

Factors Influencing Customer Acceptance of Ujrah concept in National Higher Education Fund Corporation (PTPTN)

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Abstract. The purpose of National Higher Education Fund Corporation or PTPTN is to ensure the establishment of an efficient financing available to eligible students. However, there are some controversial issues regarding 'riba' in this education fund that make some Muslims refuse to deal with PTPTN. Ujrah concept is being introduced to reduce the service charge offered of only one percent (1%) based on syariah in order to reduce the borrower's burden. Ujrah can be defined as a financial charge for the utilization of services or *manfaah*. In the current economy context, it can be in the form of salary, wage, allowance, commission and alike. Only 23% or 257,582 out of the 1.1 million borrowers, who were under the conventional loan repayment scheme prior to the introduction of the Ujrah scheme in 2008, had switched to the Islamic financing scheme. This study is to see the relationship between attitude, social influence and religious obligation towards customer acceptance of "Ujrah" in PTPTN. 310 students who deal with PTPTN have answered the questionnaires. Results show that all factors are relevant towards customer acceptance in Ujrah.

INTRODUCTION

According to Ziderman (1995), around the world, there are more than fifty countries that used student's loans as the mode of financing to support their study. Under the supervision of Ministry of Financial, PTPTN has three objectives, first objective is to ensure the establishment of an efficient financing available to eligible students. Second, to be a collector of loan repayment and last objective is to ensure the establishment of an efficient financing available to eligible students enrolled in higher education institutions. PTPTN is a well-known agency among students and ex-students because of the financing service provided. According to Securities Commission (2004), Ujrah can be defined as a charge for the utilization of services or *manfaah*. In the current economy context, it can be in the form of salary, wage, allowance, commission and alike (Securities Commission, 2004). PTPTN have introduced Ujrah, a loan conversion scheme meant to encourage ex-students to clear off their debts faster and with less interest. Basically, by applying to the Ujrah loan conversion scheme, you can replace the existing fixed administrative cost rate of 3% or 5% per annum on reducing balance to 1% flat rate per annum.

The Islamic banking system follows the principal of Islamic shariah as provided by the Islamic sunnah and the Quran and implement these principals in their transaction and their transaction to make them free of Riba (Gait and Worthington 2007).

PROBLEM STATEMENT

Ujrah is a method introduced by PTPTN to solve the issues of riba under conventional loan repayment scheme. According to Yeop Abdullah (2016), The Malaysian government is always alert and attentive to produce many scholars and knowledgeable people together to achieve vision 2020 due to the increasing cost of higher education. M. R. Aziz, (2014) stated that there are devout Muslims who refuse to deal in PTPTN. Only 23% or 257,582 out of the 1.1 million borrowers, who were under the conventional loan repayment scheme prior to the introduction of the Ujrah scheme in 2008, had switched to the Islamic financing scheme. A journal of social economics by Aziz, (2014) has explored the controversial issue that was related to the loan offered by PTPTN. Today, there were many issues related to PTPTN that makes the people refuse to deal with them. The issue arise when the borrower did not pay back the borrowed amount that make their name are blacklisted and also the issue about the 'riba' (interest) in payback amount. PTPTN need to know the factors that influence the acceptance towards ujrah in improving numbers of pay back borrowers through ujrah. This study is to see the relationship between attitude, social influence and religious obligation towards customer acceptance of "Ujrah" in PTPTN.

RESEARCH OBJECTIVE

The purpose of this study is to investigate the factors that contribute towards customer acceptance of implementation Ujrah concept in PTPTN scheme. To accomplish this purpose, the researcher has identified the following objectives:

1. To identify the relationship between attitudes, social influence, religion obligation and acceptance of customer towards Ujrah (PTPTN).
2. To study the factors that mostly influenced the acceptance of customer towards Ujrah (PTPTN).

LITERATURE REVIEW

Customer Acceptance. Metawa and Almosawi (1998) focused their study to customers of Bahrain Islamic Bank and Faisal Islamic Bank of Bahrain. They found that customers of these two Islamic banks perceived Islamic principle as the most important factor while selecting Islamic banks. T

Attitude. Mark Loo (2010) describe that attitude is a complex and multidimensional concept and consists of three components. Tri component model of attitudes shows that attitude is Cognitive, Affective and Conative. Cognitive component is that part of attitude which bases on knowledge and experience. The second part of attitude is affective which is based on likeness or dislikes of a particular object or product. The third part of attitude is conative which is based on purchase and consumption.

Social Influence. Lisa Rashotte, (2007) stated that influence can be defined as the change in the individual's thoughts, feelings, attitudes, or his/her behaviors as a result of interacting with another person or group. According to Lisa Rashotte (2007), social influence is dissimilar to any of these factors. And as a result, social influence is defined as the process whereby individuals make real changes to their feelings and behaviors while acting in accordance to a given situation as a result of interacting with others who are deemed to be similar. Level of acceptance of diminishing partnership (Musharakah Mutanaqisah) has been studied by (Taib et.al, 2008) and it has been found that subjective norm that is referred to social influence has associated with the level of acceptance,

Religious Obligation. Sulaiman, (2003) stated that Islamic views based on sharia has influenced Muslim Society. Religious obligation is a significant factor that influences the believers to select different products and service.

THEORETICAL FRAMEWORK

Independent Variables

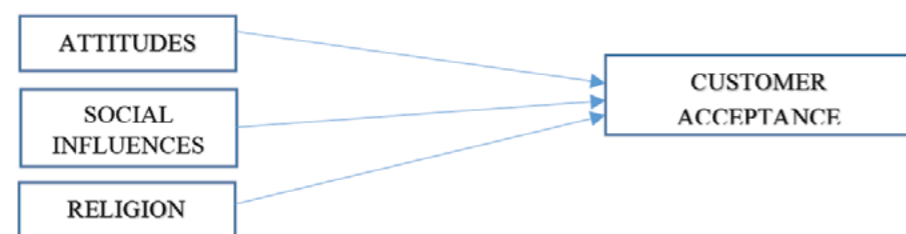


Figure 1: The Conceptual Framework Shows the Relationship between Attitude, Social Influence, Religious Obligation and Customer Acceptance Towards Ujrah Concept in PTPTN.

RESEARCH METHODOLOGY

A. Data. This study employed primary data. 310 out of 1600 students are choose as a sample using stratified sampling technique. Each respondents were asked to evaluate determinants of customer acceptance based on his/her views about Ujrah concept in PTPTN using questionnaires. The questionnaire used in this study has been formed by adapting from past research.

B. Model. To verify the hypothesis formulated in this study, Regression Analysis procedures were conducted for the overall sample. The reliabilities of each variables were performed and correlation between variables were investigated. The core of the analysis involved the Multiple Linear Regression (MLR).

RESULTS

Reliability Analysis

Table 1: Reliability Statistics

Cronbach's Alpha	Number of Items
.933	24

The statistics above shows that the Cronbach's Alpha Reliability Test exhibit a value of 0.933 from 24 items that have been tested. 24 items consist of all the 24 questionnaire in three independent variable and a dependent variable. Based on Cronbach Alpha rule of thumb, the value within 0.9 until 1.0 is interpreted as an excellent data. The value of 0.933 showed that the questionnaires are reliable and can be used as one of the research instruments.

Correlation Analysis

Table 2: Correlation Analysis

Relationship	Correlation	Interpretation
Attitude and Customer Acceptance towards Ujrah	0.557**	There exists a moderate positive correlation between workload and job satisfaction
Social influences and Customer Acceptance towards Ujrah	0.429**	There exists a weak positive correlation between workload and job satisfaction
Religion obligation and Customer Acceptance towards Ujrah	0.524**	There exists a moderate positive correlation between workload and job satisfaction

Multiple Linear Regression (MLR) Analysis

Table 3: Coefficient of Multiple Linear Regression Analysis

Model	B	Beta	t	Sig.
(Constant)	0.933	-	4.709	0.000
Attitude	0.328	0.344	6.109	0.000
Social Influences	0.140	0.136	2.424	0.016
Religion	0.231	0.226	3.543	0.000

Coefficient in the Table 3, shows clearly the beta values and the overall significance of each independent variables in this study. All the independent variables are significant to dependent variable since $p\text{-value} < \alpha = 0.05$. The variable of attitude is higher contributed to customer acceptance of Ujrah concept in PTPTN ($\beta = 0.328$), follow by religion with value of β is 0.231 and last is social influences ($\beta = 0.140$).

DISCUSSION & SUGGESTION

Objective 1: To identify the relationship between attitude and acceptance of customer towards Ujrah (PTPTN).

The finding indicated that there is a moderate significant relationship between attitude and customer acceptance towards Ujrah concept ($r=0.557$). This result is parallel with the study conduct by Zaher and Hassan in 2001. According to (Zaher and Hassan, 2001), the interest based play important role in determining attitude and the acceptance of customer towards the new ujrah concept in the financing institution such as PTPTN.

Objective 2: To investigate the relationship between social influence and acceptance of customer towards Ujrah (PTPTN).

The finding indicated that there is a weak and significant relationship between social influence and customer acceptance ($r= 0.429$) towards Ujrah concept. According to Taib et.al (2008), and it has been found that subjective norm that is referred to social influence has associated with the level of acceptance, and that it was an influential factor to predict the acceptance customer especially in using Ujrah concept in Islamic Financing.

Objective 3: To determine the relationship between religious obligation and acceptance of customer towards Ujrah (PTPTN).

The finding indicated that there is a moderate and significant relationship between religious obligation and customer acceptance towards Ujrah concept ($r=0.524$). Goldsmith, (1995) in his study explain that religion has a major influence on consumer attitude and their decision making.

Objective 4: To study the factors that mostly influenced the acceptance of customer towards Ujrah. The highest B coefficient is Independent Variable 1 that is attitude with a value of 0.355, followed by Independent Variable 3 that is religious obligation with a value of 0.226 and lastly, social influence as an Independent variable 2 with a value of 0.136. It can be concluded that factors that mostly influence the customer acceptance towards Ujrah concept is attitude, while social influence and religious obligation have a moderate effect on the customer acceptance towards Ujrah concept.

RECOMMENDATIONS FOR IMPROVEMENT OF PRACTICE AND FUTURE RESEARCH

Educate borrowers about Ujrah. Since the finding shows that attitude have relationship with customer acceptance towards Ujrah, PTPTN should takes some initiative to educate peoples about the benefits of Ujrah. This can help loaner to have more knowledge in making their decision who implement strategies that sometimes cannot be accepted by lower management. For example they should emphasize on the advantage of changing to Ujrah scheme. According to Mastura (2015), borrowers who opt for the Ujrah scheme also have the advantage of applying to the PTPTN to have their repayment structures rescheduled, something which the conventional borrowers were not eligible for.

Involve Third Party to Encourage Borrowers. Social influence has been proved to be one of the factors that has relationship and effect customer acceptance towards Ujrah. Involving third party such as management of their university in persuading them to change to Ujrah scheme can help PTPTN gain more numbers of borrower to pay their loans consistently through this scheme.

Take Sharia Element Seriously in Any Transaction. Religion obligation has been one of the factor that influence customer acceptance towards ujarah scheme. So this study would like to recommend the Education Financing Agency to pay more attention on the Sharia element in conducting transaction as it will eventually attract the Muslim People to use the service as long as it is allowed in Islamic Law and not involving riba. Not only focusing Sharia element when it comes to Ujrah, PTPTN should have to make sure that the method like e-payment through Bank or making new loans is following Shariah law in make sure that Muslim are confident in having any transaction with PTPTN.

Recommendation for Future Research. It is highly suggested that future research should also focus on the factors that contribute to the reluctant of borrowers to change to ujarah scheme. Future research should conduct the study in a government education institution to know the differentiation between students in government sector and also in private sector about the acceptance towards Ujrah concept.

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