



The Effect of Brand Equity on the Decision of BMT Al-Hijrah Madukoro Financing Customers in Sorong City

Nurul Hidayah^{1*}, Mitta Muthia Wangsi², Nina Aprilia³

^{1,2,3} Faculty of Economics and Business, Muhammadiyah University of Sorong

*Corresponding author: nurulhidayah@um-sorong.ac.id

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Abstract

Baitul Maal Tamwil (BMT) in its business focus contributes to encouraging the economic empowerment of local communities. As a non-bank financial institution operating on sharia principles, it is a challenge for it to build brand equity and maximize its role to increase community financial inclusion. BMT Al-Hijrah Madukoro Branch, Sorong City, is an alternative microfinance institution that collects funds and distributes them into sharia financing products for the local community. This study aims to determine the effect of Brand Equity on customer decisions to take financing products at BMT Al-Hijrah Madukoro Branch, Sorong City. Research using Quantitative methods with convenience sampling techniques. The number of samples was 30 BMT Al-Hijrah financing customers. Data is analyzed with simple linear regression. The data was collected through a questionnaire on the google form link and distributed by BMT Al-Hijrah Madukoro Sorong City employees directly to their financing customers. The results show that there is an influence of Brand Equity on the Decision of BMT AL-Hijrah Financing Customers Madukoro Branch Sorong City .

1. INTRODUCTION

The existence of non-banking Islamic Financial Institutions in the community is expected to be able to increase the economic empowerment of the local community. The Financial Services Authority through a press release "Increasing Financial Inclusion, a Stronger Economy" released on 7 October 2022 has launched the Credit/Financing Against Moneylenders (K/PMR) program; is credit/financing provided by formal Financial Services Institutions to Micro and Small Enterprises (UMK) actors with a fast, easy and low-cost process (Financial Services Authority, 2022). According to (Rofiah, 2011) "empowerment" is interpreted as all efforts to free the poor from the shackles of poverty which results in a situation where economic opportunities are closed to them, because poverty that occurs is not purely natural, but the result of various factors related to power and policy, empowerment efforts must also involve these two factors. BMT AL-Hijrah The Madukoro Branch in Sorong City is one of the established sharia microfinance institutions to meet the needs of the collection and distribution of sharia financing to the local community. Addressed at Jl. Madukoro No. 41

km 12, Kota shove. Established since 1995, it has several operating branch offices .

BMT Al-Hijrah Madukoro Branch is a microfinance institution that has just been acquired in 2022 so that the total BMT Al-Hijrah Branch operating in Sorong City itself is 3 Offices. Financing products offered by BMT AL-Hijrah include financing for profit sharing systems (Mudharabah), Sale and purchase of goods (Murabaha), equity participation (Musyarakah), leasing (Ijarah), certain payment fees (Ijarah Multijasa).

In 2020, the population of productive age in Sorong City is around 66.13 percent compared to 2019 of 65.87 percent (Sorong B.K., 2020) in (Ramli et al., 2022) . This productive age population certainly has the potential to boost the economy and welfare of the people of Sorong City through financial inclusion activities.

Based on the results of observations and unstructured interviews with the Main Director of BMT Al-Hijrah, Madukoro Branch, Sorong City, it was found that the financing product that was most in demand was the Murabaha contract for the purchase of electronic goods for personal use as well as capital goods needs for its customers.



Such a phenomenon could become a strategic initiative in the future for the Baitul Maal Wa Tamwil Institution as an Islamic microfinance institution that maximizes its business potential, given the solutions for consumer needs. and Capital goods financing that is more common in the minds of consumers is leasing/mutifinance companies in the category of non- bank financial institutions .

The following is data on customers who make financing at BMT AL-Hijrah Madukoro Branch for the period January - December 2022, the following customer data is customer data for all types of financing products offered:

Table 1. BMT Al-Hijrah Madukoro Financing Customers Year. 2022

Bulan	Nasabah Akad Ulang	Nasabah Baru	Jumlah Nasabah	Realisasi Pembiayaan
Januari	4	2	6	Rp. 82.000.000
Februari	6	4	10	Rp. 294.000.000
Maret	1	3	4	Rp. 83.000.000
April	4	-	4	Rp. 50.000.000
Mei	1	1	2	Rp. 67.500.000
Juni	2	4	6	Rp. 177.000.000
Juli	6	3	9	Rp. 57.850.000
Agustus	5	2	7	Rp. 157.490.000
September	6	3	9	Rp.69.033.000
Oktober	3	1	4	Rp. 48.000.000
November	2	3	5	Rp. 52.120.000
Desember	1	2	3	Rp. 38.000.000
Total	41	28	69	

Source: BMT Al-Hijrah, Madukoro Branch, Sorong City

Re-dealing customers are a category of customers who have taken financing products at BMT Al-Hijrah, Madukoro Branch in the previous year. Judging from the table data above for the period January - December 2022 BMT was able to build a fairly good performance, it can be seen from the presence of a number of customers who took refinancing agreements at BMT Al-Hijrah City of Sorong. However, when viewed from the realization throughout the year, there was a decrease in the amount of realized financing because the number of new customers and those who made re-accounts tends to decrease until the end of 2022.

2. LITERATURE REVIEW

2.1 Baitul Maal Wat Tamwil

BMT (Baitul Maal Wat Tamwil) according to Rasyid (1999) in (Sudjana, 2020) has two different meanings and languages. The definition in Indonesian, BMT stands for Integrated Independent Business Center, which is a small people's economic business institution in which members are people or legal entities whose mission is to build and develop an economic order in a civil society structure that prioritizes justice in the prosperity of people. - the person concerned in the activity. As for the meaning in Arabic, BMT stands for Baitul Maal wat Tamwil, namely, an economic institution whose journey is based on sharia principles and cooperative principles. According to Asytuti in Sumarni (2018) in (Sudjana, 2020) also explained that BMT is one form and implementation of sharia values in the form of small or micro financial institutions. From some of these explanations it can be said that BMT operates as a microfinance institution such as a cooperative which collects funds from its members and then distributes them to other members people who need funds as financing that has yields and is based on sharia principles.

2.2 Brand Equity

Definition of Brand Equity or Brand Equity according to Aaker (1991: 15) in (Pradipta et al., 2016) is a set of brand assets and liabilities related to a brand, its name and symbol, which add to or protect the value provided by a product or service to consumers. In contrast to the notion of a brand or a single brand, brand equity or brand equity focuses on a group of components that become determinants that can increase or decrease the strength of a brand. According to Aeker (1996, p.9) in (Agusli, 2013) assets and liabilities can be grouped into five components. The first category is the four main variables, namely: Brand Awareness, Brand Association, Perceived Quality, Brand Loyalty, and component categories. supporting assets,



namely: Other property rights assets such as patents and distribution channels.

a. Brand awareness

According to Aaker (1996, p.10) "Awareness refers to the strength of the brand's presence in the consumer's mind" (p.40). Awareness is focused on the strong presence of the brand in the minds of consumers. Increasing awareness is one way to develop market share of a brand (Agusli, 2013). From this definition it can be translated in the following case situations, when consumers can easily remember or imagine a brand when thinking about buying what they need or want, the company succeeds in building brand equity for its merchandise.

b. Brand association

According to Aaker (2001) in (Agusli, 2013) is everything related directly or indirectly to consumer memory of a brand. That brand association not only exists, but also has a level of strength (p.167). "Brand associations reflect the bond of consumers between brands and key product attributes, such as logos, slogans or well-known personalities" (Grewal and Levy, 2008:280) in (Pradipta et al., 2016). Simply put, brand association can be understood by how a business concept can be connected with the brand, for example; the ease of obtaining spare parts due to the availability of an adequate service network in a city can be said to be a type of association attached to the motorcycle brand imagined by consumers.

c. Perceived Quality

According to Sangadji and Sopiah (2013:42) in (Pradipta et al., 2016). Perception is an individual process to obtain, organize, processing, and interpreting information. The same information can be perceived differently by different individuals. Individual perception of information depends on knowledge, experience, education, interests, concerns, and so on. Then the impression of quality according to Grewal and Levy (2008:279) in (Pradipta et al., 2016) is the relationship between the

benefits of a product or service provided to consumers and its relation to price. It can be concluded that perceived quality is the impression of the benefits and quality of a product that consumers get from the price they pay to get the product.

d. brandloyalty

In the final stage after the experience of buying a product (consumer's experience) will determine whether the consumer will one day return to buy the brand's product if needed, because the brand image is already attached to the consumer's mind. As explained by Griffin in Sangadji and Sopiah (2013: 104) in (Pradipta et al., 2016) explained that loyalty refers more to the behavioral manifestations of decision-making units to make continuous purchases of goods or services from a selected company. According to (Agusli, 2013) is an indicator of brand equity related to future earnings because brand loyalty can be directly interpreted as future sales .

2.3 The Decision Process for Taking Financing Products

Consumer Decision Theory is widely used as a theoretical basis for research in the decision steps of Financial Institution Customers in determining the use of services, determining products and others. One of the popular consumer decision theories is the Purchasing Decision theory which is put forward from the thinking of experts. Every decision to use or purchase made by consumers, of course, goes through several process stages, each of these stages is influenced by a variety of internal and external factors. Lamb et.al (2001) in (Yuvita, 2019) explains the buying decision process that will be experienced by consumers when buying a product or using a service starting from problem recognition, search, alternative evaluation, purchase decision, and post-purchase behavior. Purchase decision In carrying out purchase intentions, consumers can make five sub-purchase decisions (Kotler, 2003: 208): brand decisions, supplier

decisions, quantity decisions, time decisions, and payment method decisions (Chan, 2013).

Based on the description above, the research variable indicators were then compiled through questionnaires distributed to respondents to measure the effect of Brand Equity on Customer Decisions on BMT AL-Hijrah Financing with the following hypothesis:

H1: Brand Equity has an effect on Customers' Decisions to Take Financing Products

3. RESEARCH METHODS

3.1 Research Design: Quantitative Methods

As stated in the research objective to analyze the effect of Brand Equity on customers' decisions to take financing products, in order to achieve this objective, this research uses quantitative research methods. Quantitative methods emphasize objective measurement and statistical, mathematical, or numerical analysis of data collected through instruments such as polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques.

3.2 Data Collection Methods

The primary data in this study were obtained through a survey using a questionnaire as the main data collection instrument. The questionnaire consists of several questions and brief explanations to respondents with the aim of gathering the required information. In this study, the questionnaire consists of two major parts:

1. General questions (demographics). This section provides information on the demographic profile of the respondents. Some of these questions are: (1) Gender, (2) Last Education (3) Occupation.
2. The second part contains 22 questions that emphasize indicators from the Brand Equity dimension consisting of; Brand Awareness, Brand Association, Perceived Quality, and Brand loyalty. The questionnaire was compiled based on a five likert-scale, namely (1) Strongly Disagree,

(2) Disagree, (3) Neutral, (4) Agree, and (5) Strongly Agree.

3.3 Sampling Method

The sampling technique in this study was convenience sampling based on available customer data at BMT Al-Hijrah, Madukoro Branch. Distribution and collection of questionnaires carried out within a certain duration. The number of respondents obtained in this study were 30 active financing customers at BMT Al-Hijrah Madukoro Branch throughout 2022. From the collected respondent data, data analysis was then carried out. This is in accordance with the opinion of Singarimbun and Effendi (1995) who say that the minimum number of questionnaire trials is 30 respondents, with a minimum number of 30 people, the value distribution will be closer to the normal curve (Solà, 2007), a normality test will be carried out on the data to strengthen the results. This research. The questionnaire was compiled in a Google form link which was then distributed via the customer's email address and WhatsApp application by BMT Al-Hijrah officers, Madukoro Branch, Sorong City as the authority holding the confidentiality of customer data.

3.4 Data Analysis Method

This study uses SPSS version 20 to run data and test hypotheses through simple linear regression analysis. The data analysis process begins by testing the quality of the data through the Validity Test and Reliability Test, then the Classical Assumption Test is also carried out through the Normality Test, Hypothesis Test through Simple Linear Regression Analysis with the equation $Y = a + bX$ to determine the influence between Brand Equity (X) and Customer's decision to take financing (Y).

4. RESULTS AND DISCUSSION

4.1 Questionnaire Data

For demographic data, the majority of respondents were male, 16 people or 54%.



2019) . The Kolmogorov Smirnov test was performed to test for normality. The results of the normality test performed in Table 4 below:

Table 4. Normality Test with the Kolmogorov Smirnov Test

	Unstandardized Residuals
asymp. Sig. (2-tailed)	.185

Source: Research results, (2023, processed by SPSS)

Table 4 above shows that the significance value is 0.185 which means it is greater than 0.05. This means that the residual values in this study are normally distributed.

4.4 Hypothesis testing

Hypothesis testing is carried out through a Simple Linear Regression model of Brand Equity (X) on the decision to take a financing product (Y) . Hypothesis testing is a decision-making method based on data analysis techniques (Purnomo, 2016).

Starting with the test results for the coefficient of determination obtained in table 5 below, it is 0.705, indicating that the Brand Equity variable has a 70.5% influence on customer decisions, while the remaining 29.5% is influenced by other factors. R value (symbol of the value of the correlation coefficient) in this study is 0.839 value which indicates that there is a strong relationship between the independent and dependent variables .

Table 5. Test Results for the Coefficient of Determination

R	R Square
.839 ^a	.705

^aPredictors: (Constant), Brand Equity

Source: Research results, (2023, processed by SPSS)

Then, based on Table 6 below the regression equation model obtained from the value of the constant coefficient with the variable coefficient is $Y = 1.285 + 0.305X$. The positive value shown indicates that there is a direct influence between the dependent and

independent variables.

Table 6. Simple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
<i>Constant</i>	(Constant)	1.285	2.608		.493
<i>Brand Equity</i>	.305	.037	.839	8.172	.000

Source: Research results, (2023, processed by SPSS)

- The constant value (a) shows a positive value of 1,285 indicating that the independent variable Brand Equity (X) with dimensional indicators includes brand awareness , perceived quality , brand association and brand loyalty. has a value of 0 percent or has no change, the dependent variable is the Customer's Decision to take Financing (Y) has a value of 1,285
- The regression coefficient value of Brand Equity also shows a positive number of 0.305, this number shows a unidirectional relationship where each increase in each indicator of the Brand Equity variable will increase the Customer's Decision to Take Financing Products by 0.305, assuming that the independent variables are constant.
- The t-count value which shows the number 8,172 is greater than t-table 1,699, so it can be concluded that H0 is rejected and H1 is accepted indicating that Brand Equity has an effect on Customer Decisions to Take Financing Products

4.5 Research Discussion

In this study it is true that there is influence from Brand Equity on the decision of BMT Al-Hijrah Madukoro Branch Customers to take financing products. Descriptive analysis of the Brand Loyalty dimension of the Brand Equity Variable which was carried out separately but did not become a detailed discussion in this publication shows that the respondents' answers tended to be neutral for the question items with a total grand mean value of 3.97 as explained in table 7 below. This dimension indicator tends to be smaller than



the question items which include the dimensions of Brand Awareness, Brand Association, Perceived Quality which have a grand mean total exceeding 4. Several studies related to factors that influence customer loyalty towards the decision to become a customer of a particular financial institution have been extensively studied and can be used as alternative solutions in improving the performance of related indicators.

Table 7. Brand Loyalty Grand Mean Variable

Items/Indicators/Variables	Average
BL_1	4.16
BL_2	3.50
BL_3	4.10
BL_4	4.20
BL_5	3.90
Grand Mean Variable Brand Loyalty	3.97

Source: Research results, (2023, processed by SPSS)

From the information above, it can be concluded that the brand loyalty sub-variable has the least influence compared to other sub-variables in influencing the customer's decision to take a financing product at BMT Al-Hijrah, Madukoro Branch, Sorong City. Consumer Loyalty plays an important role in building Brand Equity. Analysis of the factors that influence Brand Loyalty sub-variables can be done by conducting a special study to analyze the factors that influence customer satisfaction in consumer financing to BMT Al-Hijrah, Madukoro Branch, Sorong City. The factor analysis method is very efficient. Ghozali (2005: 253) in (Wijayanti, 2010) stated that the main purpose of factor analysis is to summarize (summarize) the information contained in the original (initial) variable into a set of new dimensions or variate (factor).

5. CLOSING

5.1 Conclusion

Based on the results of research on the effect of brand equity on the decision to take financing products at BMT Al-Hijrah, Madukoro Branch, Sorong City, several conclusions are obtained as follows:

- With the results of a simple linear regression test analysis, it can be concluded that there is an influence of Brand Equity of 70.5% on Customer Decisions while the remaining value of 29.5% is influenced by other factors.
- The indicator questions based on the four dimensions of Brand Equity (Brand Awareness, Brand Association, Perceived Quality, Brand Loyalty) found that the Brand Loyalty sub-variable has a Grand Mean value that is lower than the other variable dimensions.

5.2 Suggestion

From the results of the above analysis it is important for BMT Al-Hijrah to improve its Brand Equity performance in facing competition from Islamic microfinance institutions in particular and also competition from non-bank financial institutions , considering that there are several similarities between BMT and Multifinance or Leasing Companies in the type of financing business activity offered to customers.

Departing from this issue, further research is expected to also be able to discuss the potential and business strategies of Islamic microfinance institutions to compete in the world of similar financial industries both operating with Islamic and conventional principles.

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