Manfaat Bank Syariah, Persepsi terhadap Inovasi Bank Syariah, Kesiapan untuk Mematuhi Hukum Islam.*

Abstract: *This study investigates the factors affecting Islamic banking acceptance as a single banking system in Aceh, Indonesia. It used primary data collected from 169 respondents using a self-administered structured questionnaire. Empirical data were analyzed using Partial Least Squares Structural Equation Modelling (PLS-SEM). The study results show that consumer attitude, readiness to comply with Islamic law, perceived benefit of Islamic Banking, and perceived innovativeness of Islamic Banking were critical determinants of intention to use Islamic Banking as the single banking system in Aceh, Indonesia. The least influential factor was knowledge of Islamic Banking. This study's results are expected to help the government, banking, and financial stakeholders, and policymakers plan appropriate policies for implementing Islamic Banking as a single banking system in Aceh, Indonesia. Furthermore, the study will contribute to existing academic literature, especially in Islamic Banking.*

Keywords: *Intention to use Islamic Banking, Attitude Toward Islamic Banking, Knowledge about Islamic Banking, Perceived innovativeness of Islamic Banking, the Perceived benefit of Islamic Banking, Readiness to comply with sharia law.*

Introduction

In recent years, Islamic economics and finance have experienced rapid development¹, mainly dominated by the banking sector. The implications of this development are reflected

¹ Joseph Mbawuni and Simon Gyasi Nimako, "Muslim and Non-Muslim Consumers' Perception towards Introduction of Islamic Banking in Ghana," *Journal of Islamic Accounting and Business Research* 9, no. 3 (2018): 353–377.

in a positive response to Islamic banking caused by various factors, such as the increasing awareness of Muslims to carry out banking activities following Islamic principles², regulatory and policy support from the government the ability to withstand the economic crisis ³and be able to contribute to improving economic welfare, However, in Indonesia, Islamic banking is still far behind conventional banking, both in terms of total assets, the number of offices and profits earned ⁴.

Literature Review

There have been various attempts to develop Islamic banking in Indonesia, including issuing policies and regulations that support Islamic banking development, such as the policy taken by the Aceh Government by ratifying Qanun Number 11 of 2018 concerning Islamic Financial Institutions (IFI). The ratification of this Qanun has implications for all financial institutions' obligations, including banks operating in Aceh Province at the latest in December 2021 to be based on Islamic

² Souheila Kaabachi and Hassan Obeid, "Determinants of Islamic Banking Adoption in Tunisia: Empirical Analysis," *International Journal of Bank Marketing* 34, no. 7 (2016): 1069–1091; Peni Nugraheni and Faizah Novi Widyani, "A Study of Intention to Save in Islamic Banks: The Perspective of Muslim Students," *Journal of Islamic Marketing* (2020): 1759–0833.

³ Salina H. Kassim and M. Shabri, "Impact of Financial Shocks on Islamic Banks: Malaysian Evidence during 1997 and 2007 Financial Crises," *International Journal of Islamic and Middle Eastern Finance and Management* 3, no. 4 (2010): 291–305.

⁴ Ibid.

principles⁵. This means that all conventional financial institutions must adopt a policy of converting to the Islamic system or not allowing them to operate in the territorial areas of Aceh province. This policy will undoubtedly make Aceh the only province in Indonesia that operates a single financial institution system based on Islamui principles⁶.

In the transition period for implementing the Qanun for IFIs (2018-2020), there was a polemic of pros and cons in society⁷. The majority of Acehnese people welcome the presence of this Qanun. However, some parties disagree with the Qanun's presence for various reasons⁸, including the assumption that the Qanun is contrary to human rights and will hinder the investment climate in Aceh Province⁹.

A small number of parties who disagree with the Qanun for IFI can become a stumbling block in implementing the Qanun. This is because the Qanun has the potential to be filed for a legal

⁵ Rahmawati Rahmawati and Khairul Putriana, "Tantangan Konversi Bank Konvensional Menjadi Bank Syariah Di Aceh Berdasarkan Qanun Lembaga Keuangan Syariah No 11 Tahun 2018," *TAWAZUN: Journal of Sharia Economic Law* 3, no. 2 (2020): 229–236.

⁶ Irhamna Utamy and Ahmad Hasan Basri, "Konsep Keadilan Pada Aceh Nomor 11 Tahun 2018 Tentang Lembaga Keuangan Syariah," *al-Mabsut* 14, no. 1 (2020): 121–132.

⁷ Hafas Furqani, "Qanun LKS Dan Pola Pikir Regresif," *Serambi Indonesia* (Banda Aceh, August 19, 2020), <https://aceh.tribunnews.com/2020/08/19/qanun-lks-dan-pola-pikir-regresif>.

⁸ Serambi, "LKS Diharapkan Tak Sekadar Ganti Baju," *Serambi News* (Banda Aceh, July 22, 2019), <https://aceh.tribunnews.com/2019/07/22/lks-diharapkan-tak-sekadar-ganti-baju>.

⁹ Furqani, "Qanun LKS Dan Pola Pikir Regresif."

challenge (judicial review) to the Constitutional Court and with various legal considerations, the potential to be deleted or amended.

The implementation of the Qanun for IFI will undoubtedly be successful if the community well receives it. This acceptance, of course, really depends on people's attitudes and perceptions of the Qanun. Thus, motivated by this phenomenon, the authors are interested in examining the determinants of acceptance of IFI Qanun's implementation, especially in the field of Islamic banking. This study focuses on customer behavior towards Islamic banking because it is an essential part of Islamic banking growth. So far, many studies have discussed customer behavior towards Islamic banking as ¹⁰.

Several studies have examined the determinants of Islamic banking acceptance, as conducted by ¹¹, ¹². These studies generally analyze several factors that make people accept and adopt Islamic banking, with the object of research in the form of Muslim and non-Muslim communities both in countries with a Muslim majority and minority populations ¹³ applying dual

¹⁰ Albaity & Rahman (2019), Amin (2013), Amin et al. (2014), Charag et al. (2019), Ltifi et al. (2016)), Mbawuni & Nimako (2017), Muhammad Awan et al. (2011), Nugraheni & Widyani (2020), Pitchay et al. (2019), Sen et al. (2020), dan Souiden & Rani (2015)

¹¹ Mbawuni & Nimako (2017), (2018)

¹² Charag et al. (2019), Ltifi et al. (2016), dan Saiti et al. (2019)

¹³ Charag, Fazili, and Bashir, "Determinants of Consumer's Readiness to Adopt Islamic Banking in Kashmir"; Mbawuni and Nimako, "Determinants of Islamic Banking Adoption in Ghana."

banking systems, namely Islamic banking and conventional banking. Previous research results show several determinants of acceptance of Islamic banking by the community such as attitude, readiness to comply with Islamic law, knowledge, perceptions of innovation, perceptions of the benefits of Islamic banks ¹⁴, service quality, and trust ¹⁵.

This study investigates the acceptance of Islamic banking implementation as a single banking system, where there is no alternative option for transactions other than with Islamic banks, so it is different from previous research. This research is essential to do, considering Islamic banking as a single banking system is a new policy implemented in Islamic banking in Aceh Province. The acceptance of this single system by the community will undoubtedly measure the success of implementing regulations. The results of this study are expected to be useful as an evaluation material for stakeholders in the banking sector in particular and the legislative and executive branches in general, especially in making policies and establishing regulations in the Islamic banking sector so that the policies taken are under the empirical conditions in the field.

The organization of this study is as follows. Section 1 describes the Introduction. Section 2 outlines the research method,

¹⁴ Mbawuni and Nimako, "Determinants of Islamic Banking Adoption in Ghana."

¹⁵ Ltifi et al., "The Determinants of the Choice of Islamic Banks in Tunisia."

population and sample, data collection techniques, and data analysis techniques. Section 3 outlines the Results and Discussion,

Methods

This study employed an exploratory quantitative approach. The sample was taken using a non-problematic purposive sampling technique with the criteria of the Acehnese people who have lived in Aceh for more than two years and are users of banking services. Sampling in this study was carried out by distributing online questionnaires.

The questionnaire was adopted from consumer behavior theory and from previous research ¹⁶ which was modified and adjusted with the research context. Each variable's indicators were asked using a Likert scale from numbers 1-5 because several previous studies recommended using this scale. Questionnaires were distributed for two weeks, from 26 November 2020 to 6 December 2020.

¹⁶ T C Edwin Cheng, David Y C Lam, and Andy C L Yeung, "Adoption of Internet Banking : An Empirical Study in Hong Kong" 42 (2006): 1558–1572; M. Gopi and T. Ramayah, "Applicability of Theory of Planned Behavior in Predicting Intention to Trade Online Some Evidence from a Developing Country," *International Journal of Emerging Markets* 2. No. 4 (2007): 1746–8809; Kabiru Jinjiri Ringim, "Perception of Nigerian Muslim Account Holders in Conventional Banks toward Islamic Banking Products," *International Journal of Islamic and Middle Eastern Finance and Management* 7, no. 3 (2014): 288–305; Amin, "Factors Influencing Malaysian Bank Customers to Choose Islamic Credit Cards: Empirical Evidence from the TRA Model"; Mbawuni and Nimako, "Determinants of Islamic Banking Adoption in Ghana"; Nugraheni and Widyani, "A Study of Intention to Save in Islamic Banks: The Perspective of Muslim Students."

Table 1
Respondent's Profile

No	Content	Frequency	Percentage
1	<i>Gender</i>		
	Male	96	56.8%
	Female	73	43.2%
2	<i>Age</i>		
	<20	0	0
	20 – 30	142	84%
	31-40	18	9.4%
	>40	11	6.6%
3	<i>Occupation</i>		
	Civil servant	18	10.7%
	Private employee	38	22.5%
	Self-employed	29	17.2%
	Professional	3	1.8%
	University student	52	30.8%
	Other	29	17%
4	<i>Educationan Background</i>		
	High school or below	22	13%
	College degree	5	3%
	University degree	127	75,1%
	Postgraduate degree	15	8.9%

The number of participants in this study was 170 respondents, but only 169 respondents were observed, while the rest were excluded from the analysis because did not meet the requirements. This study's respondent profiles consisted of gender, age, occupation, and the latest education presented in Table 1. This study was analyzed using Partial Least Square -

Structural Equation Modeling (PLS-SEM). The analysis in this study was carried out in two stages: the measurement model test to test the validity and reliability, then perform the structural model test to determine whether there was any influence between variables. The use of SEM-PLS has been done before ¹⁷.

As shown in Table 1, it can be concluded that 56.8% of the total respondents were male while the rest were women (43.2%). Based on the age range, the majority of respondents were 20-30 years old (84%), while the rest were 31-40 years old (9.4%), and 6.6% were over 40 years old. For work items, the majority of respondents are university students (30.8%), followed by private employees (22.5%), self-employed (17.2%), civil servants (10.7%), professionals (1.8%), and the remaining 17% work other than the items mentioned above. In terms of latest education, the majority of respondents are an undergraduate degree (75.1%), followed by high school or below (13%), a postgraduate degree (8.9%), and a college degree (3%).

Result and Discussion

The results of this study explain the results of the measurement and structural model. The measurement model is assessed based on the reliability and validity of the instrument. The validity test consists of convergent validity measured using loading factors, and discriminant validity is measured using the

¹⁷ Mbawuni & Nimako (2017)

average variance extracted (AVE) and AVE's square roots. The reliability can be measured through the composite reliability (CR) and Cronbach's alpha, which value must be greater than 0.7¹⁸.

Table 2
Results of Convergent Validity and Reliability

Construct	Items	Loading Factors	AVE	CR	α
Attitude			0.843	0.955	0.937
	ATT1	0.911			
	ATT2	0.932			
	ATT3	0.959			
	ATT4	0.867			
Intention			0.793	0.939	0.913
	INT1	0.909			
	INT2	0.868			
	INT3	0.868			
	INT4	0.915			
Knowledge			0.779	0.913	0.858
	KNW1	0.924			
	KNW2	0.864			
	KNW3	0.858			
Perceived Benefit			0.732	0.891	0.817
	PBN1	0.856			
	PBN2	0.850			
	PBN3	0.861			
Perceived Innovativeness			0.735	0.893	0.821
	PIN1	0.889			
	PIN2	0.836			
	PIN3	0.845			
Readiness to comply with Islamic law			0.864	0.950	0.922
	SLW1	0.919			

¹⁸ Joe F. Hair, Christian M. Ringle, and Marko Sarstedt, "PLS-SEM: Indeed a Silver Bullet," *Journal of Marketing Theory and Practice* 19, no. 2 (2011): 139–152.

SLW2	0.930
SLW3	0.940

As shown in Table 2, these items are free from convergence validity error, because the loading factor for all items is > 0.70 . Besides, the CR and Cronbach's alpha scores for all items are more than 0.70, indicating that the reliability assumption is met. Besides, the AVE scores of all constructs are > 0.50 , and the square root AVE score as shown in Table 3 for each construct in the diagonal section is also more than the correlation with other constructs. The results showed that discriminant validity is supported¹⁹.

Table 3
Discriminant Validity Construct

SLW	0.930					
INT	0.738	0.890				
KNW	0.692	0.630	0.883			
PIN	0.702	0.771	0.681	0.857		
PBN	0.687	0.800	0.652	0.852	0.856	
ATT	0.796	0.889	0.650	0.803	0.821	0.918

Notes: SLW = Readiness to comply Islamic law, INT = Intention, KNW = Knowledge, PIN = Perceived Innovativeness, PBN = Perceived benefit, ATT = attitude

¹⁹ Claes Fornell and David F. Larcker, "Evaluating Structural Equation Models with Unobservable Variables and Measurement Error," *Journal of Marketing Research* This 18, no. 1 (1981): 39–50.

The structural model was analyzed using the R-square test (R^2) to see the model's prediction accuracy²⁰. As shown in Table 4, the results of this study indicate that the intention to use Islamic banks has a value of R^2 0.789, which means that attitudes towards Islamic banking can explain 78.9% of the intention to accept Islamic banks as a single banking system. The R^2 value of attitude towards Islamic banking is 0.788, which means that all exogenous variables can explain 78.8% of the attitude towards Islamic banking.

Table 4
R-square (R^2) Result

	R Square	R Square Adjusted
Intention to accept Islamic Bank	0.789	0.788
Attitude toward Islamic Bank	0.788	0.782

Furthermore, the evaluation of the structural model results also looks at the significance of the relationship between constructs. The path coefficient measures the relationship between constructs and interaction effects (moderation).

Tabel 5
Hypothesis Test Result

Hypothesis	Path	Original sample	T Statistic	P Values	Decision
H1	SLW → ATT	0.400	5.071	0.000	Supported
H2	KNW → ATT	-0.017	0.235	0.815	Not Supported
H3	PIN → ATT	0.215	2.517	0.012	Supported

²⁰ Hair, Ringle, and Sarstedt, "PLS-SEM: Indeed a Silver Bullet."

H4	PBN → ATT	0.374	3.950	0.000	Supported
H5	ATT → INT	0.889	30.670	0.000	Supported

Notes: SLW = Readiness to comply Islamic law, INT = Intention, KNW = Knowledge, PIN = Perceived Innovativeness, PBN = Perceived benefit, ATT = attitude

The relationship between constructs and the mediation effect is significant if it has a T-statistics ≥ 1.96 and a P-value ≤ 0.05 ²¹. Based on the research results presented in Table 5, all hypotheses have a significant effect at the 5% significance level and are supported by data except H2.

As presented in Table 5, it can be understood that attitudes have a positive and significant effect on the intention to accept Islamic banking as a single system. Meanwhile, attitudes towards Islamic banking are significantly influenced by the perceived innovativeness of Islamic banking, the perceived benefit of Islamic banks, and readiness to comply with Islamic law. Meanwhile, knowledge of Islamic banking has no significant effect on attitudes towards Islamic banking. Attitudes towards Islamic banking are most significantly influenced by a readiness to comply with Islamic law (5.071), followed by perceived benefits of Islamic banking (3,950), and innovativeness of Islamic banking (2,517).

Based on the study results, all the proposed hypotheses are accepted, except for hypothesis 2 concerning the effect of

²¹ Siswoyo Haryono, *Metode SEM Untuk Penelitian Manajemen AMOS LISREL PLS* (Bekasi: PT. Intermedia Personalia Utama, 2016).

knowledge about Islamic banking on attitudes toward Islamic banking. Testing of measurement models and structural models also shows promising results and meets all validity and reliability requirements. The path analysis results between attitudes toward Islamic banking and the intention to accept Islamic banking as a single system show a positive and significant effect (H1 is supported). These results indicate that the better one's attitude towards Islamic banking, the higher one intends to accept Islamic banking as a single banking system. This result is consistent with several previous studies which show that attitude is an essential component that will influence a person's intention to use Islamic banks²².

Perceived innovativeness of Islamic banking has a positive and significant effect on attitudes towards Islamic banking (H3 supported). These results indicate that the better the perception of innovation in Islamic banking, the better one's attitude towards Islamic banking. Islamic banking products and services that are increasingly innovative in meeting customer needs are an added

²² Fithriah Ab. Rahim and Hanudin Amin, "Determinants of Islamic Insurance Acceptance: An Empirical Analysis," *International Journal of Business and Society* 12, no. 2 (2011): 37–54; Maizaitulaidawati Md Husin and Asmak Ab Rahman, "Do Muslims Intend to Participate in Islamic Insurance?: Analysis from Theory of Planned Behaviour," *Journal of Islamic Accounting and Business Research* 7, no. 1 (2016): 42–58; Amin, "Factors Influencing Malaysian Bank Customers to Choose Islamic Credit Cards: Empirical Evidence from the TRA Model"; Amin et al., "Consumer Acceptance of Islamic Home Financing"; Mbawuni and Nimako, "Determinants of Islamic Banking Adoption in Ghana."

point, so this result is consistent with several previous studies²³. Besides, Islamic banking's perceived benefits have a positive and significant impact on attitudes towards Islamic banking (H4 supported). This shows that the better a person's perception of Islamic banking's benefits, the better his attitude towards Islamic banking. These results are consistent with several previous studies²⁴.

Readiness to comply with Islamic law also significantly affects attitudes towards Islamic banking (H5 supported). This shows that the higher a person's readiness to comply with Islamic law, the better his attitude towards Islamic banking will be. This is

²³ PC Ezech, N Nwankwo, and MC Obiesie, "Islamic Banking in Nigeria: Perception of Its Relative Advantage by Consumer Segments in Anambra State," *African Research Review* 9, no. 2 (2015): 126; Dariyoush Jamshidi, Nazimah Hussin, and Hooi Lai Wan, "Islamic Banking Services Adoption as a New Banking Restructure: Examining Its Adoption from the Perspective of Doi Theory and Trust in Malaysia," *Humanomics* 31, no. 2 (2015): 214–223; Su'un et al., "Determinants of Islamic Banking Adoption across Different Religious Groups in Ghana: A Panoptic Perspective," *Journal of International Studies* 11, no. 4 (2018): 138–154; Amin, "Factors Influencing Malaysian Bank Customers to Choose Islamic Credit Cards: Empirical Evidence from the TRA Model"; Mbawuni and Nimako, "Determinants of Islamic Banking Adoption in Ghana."

²⁴ Asyraf Wajdi Dusuki and Nurdianawati Irwani Abdullah, "Why Do Malaysian Customers Patronise Islamic Banks?," *International Journal of Bank Marketing* 25, no. 3 (2007): 142–160; Mark Loo, "Attitudes and Perceptions towards Islamic Banking among Muslims and Non-Muslims in Malaysia: Implications for Marketing to Baby Boomers and X-Generation," *International Journal of Arts and Sciences* 3, no. 13 (2010): 453–485; Hussain Gulzar Rammal and Ralf Zurbruegg, "Awareness of Islamic Banking Products among Muslims: The Case of Australia," *Journal of Financial Services Marketing* 12, no. 1 (2007): 65–74; Mbawuni and Nimako, "Determinants of Islamic Banking Adoption in Ghana."

consistent and supported by previous research ²⁵. However, in contrast to the previous results, Islamic banking knowledge towards attitudes towards Islamic banking shows insignificant results in this study (H2 is not supported). This result looks different from previous research which generally shows a positive influence ²⁶. Different objects of analysis can cause a difference in the results. The results of this study are almost the same as the previous research conducted ²⁷ where knowledge does not have a significant effect in the context of students who do not study Islamic economics.

The attitude towards Islamic banking that then determines the intention to accept Islamic banking has a very significant effect due to the perception dimension of the benefits and innovation perception. It can be understood that respondents in their view of Islamic banking are very dependent on the economic and financial benefits of becoming customers of Islamic banking.

²⁵ Mariam Mourad Hussein Abou-Youssef et al., "Effects of Religiosity on Consumer Attitudes toward Islamic Banking in Egypt," *International Journal of Bank Marketing* 33, no. 6 (2015): 786–807; Kaabachi and Obeid, "Determinants of Islamic Banking Adoption in Tunisia: Empirical Analysis"; Souiden and Rani, "Consumer Attitudes and Purchase Intentions toward Islamic Banks: The Influence of Religiosity."

²⁶ Ibrahim Danjuma et al., "Customers' Perception of Non-Interest Banking Services by Deposit Money Banks: Evidence From Nigeria," *Journal of Islamic Banking and Finance* 3, no. 2 (2015): 57–65; Maicon Gouvêa de Oliveira et al., "Decision Making at the Front End of Innovation: The Hidden Influence of Knowledge and Decision Criteria," *R and D Management* 45, no. 2 (2015): 161–180; Mbawuni and Nimako, "Determinants of Islamic Banking Adoption in Ghana."

²⁷ Nugraheni & Widayani (2020)

Their perception of innovation is also related to the benefits they will get from these innovations²⁸. During transactions with conventional banking, respondents may feel disadvantaged by the interest and the system being implemented. Using an interest-free banking system will undoubtedly provide added value to the conventional systems offered.

The significant influence of readiness to comply with Islamic law on attitudes towards Islamic banking can be understood because the people of Aceh themselves are culturally known as religious. This religiosity can be assessed from various aspects, including persistence in fighting for Islamic values as the foundation for a socio-economic order²⁹. Meanwhile, knowledge of Islamic banking does not affect attitudes because the people of Aceh with their inherent religiosity believe well in the Islamic aspects of the Islamic terminology inherent in Islamic banks. For this reason, this strong belief does not raise various questions that raise knowledge about Islamic banking, such as the question "is Islamic bank different from conventional banks?" or "how Islamic the Islamic bank is?" and other similar questions. The people of

²⁸ Mbawuni and Nimako, "Determinants of Islamic Banking Adoption in Ghana."

²⁹ Montgomery McFate, "Useful Knowledge: Snouck Hurgronje and Islamic Insurgency in Aceh," *Orbis* 63, no. 3 (2019): 416–439, <https://doi.org/10.1016/j.orbis.2019.05.005>.

Aceh have an attitude of obedience to the ulama's decisions regarding Islamic banking without asking many questions³⁰.

This study contributes to all parties related to Islamic banking implementation as a single banking system in Aceh province, including executives, legislative, professionals, and other Islamic banking stakeholders. This is because the results of this study show that attitudes are influenced by perceptions of benefits, perceptions of innovation, and readiness to comply with Islamic law, so the parties concerned must promote education and promotion regarding Islamic banking which emphasizes the aspects of benefits and innovations of the products and services of Islamic banking. For decision-makers, policymakers and regulators must formulate products, services, and innovative and economically beneficial services to customers. Regarding the readiness to comply with Islamic law, the parties concerned need to make policies that can increase the community's religiosity.

Conclusion

This study's main objective is to determine the factors of Islamic banking acceptance as a single banking system in Aceh Province. Several hypotheses that were built based on theory and previous research were tested on 169 respondents. SEM-PLS analysis results show a significant positive effect between

³⁰ Abidin Nurdin et al., "The Role of Ulama in the Application of Islamic Syariah in Aceh: A Study of Aceh Ulama Council's Fatwa on Apostasies and Heresies," *Mazahib* 17, no. 1 (2018): 46–68.

attitudes towards Islamic banking and the intention to use Islamic banking (H1). Meanwhile, attitudes towards Islamic banking are influenced positively and significantly by a readiness to comply with Islamic law (H5), perceptions of the benefits of Islamic banking (H4), and perceptions of innovation in Islamic banks (H3). Meanwhile, knowledge of Islamic banking does not affect attitudes towards Islamic banking (H2).

The results of this study are expected to contribute to the development of the academic literature and benefit all stakeholders related to Islamic banking, both legislative and executive. This study has several limitations; first, the respondents this study were very few, namely 169 respondents. Therefore, more data is needed to get more representative research results. Afterward, the researcher can reexamine with more extensive data so that the results will be more representative. Second, this study's variables only focus on attitude which is an intervening variable between knowledge of Islamic banks, perceptions of Islamic banking innovation, perceptions of the benefits of Islamic banking, and readiness to comply with Islamic law Islamic bank's acceptance as a single banking system. Further research can expand the hypothesis with various other variables such as service quality, subjective norms, religiosity, and other variables that are considered essential and relevant.

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