

ISLAMIC FINANCIAL LITERACY AMONG SHARIA BANKERS IN BANDAR LAMPUNG

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ABSTRACT – This article reports the findings of Islamic Financial Literacy for Sharia bankers in Bandar Lampung specifically in terms of Islamic financial products and what factors influencing it. The skill is needed to assist transactions, with a clear understanding and appreciation of the unique characteristics and features of Islamic Finance and its real economic value. As mentioned by the Financial Authority Service, one of the challenges that Sharia banking encounters are the inadequacy of capable and highly qualified human resources to support the development of sharia financial products and services. However, up to now there is a lack of studies about Islamic financial literacy in Indonesia, particularly for people who works on Islamic financial sectors. The objectives of this study are (i) to indicate the level of Islamic financial literacy among human resources of Sharia banks in Bandar Lampung, and (ii) to identify significant factors that influence Islamic financial literacy among the bankers. In terms of Islamic Financial Literacy rate, the result of the study is quite distinct from the existing research finding in that it shows that female bankers have higher Islamic Financial Literacy rate than their male counterpart. In addition, based on length of work and age cohort, the median groups also have higher Islamic financial literacy rate. While in terms of type of institution, bankers of Sharia banks exhibit advanced Islamic financial knowledge than Rural sharia banks' staffs. Using Factor Analysis, the study finding revealed the five factors determining Sharia banker's Islamic financial literacy.

Keywords: Islamic Financial Literacy, Sharia Bank, Islamic Financial Sector.

ABSTRAK – Literasi Keuangan Islam para Bankir Syariah di Bandar Lampung. Artikel ini menyajikan temuan pada studi yang mengidentifikasi faktor-faktor yang mempengaruhi Literasi Keuangan Islam untuk bankir Syariah di Bandar Lampung, khususnya dalam hal produk dan jasa keuangan Islam. Keahlian ini diperlukan untuk membantu transaksi, dengan pemahaman dan apresiasi yang jelas terhadap karakteristik dan fitur unik serta nilai ekonomi riil keuangan Islam. Sebagaimana disebutkan oleh Otoritas Jasa Keuangan bahwa salah satu tantangan yang dihadapi perbankan Syariah adalah tidak memadainya sumber daya manusia yang berkemampuan dan berkualifikasi tinggi untuk mendukung pengembangan produk dan layanan keuangan syariah. Namun, hingga saat ini hanya sedikit studi tentang literasi keuangan Islam di Indonesia, terutama bagi orang-orang yang bekerja di sektor keuangan Islam. Tujuan dari penelitian ini adalah (i) untuk menunjukkan tingkat literasi keuangan syariah sumberdaya manusia bank syariah di Bandar Lampung, dan (ii) untuk mengidentifikasi faktor-faktor signifikan yang mempengaruhi literasi keuangan syariah para banker tersebut. Dalam hal tingkat Literasi Keuangan Islam, hasil penelitian ini cukup berbeda dari temuan penelitian yang ada karena menunjukkan bahwa banker perempuan memiliki tingkat Literasi Keuangan Islam yang lebih tinggi daripada rekan pria mereka. Selain itu, berdasarkan lama bekerja dan kelompok usia, kelompok median juga memiliki tingkat melek finansial Islam yang lebih tinggi. Berdasarkan jenis institusi, bankir bank Syariah menunjukkan pengetahuan keuangan Islam yang lebih baik daripada staf BPRS. Dengan menggunakan Analisis Faktor, temuan penelitian ini mengungkapkan lima faktor yang menentukan literasi keuangan Islam bankir.

Kata Kunci: Literasi Keuangan Islam, Bank Syariah, Sektor Keuangan Islam.

INTRODUCTION

The characteristic of Islamic banking operation is based on mutual benefit principles and partnership that provides an alternative banking system with mutual benefits both for the society and the bank. This system gives priorities to aspects related to fairness in transaction and ethical investment by underlining the values of togetherness and partnership in production, and avoiding any speculative activity in financial transaction. By providing numerous products and banking services supported by various financial programs, Islamic banking will be a trustworthy substitute for the society (Ulum, Ghozali, & Purwanto, 2014). The development of Islamic banking in Indonesia is implemented under a dual banking system in compliance with the Indonesian Banking Architecture (API). In consideration of providing widespread banking services to Indonesian economy, both Islamic banking and conventional banking systems mutually reinforce an extensive public fund mobilization in the agenda of encouraging financing capability of national economic sectors.

According to data 2019 data from Financial Services Authority (*Otoritas Jasa Keuangan - OJK*), there are around 189 Islamic banks consisting of 14 Sharia Commercial Banks (*Bank Umum Syariah - BUS*), 20 Sharia Business Units (*Unit Usaha Syariah - UUS*), and 164 Sharia Rural Banks (*Bank Pembiayaan Rakyat Syariah - BPRS*) in Indonesia. However, such growing condition has not been followed by increasing demand for Islamic finance service products. According to the OJK data in 2016, the Shariah financial literacy is still only 8.11 percent of Indonesia's total financial literacy of 29.7 percent meaning that out of every 100 residents only about 29 people are included in well literate category in terms of their understanding about Islamic financial principles (Otoritas Jasa Keuangan, 2017).

This situation should be addressed accordingly by all the sharia banking stakeholders because the fundamental key in supporting the development of the economy and finance of Indonesian Sharia economy is to increase public awareness and literacy in the field of Sharia economics and finance (Ibrahim & Kamri, 2017). In addition, inadequate quantity and quality of human resources in supporting the development of products and services is a challenge for Sharia Banking in meeting the quality of capable and understanding human resources and implementing Sharia principles (Departemen Perbankan Syariah, 2015; Ibrahim & Kamri, 2016).



Based on PISA 2012, there are two domains in definition of financial literacy: the first refers to the types of thinking and behavior; and the second refers to the objectives and development of specific literacy. As indicators of financial literacy, OECD measures literacy using financial behavior, financial knowledge, and financial attitudes (OECD, 2014). OJK (2016) defines literacy as a series of knowledge, skills, and confidence which influence attitudes and behaviors to increase the quality of decision making and financial management in order to prosper. According to Potrich and Mendes-Da-Silva (2016), financial literacy is a mastery of a set of knowledge, attitudes and behaviors that helps people to make the right financial decisions to strive and reach financial welfare.

In the last decade, government of various countries have set important agendas to improve community's financial literacy and have widely launched programs and research concerning of financial literacy. However, it is still relatively rare to find a research that discusses the measurement of financial literacy among Muslims. As the existing financial literacy have not been properly tailored for Muslims regarding the distinction in financial principles, it is imperative to formulate an Islamic measurement used in determining Muslim financial literacy (Santoso & Meera, 2017; Nmadu & Mika'ilu, 2018). Based on the internal factor, Muslims are obligated to obey the rules of Islam, while from external aspect the availability of complex current financial instruments has raised awareness among the Muslim community to respond through financial decision making based on Islamic financial principles, and as the result, it also has encouraged the need for researching Islamic financial literacy (Setiawati et al, 2018).

Up to now, there is a lack of studies about Islamic financial literacy in Indonesia, particularly for people who work on Islamic financial sectors. Previous research mostly focused on the consumers not the bankers (Abdalla, Huda and Srivastava, Ashok K 2017; Nejad, 2018; Andreou, Panayiotis C. and Anyfantaki 2019). Other research focused on financial literacy among high school students, adults, college students (Chen, Haiyang and Volpe 1998; Danes & Hira 1987; Nidar and Bestari 2012; Potrich and Mendes-Da -Silva 2016). Limited studies cover financial literacy for individual investors or stock market participation (Abdalla, Huda and Srivastava, Ashok K 2017; Rooij, Lusardi and Alessie, 2007). On Islamic banking sectors, study from Abdullah & Anderson (2015) suggest that nine factors determine the financial literacy of bankers in Kuala Lumpur, namely; views on banking product, views on Islamic



banking product, parents' influence on Islamic financial product & services, factors determining investment in securities, views on conventional banking product, attitude on personal financial management influences of personal financial management, knowledge on wealth planning & management and attitude on Islamic financial product and services. In Indonesia, Ulum et al., (2014) analyze Intellectual Capital Performance (ICP) using Modified VAIC (M-VAIC) for measuring the value-based performance of the Indonesian banking sector.

It is evident that the bankers including sharia bankers are major players in the banking industry whose main functions are managing the investment of customer funds, providing financial services and payment traffic, and managing social activities as well as the inherent characteristics in Islamic financial institution in terms of collecting, administering, distributing zakat and other social funds. Receiving specific education and training prior to involve in the financial industry, the bankers are presumed to acquire better financial literacy as they are expected to provide the best financial services for the community.

This study aims to empirically determine the instrument for Islamic financial literacy along with its dimensions and indicators through quantitative methods. The formation of Islamic financial literacy constructs with its dimensions and indicators is required as a parameter to measure the level of financial literacy of the community at various groups.

LITERATURE REVIEW

The study of financial literacy has been conducted and measured by numerous researchers. Chen and Volpe (1998) underscored financial literacy as general financial knowledge. Huston (2010) described the concept of literacy which consists of two dimensions - the understanding of personal financial knowledge and the application of personal finance in daily life. Huston explained of concept financial knowledge as an integral dimension, but not equivalent to, financial literacy while Atkinson and Messy (2012) constructed a measurement of financial literacy using knowledge, attitudes, and financial behavior. Rooij et al (2012) considered financial literacy as financial knowledge which consists of the basic concepts of financial knowledge. Klapper and Panos (2011) highlights financial literacy as financial knowledge.

Previous research mostly focused on the financial literacy among high school students and adults. Few of them have examined college students except for



Danes and Hira, (1987) and Vope, Chen and Pavlicko (1996). Danes and Hira (1987) surveyed 323 college students from Iowa State University using a questionnaire covering knowledge of credit card, insurance, personal loans, record keeping, and overall financial management. Further, Mason and Wilson (2000) explained that the important of financial literacy is just helping to make financial decision using the relevant information, but it is not guaranteed the right decision. This is because someone does not always make decisions based on the rationales of economic information only. However, in more recent study, Chinen and Endo (2012) explains that financial literacy will reflect on someone financial behavioral, how someone acts when faced with financial decisions making

Financial literacy is a prominent aspect required in economic, financial and social environment to make proper financial decisions. The importance of financial literacy has been proven by Miller and Levesque (2009) since it especially helps to assess today's increasingly complex financial services and products and sound decision making, to deal with financial complexities (such as accumulated savings, asset diversification and insurance purchases), also improve financial behavior (punctual payment of bill, manage appropriate loans) and it also helps improving the efficiency and quality of financial services. Furthermore, Nidar and Bestari, (2012) explained that financial literacy helps people understand the financial system, thus it will prevent the national economy to fall in the global financial crisis. Additionally, having the same conclusion, Bhushan and Medury (2013) also described that financial literacy has become increasingly complex over the past few years with the introduction of many new financial products.

Although the former research has provided proof about people's personal finance knowledge and improved our understanding on such issue, it retains several limitations. For instance, many studies cover selected areas in personal finances, neglecting others. Furthermore, the validity of the survey instruments is questionable because of the limited number of items included in the questionnaires. These limitations are compounded by the fact that many prior studies only report the levels of financial literacy without further analyze on the factors that influence people's knowledge. Moreover, information regarding bankers' financial literacy unfortunately is still limited, as the previous research of financial literacy more focused consumers not the bankers (Abdalla, Huda and Srivastava, Ashok K 2017; Andreou, Panayiotis C. and Anyfantaki, 2019; Nejad 2018)



The absence of a standard definition of financial literacy shows that financial literacy measurement also does not have a standard so that the standard instruments used to measure the level of financial literacy are also not existing. From several studies on financial literacy showed that financial literacy could be measured using a basic concept, borrowing concept, saving / investment concept and protection concept. (Huston, 2010). Whereas according to Hung et al (2009) it could be measured by savings, investment and debt. This leads to differences in the measurement of financial literacy do not have a standard measure to determine a person's level of financial literacy.

Lusardi and Mitchell (2011) classifies the level of financial literacy into two: basic and advanced. Basic financial literacy includes the knowledge of interest rates (interest rate), the inflationary impact (effect of inflation) and the concept of diversification of risk (risk diversification), while Advanced financial literacy includes knowledge about the relationship of risks and benefits; mechanisms bonds, stocks, options and mutual funds; and assessment of the underlying asset. One of the questions is the basic categories: "Suppose you had \$ 100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow: more than \$ 102, exactly \$ 102, less than \$ 102?". However, the question is not in conformity with Islamic principles since Islam does not recognize the existence of the interest as it is usury and prohibited in Islamic law. Hence, Islamic finance requires a different measurement of financial literacy that can be specifically fit with values and Islamic teachings.

Trying to propose a model for Islamic Financial Literacy, this research intends to broaden and complement literatures of Islamic financial literacy, especially in people who are participate directly in the industry, as one of the considerations to make decision for policy makers. This research sets aim to measure and analyze the Islamic financial literacy of Sharia bankers in Bandar Lampung.

RESEARCH METHOD

To assess Islamic financial literacy from sharia banks' staffs, this study constructed a closed-ended survey questionnaire to collect the responses. Furthermore, the questionnaire was distributed into two sections A and B. Section A consists of factors affecting Islamic financial literacy that covers various aspects namely knowledge, attitudes, opinions, behaviors, facts and



other information related to Islamic financial literacy (Abdullah and Anderson, 2015). Alternatively, section B involves the indicators related to the knowledge of Islamic financial products representing Islamic financial literacy (Hidajat and Hamdani, 2016). The data collection used is a survey method with purposive sampling technique. The survey involved 57 respondents who works for two sharia rural banks and two sharia banks in Bandar Lampung.

From the questionnaire's section B, Islamic financial literacy rate of bankers can be measured. The responses from each participant are used to calculate the mean percentage of correct scores for each question. Consistent with the existing literature Chen, Haiyang and Volpe (1998) ; Danes & Hira (1987); Voipe et al., (1996), the mean percentage of correct scores is grouped into (1) more than 80%, (2) more than 60%, and (3) below 30%. The first category represents a relatively high level of knowledge. The second category represents a medium level of knowledge. The third category represents a relatively low level of knowledge.

The main analysis technique used in this study is Factor Analysis (FA), which then the data will be processed by using SPSS program. FA is used in performing the multivariate data analysis. FA is able to determine the number of factors to retain without losing too much information. It also explains the variance of the observed data through a few linear combinations of the original data.

Using the attributes suggested by Abdullah and Anderson (2015) in their research, this study proposed the following dimensions:

1. Both conventional and Islamic banking products are no different.
2. Both conventional and Islamic banking products are the same.
3. There is no difference between conventional and Islamic banking products
4. Both conventional and Islamic banking products are similar.
5. Islamic banking products are easy to understand.
6. Most of my clients prefer Islamic products more than then conventional products
7. Most of my clients view it is easy to understand the Islamic financial concepts and terms.
8. I favor to explain Islamic banking products to my customer.
9. I am familiar with the Islamic banking products.
10. My parent(s) has/have always checked on the permissibility of the products before buying



11. My parent(s) reminded me that *haram* products and services are to be totally avoided,
12. I Follow strict adherence to ethical consideration
13. I consider both the risk and return before making investment
14. I strictly follow adherence to religious rules
15. Returns on investment
16. I seek Professional financial Advice
17. Based on my customers opinion, they think it is easy to understand the conventional financial concepts and terms.
18. Most of my customers prefer conventional products more than then Islamic products.
19. I keep money in the cash vault at home.
20. I make sure to pay at least the minimum amount of my credit balance.
21. I have friends that keep record of their income and expenditure.
22. My co-workers record of his/her income and expenditure.
23. I have a list of my asset that I own
24. I prepare budget for my monthly expenditure
25. Islamic financial Products offer competitive yields as the conventional financial Products.
26. Islamic financial products are safer alternative investment products for Muslim.

The FA begins with testing the suitability of data for factor analysis. Firstly, the initial step must be taken is computing the correlation matrix to depict that there were enough correlations to carry out factor analysis. In order to carry on to the next step, firstly the Measure of Sampling Adequacy (MSA) values along the matrix diagonal should be more than 0,5. Completing the first procedure, The Kaiser-Meyer-Oklin (KMO) measure of sampling adequacy is also crucial to check. The Kaiser-Meyer-Oklin (KMO) measure of sampling adequacy is a statistic for comparing the magnitudes of the observed correlation coefficients to the magnitudes of the partial correlation coefficients, with the requirement that the partial correlations should not be very large if distinct factors are expected to emerge from factor analysis (Hutcheson and Sofroniou, 1999) KMO overall statistic varies from 0 to 1.0 and the value of KMO overall should be 0.60 or higher in order to proceed with factor analysis (Kaiser and Rice, 1974)

RESULT AND DISCUSSION

This section starts with a demographic profile of the respondents. Table 1 shows that respondents are quite equal between female and male as much as 50,88% and 49,12% respectively. However, most of them belong to 26-35 age



cohorts and relatively youngsters, and lastly the majority of responses are from those who have worked at least 2-4 years in Sharia banking services.

Table 1. Descriptive Statistics of Respondents

Gender	N	Percentage
Female	29	50.88%
Male	28	49.12%
Total	57	100%

Institution	N	Percentage
Sharia Rural Bank A	16	28.07%
Sharia Rural Bank B	11	19.30%
Sharia Bank A	22	38.60%
Sharia Bank B	8	14.04%
Total	57	100%

Age Group	N	Percentage
<25	17	29.82%
26-35	30	52.63%
36-45	10	17.54%
Total	57	100%

Length of Employment	N	Percentage
<5 years	32	56.14%
6-10 years	22	38.60%
11-15 years	3	5.26%
Total	57	100%

Another descriptive analysis that was concluded in this research is the level of Islamic Financial Literacy. To measure the literacy score, summation is done. The score for the answer of “true” is 1 and the score for the answer of “false” or “do not know” is 0. Subsequently, final score was calculated to settle literacy category of “high”, “middle”, and “low”.

Table 2. Bankers' Islamic Financial Literacy

Gender	Low	Middle	High	N
Male	10.34%	31.03%	58.62%	29
Female	15.38%	15.38%	69.23%	28

Institution	Low	Middle	High	N
Sharia Rural Bank A	93,75%	-	6,25%	16



Sharia Rural Bank B	27,27%	45.40%	27,27%	11
Sharia Bank A	4.55%	40.91%	54.55%	22
Sharia Bank B	12.50%	12.50%	75%	8

Age Group	Low	Middle	High	N
<25	11.76%	41.18%	47.06%	17
26-35	13.33%	13.33%	73.33%	30
36-45	-	20%	80%	10

Length of Employment	Low	Middle	High	N
<5 years	15.63%	28.13%	56.25%	32
6-10 years	4.55%	22.73%	72.73%	22
11-15 years	-	33.33%	66.67%	3

Lusardi and Mitchell (2011) remarkable research finding presented persistent international gender disparities in financial literacy where in most cases, women are less financially knowledgeable than are men. Surprisingly, quite distinct from the existing research finding, this study result showed that women have higher Islamic Financial Literacy rate than their male counterpart.

However, this research also supported the finding that women are not only less likely to answer the financial literacy questions correctly, but they are more likely to state that they do not know the answers, compared to men. This is a systematic and persistent difference in financial literacy between men and women. In addition, it can be inferred that based on length of work and age cohort, the median groups also have higher Islamic financial literacy rate, while in terms of type of institution, as predicted, bankers of sharia banks exhibit advanced Islamic financial knowledge than rural sharia banks staffs.

DATA ANALYSIS

The technique of analysis for FA is used in performing the multivariate data analysis. The FA is able to determine the number of factors to retain without losing too much information. It also explains the variance of the observed data through a few linear combinations of the original data.

In order to test the suitability of data for factor analysis, this study performed the following steps: Computing the correlation matrix to depict that there were enough correlations to carry out factor analysis. In order to carry on to the next step, firstly the Measure of Sampling Adequacy (MSA) values along the matrix



diagonal should be more than 0,5. However, the result showed that some of the statements namely statements 17,18,19 and 25 had values less than 0.5, therefore those were removed from the list and cannot be included in factor analysis.

KMO measure of sampling adequacy was estimated and the KMO value was obtained as 0.716 for overall sample that indicated that the sample was good enough for analysis. Bartlett's test of sphericity was carried out and showed statistically significant number of correlations among the variables. Thus, the data was found to be fit for factor analysis.

Table 3. KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.716
Bartlett's Test of Sphericity	Approx. Chi-Square	863.579
	Df	231
	Sig.	.000

Table 4 provides the eigenvalues of the correlation matrix of the nine individual indicators that compose the factors that determine the Islamic financial literacy of bankers

Table 4. Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	6.599	29.996	29.996	6.599	29.996	29.996	4.578	20.808
2	3.791	17.234	47.230	3.791	17.234	47.230	3.596	16.343	37.152
3	2.305	10.479	57.709	2.305	10.479	57.709	2.820	12.817	49.969
4	1.567	7.124	64.833	1.567	7.124	64.833	2.759	12.542	62.511
5	1.234	5.611	70.444	1.234	5.611	70.444	1.745	7.933	70.444
6	.990	4.502	74.946						
7	.902	4.099	79.045						
8	.762	3.465	82.510						
9	.663	3.012	85.522						
10	.624	2.835	88.358						
11	.480	2.184	90.541						
12	.424	1.925	92.467						
13	.346	1.572	94.039						
14	.290	1.318	95.357						
15	.269	1.221	96.578						

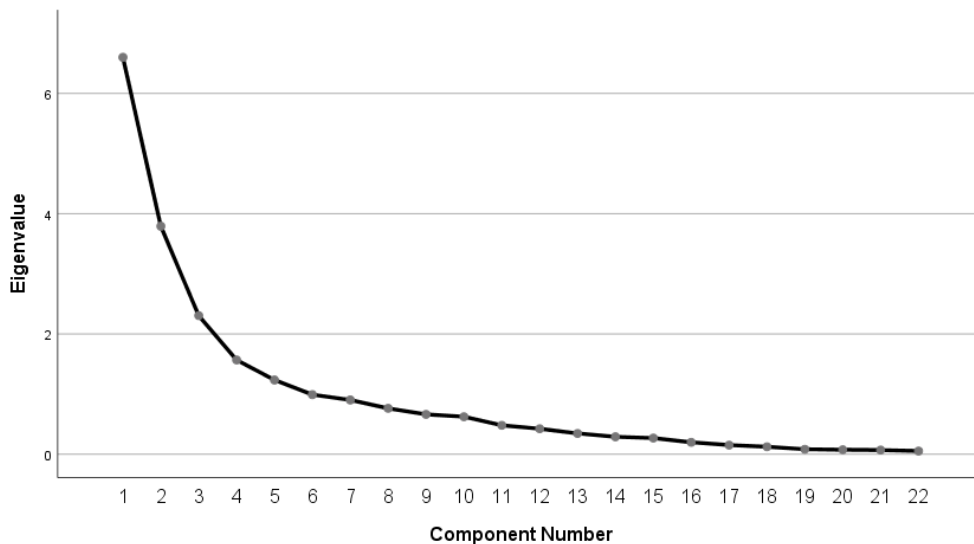


16	.198	.901	97.479
17	.152	.689	98.168
18	.124	.563	98.731
19	.083	.376	99.108
20	.074	.338	99.446
21	.069	.313	99.759
22	.053	.241	100.000

Extraction Method: Principal Component Analysis.

For deciding the number of factors to retain, the Kaiser Criterion is used. The rule of Kaiser Criterion states that components that have an eigenvalue of 1 or more are considered. Consistent with this rule, only five factors should be retained in the analysis with an eigenvalue of 6,599 and 1,234. The five components explain a total of 70.44% of the variance. The remaining principal components have eigenvalues less than one and they explain the remaining 29,56% of the variance in the data set. This result is supported by Figure 1. When there is a difference (or elbow) in the shape of the plot in Figure 1, then only components above the point are retained. In this case, there is quite a clear break between the fifth and sixth components. Hence, only five principal components are retained.

Figure 1. Scree Plot



Principal component analysis was used for extracting factors and the number of factors to be retained was based on latent root criterion, variance explained and Scree Plot analysis. All three methods indicated that five factors may be



extracted to give valuable results and these factors accounted for 70.44 percent for overall sample. The results were obtained through oblimin rotation and all factor loadings greater than 0.5 (ignoring the sign) were retained, which means that the 26th factor loading was removed since it did not meet such criteria.

The results of principal component analysis with oblimin rotation in the form of the pattern matrix which is actually the rotated factor loading is shown in Table 5. All the factors have been given appropriate names according to the variables that have been loaded on to each factor. The factor loadings and the five factors described in Table 3 are shown in the following.

Table 5. Rotated Factor Loading

	Component				
	1	2	3	4	5
Q1	.034	.931	.072	.054	-.111
Q2	-.108	.948	.030	.111	-.012
Q3	-.124	.893	.037	.008	-.063
Q4	-.017	.880	-.029	.119	.072
Q5	.720	-.088	.113	-.155	.002
Q6	.810	-.110	.014	-.030	.003
Q7	.792	.031	.209	.217	-.045
Q8	.762	.032	.201	.282	.145
Q9	.784	-.058	.260	.408	.095
Q10	.602	-.098	-.164	.270	.455
Q11	.563	-.211	-.008	.365	.482
Q12	.574	-.135	.161	.509	.140
Q13	.153	-.029	-.053	.809	-.026
Q14	.588	.134	-.020	.254	.300
Q15	.246	.140	.162	.759	.105
Q16	.053	.232	.134	.605	.036
Q20	.162	.023	-.031	-.053	.817
Q21	.133	.040	.853	-.065	.208
Q22	.101	.053	.857	.073	-.210
Q23	.175	.015	.869	.240	-.026
Q24	-.023	-.220	.473	.318	.579
Q26	.165	.126	.321	.338	.198

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Table 5 shows the five factors were formed after the rotation process and the results obtained are factor loadings that can be distinguished from the previous process, the five factors identified from the table are the dimensions derived from the 22 attributes of Islamic financial literacy. The attributes included in each dimension are called the underlying construct.



Table 6. Name of Dimensions and their Factor Loadings

Factor Number	Name of Dimension	Statement Label	Statements
F1	Sharia Conformity and Views on Sharia Banking	Q5	Islamic banking products are easy to understand.
		Q6	Most of my clients prefer Islamic products more than then conventional products
		Q7	Most of my clients consider it is easy to understand the Islamic financial concepts and terms.
		Q8	I favor to explain Islamic banking products to my customer
		Q9	I am familiar with the Islamic banking products.
		Q10	My parent(s) has/have always checked on the permissibility of the products before buying
		Q11	My parent(s) reminded me that <i>haram</i> products and services are to be totally avoided
		Q12	Follows strict adherence to ethical consideration
		Q14	Follows strict adherence to religious rulings
		Q16	I seek Professional financial Advice
F2	Views on Banking Product	Q1	Both conventional and Islamic banking products are no different.
		Q2	Both conventional and Islamic banking products are the same.
		Q3	There is no difference between conventional and Islamic banking products.
		Q4	Both conventional and Islamic banking products are similar.
F3	Attitude on Personal Financial Management	Q21	I have friends that keep record of their income and expenditure.
		Q22	My co-workers record of his/her income and expenditure.
		Q23	I have a list of my asset that I own
F4	Attitude on Risk and Return	Q13	I consider both the risk and return before making investment
		Q15	Returns on investment
		Q20	I make sure to pay at least the minimum amount of my credit balance
F5	Knowledge on Wealth Planning	Q24	I prepare budget for my monthly expenditure

Having obtained five factors which are the results of the reduction of 22 attributes, then the next step is to give names to the five factors that have been formed. The names of factors are expected to reflect the characteristics of each component they consist of as they are described in the following:

Factor 1: Sharia Conformity and Views on Sharia Banking. This is the most important factor of the overall sample and it represents 29.96 percent of the total variance. 10 statements load significantly on to this factor. These



statements demonstrate the significance of bankers' views on Sharia banking products in and the compliance to sharia law.

Factor 2: Views on Banking Product. This is the next important factor, which accounts for 17.234 percent of the variance. Four statements constitute this factor and all these statements load on highly for this factor. This shows that even though conventional banking and Sharia banking sometimes are perceived as to be no different with each other, the bankers understands special features and truthful values of Sharia banking products and services.

Factor 3: Attitude on Personal Financial Management. This factor accounts for 10.479 percent of total variance and is constituted of three statements. This factor signifies how personal financial management influence bankers' financial literacy

Factor 4: Attitude on Risk and Return. This factor accounts for 7.124 percent of total variance and is constituted of three statements. This shows the factors that bankers perceived as important when considering about risk and return that they have to take and gain.

Factor 5: Knowledge on Wealth Planning. This factor accounts for 5.611 percent of total variance and is constituted of one statement. This factor shows how bankers' knowledge on wealth planning and management affects their financial literacy.

CONCLUSIONS

Measuring Islamic financial literacy rate from Sharia bankers in Bandar Lampung, this study indicated that women have higher Islamic Financial Literacy rate than their male counterpart. It also supported the finding that women are not only less likely to answer the financial literacy questions correctly, but they are more likely to state that they do not know the answers, compared to men. In addition, it can be inferred that based on length of work and age cohort, the median groups also have higher Islamic financial literacy rate, while in terms of type of institution, as predicted, bankers of Sharia banks exhibit advanced Islamic financial knowledge than Rural sharia banks staffs. Subsequent to performing Factor Analysis towards the 26th proposed attributes, this study suggests five new factors that determine the financial literacy of Sharia bankers in Bandar Lampung, namely; Sharia Conformity and Views on Sharia Banking, Views on Banking Product, Attitude on Personal



Financial Management, Attitude on Risk and Return, Knowledge on Wealth Planning.

As a country with the largest Muslim population in the world and with a strong Islamic financial foundation at the grassroots, Indonesia has the potential to become one of the Sharia financial and economic centers at regional and global levels. This potential needs to be balanced with a good and comprehensive understanding in the field of Islamic economics and finance so that its spread is not only in the central environment but also in various regions. Indonesia has a large market potential, so Indonesia must be the main driver of the Sharia economy, not just a target market. The government and all stakeholders have undertaken immense effort to increase sharia financial literacy including education and outreach to encourage the interest of all levels of society to use Sharia banking products and services. However, qualified and skillful human resources in Islamic financial sector, particularly Sharia banking play important parts to deliver Islamic financial products and services to the society, therefore specific training programs and certifications that can boost Islamic financial literacy and ensure the quality of sharia bankers are urgently needed to be design by the authorities.

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