



Factors Affecting the Low Interest of Generation Z in Saving at Baitul Maal wat Tamwil

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Abstract

Based on data from BPS, most of Indonesia's population is Generation Z with 74.93 million people or 27.94% of the total population in Indonesia. With the large number of Generation Z in Indonesia, the interest in saving at BMT is still low. The purpose of this research is to find out and explore what are the factors that influence the low interest in saving at BMT in Generation Z in Kudus Regency. The method used is qualitative method. The population in this study is Generation Z in Kudus Regency and the sample in this study is students who were selected using purposive sampling technique. Data collection in this study is using interview techniques to five informants and observation at BMT Mitra Muamalat Kudus. The results showed that the trust factor was the most influencing factor with indicators of brand reliability and brand intention. In addition, promotional factors with indicators of advertising, personal selling, and sales promotion and facility factors with indicators of non-cash transactions also affect the low interest of Generation Z in saving at BMT. The recommendation of this research is that BMT needs to increase promotion, especially through social media by making interesting posts such as trending content and providing attractive prizes for new customers. In addition, BMT must increase trust and provide

facilities that make it easy to save so that Generation Z is interested in saving at BMT.

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INTRODUCTION

Based on BPS data from the 2020 population census results, most of Indonesia's population is Generation Z with 74.93 million people or around 27.94% of the total population in Indonesia (Astuti et al., 2023). According to BPS, Generation Z is a population born in 1997-2012 with an estimated current age of around 12-27 years (Melati et al., 2023). With the large number of Generation Z in Indonesia, the interest in saving at BMT is still low. Therefore, it is very important to examine this phenomenon because even though BMT has offered the benefits that will be obtained if saving at the institution, in reality Generation Z is still not interested.

Baitul Maal wat Tamwil is one of the non-bank Islamic financial institutions with a religious social orientation whose activities are to collect funds and distribute financing to the community (Dania et al., 2023). BMT was established as a form of implementation of the development and growth of Islamic financial institutions in Indonesia (Sa'idi et al., 2023). The purpose of BMT is to improve the welfare of members and the community (Khilmia et al., 2022). BMT also provides facilities for depositing zakat, infaq, shadaqah, waqf, and other social funds and distributing zakat to mustahiq (people who have the right to receive zakat) which has been regulated in Law No. 38 of 1998 (Effendi et al., 2017).

According to Romdhoni and Ratnasari, BMT has two main functions, namely Baitul Maal (treasure house) which functions to carry out activities in receiving zakat, infaq, shadaqah and distributing according to regulations and Baitul Tamwil (treasure development house) which functions to develop productive businesses and investment in efforts to improve the quality of the micro economy by encouraging saving activities and channeling financing with contracts in accordance with sharia principles (Srimulyani et al., 2022).

BMT is one of the microfinance institutions that provides financial products or services in a sustainable manner for small communities or people who have low income (KNKS, 2019). With the existence of BMT, it is expected to be able to contribute to improving the economy of small communities (Mulia, 2019). This can be done by inviting people to save and providing financing to the community (A'yun et al., 2021). BMT is mostly channeled in the form of small loans for small communities with a short period of time (Rohman et al., 2022). In the book "The Triangle of Microfinance: Financial Sustainability, Outreach and Impact", Zeller and Meyer explain that successful microfinance institutions have three sides of the triangle, namely managing outreach issues (reaching small communities), financial sustainability (covering operational costs in the long term), and impact (having a real impact on society).

There are several previous studies that examined the factors that influence the low interest of the community in saving at BMT. The results of the study (Reni & Alhifni, 2019)

show that the factors that influence the lack of public interest in saving at Islamic microfinance institutions are price and product, while location, service, and facility factors have no significant effect. Furthermore, other research results from (Yulia, 2021), the factors that influence the lack of public interest in saving at BMT are factors of perception, trust, knowledge, and facilities.

Based on previous studies, it can be seen that the factors that influence public interest in saving at BMT and Islamic microfinance institutions have several differences. In addition, the research subject used is the general public and there has been no previous research examining the factors that influence Generation Z's low interest in saving at BMTs and Islamic microfinance institutions. Therefore, the purpose of this research is to find out what factors influence Generation Z to be less interested in saving at BMT. By conducting this research, it is hoped that the results of this study will be able to contribute by being used as a reference in making strategies to overcome these problems and increase Generation Z's participation in saving at BMT.

METHOD

This research method is field research and uses a qualitative approach because it aims to find out and explore what factors influence the low interest in saving at BMT in Generation Z. This research was conducted in the Kudus Regency area, Central Java province. The reason for choosing this place is to find out what factors influence Generation Z's lack of interest in saving at BMT in Kudus Regency. The population used in this study is Generation Z in Kudus Regency, while the sample used is students who are studying at IAIN Kudus, Muria Kudus University, and Muhammadiyah Kudus University. This sampling uses purposive sampling technique because informants must meet predetermined criteria.

The data source used in this research is primary data obtained directly from informants through interviews with Generation Z and the manager of BMT Mitra Muamalat Kudus. Data collection in this study is using interview techniques to five informants, namely students who are studying at IAIN Kudus, Muria Kudus University, and Muhammadiyah Kudus University and observation at BMT Mitra Muamalat Kudus. The data analysis technique used in this research is by collecting interview data, reducing or categorizing data, displaying or presenting data, and drawing conclusions.

RESULT AND DISCUSSION

Based on the results of the research conducted, researchers have obtained data from interviews with informants who are deemed appropriate as well as observations to BMT Mitra Muamalat Kudus. The informants are five students from IAIN Kudus, Muria Kudus University, and Muhammadiyah Kudus University. The following is the informants data:

Table 1. Informants Data

No.	Name	Age	Address	University
1.	VA	21 years old	Tahunan, Jepara	IAIN Kudus
2.	JA	21 years old	Mijen, Demak	IAIN Kudus

3.	DMK	21 years old	Jekulo, Kudus	Muria Kudus University
4.	ANA	21 years old	Dawe, Kudus	Muria Kudus University
5.	LM	20 years old	Dawe, Kudus	Muhammadiyah Kudus University

Based on the interviews with the five informants, the following results were found:

1. Factors that influence Generation Z's low interest in saving at BMT

Based on the data from the interviews that have been conducted, the five informants said that they lack confidence in BMT because deposits in BMT are not guaranteed by LPS so they are afraid if BMT experiences bankruptcy and there is no compensation. VA said "I still don't trust BMT so I don't save at BMT". JA also said "BMT is not guaranteed by LPS so I am afraid if it goes bankrupt and there is no compensation". In addition, they also see from existing problems that not only one BMT in Kudus Regency has gone bankrupt and replaced customer funds. With that in mind, the trust factor is the main factor influencing Generation Z's lack of interest in saving at BMT. This statement shows that the factor that influences Generation Z's low interest in saving at BMT is trust with brand reliability and brand intention indicators. This is in line with research conducted by (Yulia, 2021) which states that the trust factor is one of the factors that influence people to be less interested in saving at BMT but contradicts research conducted by (Reni & Alhifni, 2019) which states that the trust factor does not affect the lack of public interest in saving at Islamic microfinance institutions.

The promotion factor is also one of the factors causing Generation Z's lack of interest in saving at BMT. Informants VA, DMK, LM, and ANA rarely find promotions carried out by BMT to invite people to save at BMT. Informant DMK said "in my opinion, the promotions carried out by BMT are still lacking". This statement is supported by VA, LM, and ANA because according to them BMT around where they live rarely do promotions so they don't really know about BMT. These statements show that promotional factors affect the low interest in saving Generation Z in BMT with indicators of advertising, personal selling, and sales promotion.

All five informants answered that the absence of non-cash transaction facilities is one of the reasons they are less interested in saving at BMT. Informant VA said "I am less interested in saving at BMT because I want to make transactions without having to go to the office like mobile banking owned by banks". This statement shows that Generation Z prefers banks to save rather than BMTs that do not have non-cash transaction facilities, thus indicating that the facility factor with the non-cash transaction facility indicator has an effect on Generation Z's low interest in saving at BMT. Generation Z like them certainly wants practical things such as making transactions using only a smartphone without having to go to the office.

2. Strategies that must be done to increase Generation Z's interest in saving at BMT.

The strategy that BMT must do is to increase promotion both through brochures and social media. DMK informants also argue that promotion through social

media must be done by creating content according to current trends. Generation Z is very active in various social media so it is necessary to create interesting content and invite to save. In addition, according to JA, giving attractive prizes also needs to be done so that Generation Z is interested and interested in saving at BMT.

In addition to conducting interviews with five informants, researchers also made observations to BMT Mitra Muamalat as one of the BMTs in Kudus Regency. The strategies used by BMT Mitra Muamalat to attract customers include:

1. The location of the head office on Jl. HOS Cokrominoto No. 57 Kudus was chosen because it is strategic. It is on the edge of the highway and in the middle of the city so that it can be reached easily from all lines. In addition, it is also not far from the center of trade in Kudus, namely Pasar Kliwon so that it is easily accessible to micro customers.
2. The way that BMT Mitra Muamalat did to increase customer confidence at the beginning was to socialize and offer KJKS BMT Mitra Muamalat products *door-to-door*. In addition, it is also to institutions such as schools and also communities such as mosque youth communities and recitations.
3. Promotion carried out by BMT Mitra Muamalat is by utilizing social media such as WhatsApp groups, Facebook, YouTube to promote its products and distribute brochures to traders in the market. It is also through references from members or word of mouth to invite people to save. BMT Mitra Muamalat also implements a ball pick-up strategy to visit schools for students who save.
4. The facilities that will be obtained when saving at BMT Mitra Muamalat are fast service and ball pickup service. Currently BMT Mitra Muamalat does not have non-cash transaction services but to facilitate the transaction BMT Mitra Muamalat has branch offices spread across Kudus Regency.

CONCLUSION

From the results of this study, it is found that the trust factor is the factor that most influences the low interest of Generation Z in saving at BMT because there is no deposit guarantee from LPS. In addition, promotion and facilities are also factors that influence Generation Z's low interest in saving at BMT due to the lack of promotion by BMT to Generation Z and the absence of non-cash transaction facilities such as in banks so that Generation Z prefers to save at banks. The new finding in this study is that the promotion factor affects Generation Z's lack of interest in saving at BMT. This is because the promotion carried out to Generation Z is lacking so that Generation Z does not really know about BMT.

The limitations in this study are informants who do not come from all universities in Kudus Regency because researchers only chose representatives from IAIN Kudus, Muhammadiyah Kudus University, and Muria Kudus University. Therefore, the results of this study are limited to Generation Z in Kudus Regency and cannot be widely represented in various regions of Indonesia. Nevertheless, the researcher can provide advice to future researchers to expand the scope of research locations so that they will obtain more accurate

research results and choose Generation Z who have worked to be used as informants so that they do not only rely on pocket money. In addition, this research is able to provide recommendations to BMTs throughout Indonesia to increase promotions, especially through social media by making interesting posts such as trending content and providing attractive prizes for new customers. In addition, BMT must increase trust and provide facilities that make it easy to save so that Generation Z is interested in saving at BMT.

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