

Perceptions of the Time Value of Money and the Economic Value of Time Among Islamic Bank Customers in Bogor Regency

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Abstract

Background - Indonesia, which is known as the 2nd largest Muslim in the world, can only have a sharia penetration rate of 4.1% in 2021, seeing this fact shows that people prefer to use conventional finance, because many people still think that Islamic finance is not much different from conventional finance. Therefore, it is important for customers to understand financial concepts like time value of money and economic value of time to be able to distinguish which ones are in accordance with Islamic law and which ones are not in accordance with Islamic law, so as to increase good perceptions of the Islamic financial system so that it will be more attractive.

Purpose - This study aims to examine the influence of the perception of understanding of the time value of money concept and the perception of understanding of the economic value of time concept on the perception of the Islamic financial system, with religious commitment as a mediating variable. And to compare perceptions of understanding time value of money and economic value of time between exclusive Islamic bank customers and dual bank customers.

methodology - This study uses a descriptive quantitative approach with SmartPLS 0.3 analysis and SPSS difference testing. The sampling method employed is purposive sampling, and data were obtained from 100 respondents as the sample for this research.

Findings - The results of this study indicate that the perception of understanding the time value of money and economic value of time have a positive and significant effect on the perception of Islamic financial systems. Understanding of the economic value of time has a positive and significant effect on the perception of Islamic financial systems. Religious Commitment is able to mediate the understanding of the time value of money and the understanding of the economic value of time on the perception of the Islamic financial system. There is no significant difference in understanding the time value of money and the economic value of time between customers exclusive Islamic bank customers and dual bank customers

Originality - This study offers novelty by using religious commitment as a mediating variable, which can indirectly influence the effect of understanding the time value of money and the economic value of time on the Islamic financial system. The study also employs group difference testing to determine whether there is a difference in the understanding of the time value of money and the economic value of time between Islamic bank customers who exclusively use Islamic banks and those who also use conventional banks

Keywords: Time Value of Money, Economic Value of Time, Islamic financial systems, Religious Commitment
