UNIVERSITI PUTRA MALAYSIA

**CONSUMPTION MODEL OF FINANCIAL PRODUCTS AMONG
MINANGKABAU AND CHINESE IN BANK NAGARI, SUMATRA**

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By

HERYANTO

Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia, in Fulfilment of the Requirements for the Degree of Doctor of Philosophy

January 2005

DEDICATION

TO THE MEMORY OF MY FATHER

TO MY MOTHER, SISTERS MUSNAWATI, MUSLIANA, DEWI SRI

REZEKI, AND BROTHERS JUNAIDI FOR THEIR MORAL SUPPORT AND

ENCOURAGEMENT

Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfilment of the requirement for the degree of Doctor of Philosophy

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January 2005

Chairman : Associate Professor Laily Hj Paim, PhD

Faculty   : Human Ecology

The purpose of the present study are first to analyze the differences in customer product preferences between Minangkabau and Chinese customers of Bank Nagari. Second, to determine factors affecting the use of Bank Nagari products among Minangkabau and Chinese customers. Third, to determine the Minangkabau and Chinese consumption models. The sample size amount 216 customers consisted of Minangkabau would amount to 162 persons and Chinese would amount to 54 persons. Systematic sampling is applied in this study as it often yields sampling error which is smaller. Data analysis technique is use consisted of factor analysis, cluster analysis, and logistic regression.

Results of this study indicate the characteristics of Minangkabau customers are divided to three which are sociable (60%), supportable (30%) and friendly (10%). Similarly, there are also three types of Chinese customers namely supportable (60%), sociable (23%) and friendly (17%). The Minangkabau customers can be concluded as

having social characteristics that seek for sympathy and reassurance, dependable, excited, institutes values of fun and enjoyment in life as well as warm relationships with others. These social signal are influenced by cultural values, which have been cultivated in the Minangkabau society. Conversely, Chinese customers assist and coalesce with one another to reach a common target. Such nature observed among the Chinese customers are not found in the Minangkabau customers.

The result of logistics regression test for credit and saving products show partial significance at probability level of .050 and result of Hosmer and Lemershow Goodnes-of-Fit test show total significance at .050. Test result of ANOVA indicates that there is ethnic difference in the consumption of financial products. Thus, from the ethnic graph plot there are differences of the consumption pattern of credit and saving products. This means that Minangkabau customer have been using bank products optimally. On the contrary the plot graph of the ethnic Chinese usage of product is very strange. This means that Chinese customers only use credit products to support business activities. Cultural factor, saving and credit perception very much determine the consumption of ethnic Minangkabau and Chinese.

The result of factor analysis indicates that there are three dimensions of saving products and three dimensions of credit products. The dimensions for saving products are labelled SSERVQUAL-1 (certain time, sympathy and reassurance, dependability, saving service, accurate records, prompt service, willingness to help consumers, prompt response to consumer request, trusted employees, and safe feeling),

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SSERVQUAL-2 (politeness, best interest at heart, convenient hours, up-to-date equipment and technology, visual appeal, well dressed and neat appearance and service type), and SSERVQUAL-3 (consumer information, adequate support, individual attention, personal attention and consumer needs). Whereas, the dimensions of credit products are labelled CSERVQUAL-1 (certain time, sympathy and reassurance, dependability, credit service, accurate records, prompt service, willingness to help consumers, prompt response to consumer request, trusted employees, safe feeling, and politeness), CSERVQUAL-2 (best interest at heart, convenient hours, up-to-date equipment and technology, visual appeal, well dressed and neat appearance and service type), and CSERVQUAL-3 (consumer information, adequate support, individual attention, personal attention and consumer needs).

The findings of the study can be used by Regional Development Banks, Bankers and financial customers. It hopes to facilitate Regional Development Bank, in attaining optimal profit. Bankers would be able to offer optimal service to its customer. This will encourage customers to use banking products and services and provide alternatives to customers in the use of banking services. The study could also be used in identifying and developing relevant policies in helping the traders (especially small traders) managing credit and savings.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai
memenuhi keperluan untuk ijazah Doktor Falsafah

MODEL KONSUMSI PRODUK KEWANGAN ANTARA PENGGUNA
MINANGKABAU DAN CINA DI BANK NAGARI, SUMATRA

Oleh

HERYANTO

Januari 2005

Pengerusi : Profesor Madya Laily Hj Paim, PhD

Fakulti   : Ekologi Manusia

Tujuan kajian ini adalah pertama untuk menganalisis perbezaan pilihan produk
antara pengguna Minangkabau dan Cina di Bank Nagari. Kedua, untuk menentukan
faktor-faktor pengaruh penggunaan produk-produk Bank Nagari antara pengguna
Minangkabau dan Cina. Ketiga, untuk membangun model penggunaan Minangkabau
dan Cina. Ukuran sampel berjumlah 216 pengguna yang terdiri Minangkabau
berjumlah 162 pengguna dan Cina berjumlah 54 pengguna. Sistematik sampel
digunakan dalam kajian ini. Teknik analisis data yang digunakan terdiri dari analisis
faktor, analisis gerombol, dan regresi logistik.

Hasil kajian ini menunjukkan bahawa ciri pengguna Minangkabau terbahagi pada
tiga iaitu ramah (60%), menyokong (30%), dan mesra (10%). Demikian juga
pengguna Cina, yang terbahagi kepada ciri menyokong (60%), ramah (23%), dan
mesra (17%). Pengguna Minangkabau boleh disimpulkan sebagai memiliki ciri sosial
yang mencari simpati dan ketenteraman, kebolehharapan, kegembiraan, kesenangan

dan kenikmatan dalam hidup dan hubungan yang mesra dengan orang lain. Ciri sosial ini dipengaruhi oleh nilai budaya yang telah ditanamkan pada etnik Minangkabau. Sebaliknya, pengguna Cina didapati saling membantu dan bersatu untuk mencapai matlamat. Sifat-sifat pengguna Cina tidak terdapat pada pengguna Minangkabau.

Hasil ujian regresi logistik untuk produk kredit dan tabungan menunjukkan tahap signifikan pada nilai kebarangkalian .050 dan ujian Hosmer dan Lemershow Goodnes-of-Fit menunjukkan nilai signifikan .050. Ujian ANOVA menunjukkan perbezaan etnik dalam penggunaan produk kewangan.

Selain daripada itu, dari grafik etnik terdapat perbezaan pola penggunaan bagi produk kredit dan tabungan. Ini bermakna pengguna Minangkabau menggunakan produk bank secara optimal. Sebaliknya grafik etnik Cina terhadap penggunaan produk bank adalah minimal. Ini menunjukkan bahawa pengguna Cina hanya mengguna produk kredit untuk menyokong kegiatan-kegiatan perniagaan. Faktor budaya, persepsi tabungan dan kredit sangat mempengaruhi pengguna etnik Minangkabau dan Cina.

Hasil analisis faktor menunjukkan bahawa terdapat tiga dimensi produk tabungan dan kredit. Dimensi untuk produk tabungan ialah SSERVQUAL-1 (kepastian waktu, simpati dan ketenteraman, kebolehharapan, kemudahan tabungan, ketepatan rekod, layanan segera, kesediaan menolong pengguna, respon segera terhadap permintaan pengguna, kepercayaan terhadap pengawai dan rasa selamat), SSERVQUAL-2 (kesopanan, keutamaan pada kepentingan pelanggan, kesesuaian masa, peralatan

terkini, tarikan rupa, berpakaian rapi dan jenis kemudahan yang disediakan), dan SSERVQUAL-3 (maklumat pengguna, sokongan mencukupi, perhatian individu kepada pengguna, perhatian peribadi kepada pengguna dan keperluan pengguna). Selanjutnya, produk kredit diberikan CSERVQUAL-1 (kepastian waktu, simpati dan ketenteraman hati, kebolehharapan, kemudahan kredit, ketepatan rekod, layanan segera, keinginan menolong pengguna, respon segera terhadap permintaan pengguna, kepercayaan kepada pegawai, rasa selamat dan kesopanan), CSERVQUAL-2 (keutamaan pada kepentingan pelanggan, kesesuaian waktu, peralatan terkini, tarikan rupa, berpakaian rapi dan jenis kemudahan yang disediakan), dan CSERVQUAL-3 (maklumat pengguna, sokongan mencukupi, perhatian individu kepada pengguna, perhatian peribadi kepada pengguna dan keperluan pengguna).

Hasil kajian ini boleh membantu Bank Pembangunan Daerah, pengerusi bank, dan pengguna kewangan. Diharapkan kajian ini dapat membantu Bank Pembangunan Daerah mencapai keuntungan yang optimal. Manakala pengerusi bank dapat memberikan layanan yang optimal kepada pengguna. Kajian ini juga dapat menggalakkan pengguna menggunakan produk dan perkhidmatan bank dan memberikan pilihan kepada pengguna dalam memilih bank. Kajian ini juga dapat digunakan dalam mengenal pasti dan membentuk polisi yang dapat membantu pengusaha menguruskan kredit dan tabungan.

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Rahmi, young brothers Junaidi and his relatives for their unending and unstinting support and spirit that inspire him all the times throughout the study.

DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UPM or other institutions.

HERYANTO

Date: 5 JUN 2005

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CHAPTER I

INTRODUCTION

Deregulation is part of government action in banking industry. Since banking sector deregulation was issued on 1 June 1983 and followed by policy packing on 27 October 1988, Indonesia's banking industry has been continuously growing. In September 1988, it was recorded that the number of banks operating in Indonesia was 111 and it increased to 240 banks in 1995 (Siamat, 2001). Increase number of the bank caused some problems for the banking industry in Indonesia such as limited asset, capital, human resources, technology, and network operation. Hence, the banks underwent difficulties in business.

According to Info Bank Research Bureau, there were five Regional Development Banks, which had shown the ability to produce profit before tax during the economic crisis (Idris, 1997) namely, The Regional Development Bank of West Java (Rp.17.529 million), Jakarta (Rp.15.311 million), Middle Java (Rp.11.528 million), West Sumatra (Rp.8.131 million) and North Sumatra (Rp.7.360 million).

The West Sumatra banking development is in line with the national banking development. It began with the financial deregulation, until the central government implemented immediate deregulation in financial sectors; for example, deregulation in terminating the operation of the bank (bank beku operasi), and acquisition of the

bank by the government (bank akuisisi) in 1997–1999. Thus, the banks that still exist

in West Sumatra are public banks and People Credit Banks (Bank Perkreditan Rakyat

(BPR))[1]. Public banks consist of conventional and syariah public banks. Meanwhile

the conventional and syariah public banks are divided into government and private

banks. The government banks in Padang consist of Bank Nagari Bank Pembangunan

Daerah Sumatera Barat (Bank Nagari BPD SB), Bank Negara Indonesia (BNI) 1946,

Bank Negara Indonesia (BNI) 1946 Syariah, Bank Rakyat Indonesia (BRI), Bank

Rakyat Indonesia (BRI) Syariah, Bank Tabungan Negara (BTN), Bank Pensiunan

Tabungan Negara (BPTN), Bank Mandiri, and Bank Mandiri Syariah. The private

banks consist of Bank Central Asia (BCA), Bank Bukopin, Bank Mega, Bank

Permata, Bank Mestika, Bank Lippo, Bank Danamon, Bank Indonesia Internasional

(BII) and Bank Muamalat.

The current situation in the banking business has increased in complexity in terms of

customer, distribution and product (Kimbal & Gregor, 1995). The industry can be

characterized by the changes in customers' preferences and the rising competition

among and between banks and non-bank services providers. Customer satisfaction

with the service of banks is a moving target; banks must continually monitor the

rapidly changing marketplace and strive to understand and become more responsive

to their customers' needs and preferences (Chakravarty, Feinberg, & Winddows,

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[1] Indonesia has central bank, is called Indonesia Bank. Indonesia Bank controls commercial, syahriah, and people credit banks (BPR). BPR bank is especially for micro banking. There is different definition between micro and small banking. Micro banking is banking activities in rural areas and provides credit up to Rp. 1 million and small banking is banking activities bigger than micro banking and it provides credit more than Rp. 1 million.

1995; Glassman, 1995). Thus excellent service provides the bank with internal advantage retention of its customer. The needs and preferences are different for customers of Bank Nagari. The difference is caused by ethnic background, interest rates, perceived service, location, technology available, safety, networking, easiness, and prompt services.

Based on the research done by a consulting company [PT CIC (MARS)] in Daniar (1997), the main reasons customers choose particular bank to place their biggest funds are locations which are close to the workplace (28.5%), close to residence (25.3%), well guaranteed security (16.2%), that the banks can be trusted (14.1%), prompt services (12.4%), high interest rates (12.4%), existence of ATM facilities (3.6%) and gifts (2.8%).

As the banks grow and mature in West Sumatra, Bank Nagari moves stronger in retail than the business corporate. Bank Nagari always tries to balance between the fund collection and distribution. About 85 % to 90 % of the total fund collected in the form of saving, deposit, and giro are distributed to the community in the form of credits. Most notably the average growth of credit between 1995–1999 in West Sumatra was only 5.86% and the Bank Nagari credit grew up to 23.5% ("Untung Ada," 2000; "Bersama Membangun," 2001).

Almost all commercial banks including Bank Nagari that operate in this region are very aggressive in collecting fund from the community through saving, deposit, and giro[2]. Beside small and medium businesses, Bank Nagari also establishes micro banking. Micro banking activities concentrate on simple products ("Salah Satu,"2001), such as TAMI, KUMI, KUKI, SIMPEDA, KESRA[3], personal and commercial credit.

Bank Nagari operates inside and outside of the West Sumatra, and has lower communication and information technologies compared to other government and private banks (Table 1).

Table 1: The network "Self-Supporting Bridge Cash (ATM)" of Government and private banks in Padang

Banks	Unit	%
Government Banks		
1. Bank Nagari BPD Sumbar	2	2
2. BNI 1946 [*]	21	26
3. BRI [*]	4	5
4. BTN	1	1
5. BTPN	1	1
6. Bank Mandiri [*]	18	22
Private Banks		
7. Bank BCA	13	17
8. Bank Bukopin	5	6
9. Bank Mega	1	1
10. Bank Permata	1	1

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[2] Giro is a checking account. Giro is divided into saving and credit giro. Saving giro is checking account in saving and credit giro is checking account in credit.

[3] TAMI is special saving for micro /small business. KUMI and KUKI are micro/small credit for small business. KUMI and KUKI have credit maximum from Rp. 1 million up to Rp. 5 million. SIMPEDA is cooperation saving with other Regional Bank in Indonesia and KESRA is cooperation saving with other private bank in Indonesia. Both of them are general saving.