

Perception of Time Value of Money and Economic Value of Time among Sharia Bank Customers

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Submitted:
3 AUGUST 2024

Accepted:
29 SEPTEMBER 2024

ABSTRACT

This study aims to examine the influence of perceptions of understanding the concept of time value of money and economic value of time on the Islamic financial system, with religious commitment as a mediating variable. The study also examines the differences in perception between customers who only use Islamic banks and Islamic customers who also use conventional banks in Bogor Regency. A total of 100 respondents from Islamic bank customers in Bogor Regency were selected as samples using purposive sampling techniques. The data were analyzed using the SEM-PLS method with the help of SmartPLS 3.0, as well as a comparative independent sample t-test with IBM SPSS 26. The results of the study indicate that perceptions of the time value of money and the economic value of time have an effect on the Islamic financial system. Religious commitment is able to mediate these influences. The difference test showed no significant difference between customers who only use Islamic banks and customers who also use conventional banks. This shows that public understanding of the concept of Islamic finance is still minimal.

Keywords: Time Value of Money, Economic Value of Time, Customers, Islamic Banks

ABSTRAK

Penelitian ini bertujuan untuk menguji pengaruh persepsi pemahaman konsep nilai waktu uang dan nilai ekonomi waktu terhadap sistem keuangan syariah, dengan komitmen beragama sebagai variabel mediasi. Penelitian juga meneliti perbedaan persepsi antara nasabah yang hanya menggunakan bank syariah dan nasabah syariah yang juga menggunakan bank konvensional di Kabupaten Bogor. Sebanyak 100 responden dari nasabah bank syariah di Kabupaten Bogor dipilih sebagai sampel menggunakan teknik purposive sampling. Data dianalisis menggunakan metode SEM-PLS dengan bantuan SmartPLS 3.0, serta uji komparatif independent sample t-test dengan IBM SPSS 26. Hasil penelitian menunjukkan bahwa persepsi terhadap nilai waktu uang dan nilai ekonomi waktu berpengaruh pada sistem keuangan syariah. Komitmen beragama mampu memediasi pengaruh-pengaruh tersebut. Uji perbedaan menunjukkan tidak ada perbedaan signifikan antara nasabah yang hanya menggunakan bank syariah dengan nasabah yang juga menggunakan bank konvensional. Hal ini menunjukkan pemahaman masyarakat terhadap konsep keuangan syariah yang masih minim.

Kata kunci: Nilai Waktu Uang, Nilai Ekonomi Waktu, Nasabah, Bank Syariah

JIAKES

Jurnal Ilmiah Akuntansi
Kesatuan
Vol. 12 No. 5, 2024
pp. 747-758
IBI Kesatuan
SSN 2337-7852
E-ISSN 2721-3048

DOI: 10.37641/jiakes.v12i5.2871

INTRODUCTION

Islamic banks operate based on Sharia principles, focusing on collecting and distributing funds in line with Islamic rules that emphasize fairness and transparency. Unlike conventional banks, which charge interest, Islamic banks are free from *riba* (interest), defined as an additional charge on loans imposed unfairly. With Indonesia being the world's second-largest Muslim population, it represents a significant market for Islamic banking. Muslims, particularly in economic matters, prefer to act according to their faith, making Islamic banks the ideal choice to avoid prohibited practices like *Maysir*, *Gharar*, and *Riba*. People's perceptions of Islamic banks vary, influencing their choices. Some are supportive, while others think that Islamic banks are the same as conventional banks. This is in line with the fact of the level of sharia penetration in 2021, sharia penetration in Indonesia is very low, lagging far behind other Muslim countries in the world.

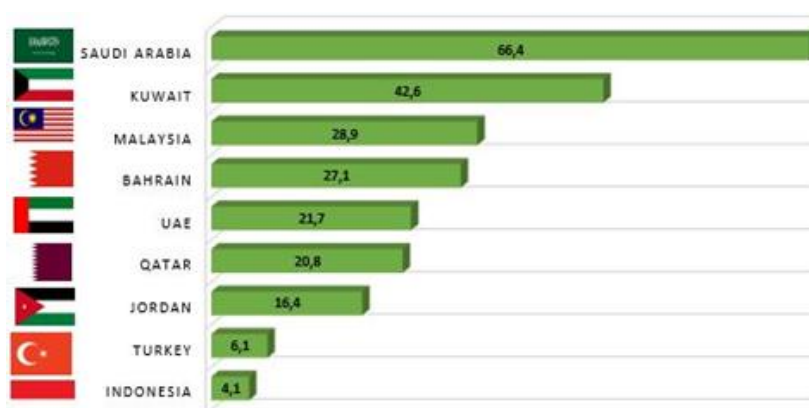


Figure 1. Graph of Sharia Penetration Rate in Muslim Countries in 2021

Figure 1, Indonesia's Sharia market penetration rate is very low at 4.1%, compared to neighboring Malaysia which has a fairly high Sharia penetration rate of 29%. The image of Islamic banks as interest-free banks has not been enough to attract public interest and they prefer conventional banks with an interest system. Interest in banking is debated between Islamic and conventional banks. Conventional banks consider interest as a reward for the risk of lending money and the difference between the current and future value of money (Time Value of Money/TVM concept). However, in Islam, interest or usury is considered unfair and can be detrimental, especially for the lower class of society. Therefore, the concept of time value of money is debated in Islamic economics, as some agree and some reject its application in the Islamic financial system. Islam emphasizes the Economic Value of Time (EVT) over the value of money itself. In Islamic economics, time spent on productive activities is more valuable than merely saving money. The profit-sharing concept in Islamic banking, based on the economic value of time, is seen as fairer since profits and risks are shared equally. Unlike the conventional system, which prioritizes interest, Islam encourages using money for productive purposes and prohibits hoarding or treating money as a commodity to generate more money through interest.

The difference between the concepts of the time value of money and the economic value of time leads to varying public perceptions of the Islamic financial system. A positive understanding of both concepts encourages individuals to choose Islamic banks. Additionally, religious commitment plays a significant role in shaping perceptions and decisions. The stronger a person's religious commitment, the more likely they are to have a favorable view of Islamic banking, which increases the likelihood of choosing an Islamic bank over conventional options. Several studies have shown that the Time Value of Money (TVM) can be applied in determining the price of deferred payments (*mu'ajjal*), and Islamic banks can use interest rates as a basis for pricing as long as the agreed price remains fixed (Hamza & Jedidia, 2017; Baehaqi et al., 2020; Ananda et al., 2021). Since

TVM is not a contract, it cannot be directly determined as halal or haram. However, some researchers argue that the concept of the time value of money is contradictory and inconsistent with Islamic finance (Nurshalihah et al., 2022; Latifah & Sofyan, 2023; Asnaini et al., 2023). Islamic finance is more familiar with the economic value of time which is more rational and fairer in the economy.

Further research from Muda & Hasibuan (2018), although the public has less understood of TVM and EVT, they agree that EVT is more in line with Islamic financial principles. West Java, particularly Bogor Regency, has the largest Muslim population in the region (Jabar.bps.go.id, 2023). This significant Muslim demographic makes it an ideal location for research on Islamic banking. This study aims to explore how customers' understanding of the time value of money (TVM) and the economic value of time (EVT) influences their perceptions of the Islamic financial system, while considering religious commitment as a mediating variable.

LITERATURE REVIEW

Islamic finance is a financial system that connects those in need of funds with those who have surplus capital through financial products and services that align with Islamic principles (Choli, 2021). Soemitra (2010), the Sharia financial system acts as a bridge between those requiring funds and those possessing excess capital, facilitating transactions through Sharia-compliant financial products and services. Ayuningtyas (2018) states that Islamic finance is part of efforts to preserve wealth, ensuring that individuals acquire and utilize their assets in accordance with Sharia guidelines. The Sharia financial system must operate in accordance with Islamic law, based on fatwas issued by authoritative bodies in the field of Sharia. This system is characterized by the coexistence of Islamic banks alongside conventional banks, detailing the various Sharia-compliant banking products available. In this study, the grand theory utilized is the Theory of Planned Behavior (TPB) proposed by Ajzen, which posits that human behavior is initially influenced by intention. An individual who has developed a particular intention can then decide on subsequent actions. This concept applies to the relationship between background factors and the decision to utilize Islamic Financial Systems. When background factors are accompanied by strong intention, the likelihood of choosing Islamic Finance is also high. Conversely, if the background factors are linked to low intention, the decision to engage with Islamic Banking will be low as well. Thus, it can be inferred that intention serves as a mediator for subsequent actions. The relevance of this study lies in the specificity of the Theory of Planned Behavior (TPB) in examining individual behavior, particularly among Muslims, regarding their choice to use Islamic banks or financial systems for managing their finances. This involves individual beliefs about Islamic law and the potential benefits or drawbacks of opting for or against Islamic finance in daily life.

The Time Value of Money (TVM) concept is closely associated with conventional economics. Developed by Eugene Von Bohm-Bawerk in the 19th century through his book *Positive Theory of Capital*, TVM suggests that "a dollar today is worth more than a dollar in the future" due to its potential for investment returns (Maghfiroh, 2019). This concept implies that money has a time value, where the same amount today (Present Value) is considered more valuable than in the future (Future Value), due to factors like inflation and people's preference for current consumption over future consumption (Herispon, 2020). SFAC No. 7 highlights three key points regarding money in accounting: (1). Cash flows have different values depending on the timing, with present money worth more than future money due to inflation and lost investment opportunities (2). The time value of money is calculated using a risk-free interest rate, representing the expected return from a safe investment. (3). This concept is crucial in estimating the fair value of assets and liabilities by discounting future cash flows using a risk-free rate (Ananda et al., 2021). In conventional economics, interest is logically applied to loans, compensating lenders while allowing depositors to earn interest passively. Thus, interest becomes a tradable commodity in the money market between banks and financial products (Rezita, 2021). The concept of the time value of money in the conventional system is not in line with

sharia principles due to the instability of the value of money. As a solution, Islamic economics offers the concept of economic value of time that maintains the value of money with a profit-sharing system through *mudharabah* and *musyarakah* contracts for financing products based on Natural Uncertainty Contracts (NUC). Another solution is the application of profit margins on Natural Certainty Contracts (NCC) based products, such as *murabahah* and *ijarah* financing (Herispon, 2020).

Research by Sopian (2021), supports the view that Islamic economics does not use the concept of the time value of money, because adding value to money only based on time is included in *ribawi* transactions. Imam Nawawi also categorized this as usury. Other studies show that the higher a person's understanding of the concept of the time value of money, the lower their acceptance of the Islamic financial system, because they prefer the conventional system that uses interest according to the TVM concept (Nurshalihah et al., 2022; Latifah & Sofyan, 2023; Asnaini et al., 2023). However, the TVM concept can be used in determining the *mu'ajjal* price (deferred payment) and can be used in annuity formulas that are not regulated in the *murabahah* pillars, which only include the transacting parties, goods, prices, and *ijab qabul* (Hamza & Jedidia, 2017; Baehaqi et al., 2020; Ananda et al., 2021). Determination of the selling price, payment method, and delivery of goods are not part of the *murabahah* pillars, so they can be agreed upon together. Islamic banks may use interest rates as a basis for determining prices, as long as the agreed price does not change during the installments. In addition, TVM is not a contract, so it cannot be directly judged *halal* or *haram*.

In conventional economics, the Time Value of Money (TVM) asserts that money today is more valuable than money in the future. In contrast, Islamic economics uses the concept of Economic Value of Time (EVT), which emphasizes that time itself holds economic value, while money is merely a medium of exchange and should not generate profit through interest. Therefore, TVM is rejected in Islam, and EVT is preferred, aligning with Islamic principles that focus on maximizing the value of resources over time in a fair and just manner (Muda & Hasibuan, 2018). The EVT concept states that time has equal quality for everyone 24 hours in a day, 7 days a week, but its value depends on how efficiently it is used. Islam encourages maximizing time not only for worldly gains but also for eternal rewards, balancing both material success and spiritual fulfillment. In economic transactions, time becomes valuable when used productively according to Islamic teachings. The value of time in Islamic finance is measured through ratios (*nisbah*) rather than interest, and profit-sharing mechanisms like *mudharabah* or *musyarakah* offer a fairer approach than interest-based systems (Harahap, 2019).

In Islamic finance, money gains value only when exchanged for real goods or services, not as a commodity to be hoarded for interest. Profit-sharing contracts, guided by *nisbah*, determine how profits are distributed between investors and managers based on expected returns, with adjustments made for actual returns. This approach ties profit to the real economy, such as production and services, rather than speculative financial gains. Islamic principles reject TVM because it leads to unjust gains without risk (*al-ghunmu bil ghurmi*) and reward without effort (*al-kharaj bi la dharma*) (Muhtadi et al., 2017). People who have a good understanding of the concept of economic value of time tend to be more accepting of the Islamic financial system, because this concept is in line with Islamic economics, encouraging individuals to choose things that are beneficial and in line with religious values in their lives, especially as a Muslim. This study is supported by several researchers who support this finding, showing that although people's understanding of the concept of the economic value of time is still limited, they still agree with its application in the Islamic financial system (Muda & Hasibuan, 2018; Katman & Akmawati, 2021; Nirawati et al., 2022). A better understanding of this concept is positively related to the level of acceptance of the Islamic financial system.

Religious commitment, or religiosity, refers to an individual's ability to internalize and apply religious values in daily life, reflected in behavior aligned with their faith (Stark & Glock, 1970; Lubis et al., 2023). It indicates how deeply one adopts religious principles, which influence their attitudes, values, and beliefs. For a devout person, religious values

shape various aspects of life, including choices in financial matters like selecting Islamic banking systems. In Islam, religious commitment encompasses the dimensions of Iman (faith), Islam (submission), and Ihsan (excellence). These dimensions are used to evaluate a Muslim's attachment to their faith, including belief, ritual practices, spiritual experiences, knowledge, and the influence of religion on behavior (Stark & Glock, 1970). The stronger one's religious belief and understanding, the more likely they are to align their daily practices, including financial decisions, with Islamic teachings. In choosing a bank, as a good Muslim, he will uphold the religious principles he believes in so that he will encourage him to prefer financial products or services that are in accordance with sharia because they are more relevant to the needs of customers who are highly committed to their religion. Based on empirical studies in previous research by Anam (2016); Lubis et al. (2023); Zulva et al. (2024).

METHODS

This research employs a descriptive quantitative method with a causal approach to examine the influence of the perception of understanding the concept of time value of money and the perception of understanding the concept of economic value of time on the Islamic financial system, using religious commitment as a mediating variable (Priadana & Sunarsi, 2021). This study also uses an Independent Sample T-test to determine whether there is a difference in the perception of the understanding of the time value of money and the economic value of time between customers who exclusively use Islamic banks and those who use both Islamic and conventional banks. The population of this study includes residents of Bogor Regency who use Islamic banks, both those who exclusively use Islamic banks and those who also use conventional banks. The sample was determined using a purposive sampling technique based on specific predetermined criteria, not randomly. The criteria used include being a customer in Bogor Regency with an account at an Islamic or conventional bank, having a minimum education level of high school (SMA), and being above 18 years of age. The respondents consisted of 100 Islamic bank customers in Bogor Regency, with 18 customers exclusively using Islamic banks and 82 using both Islamic and conventional banks. Data was collected through a questionnaire. The data analysis method employed was Structural Equation Modeling (SEM) using SmartPLS software, and the Independent Sample T-test was conducted using IBM SPSS 26.

RESULTS

To test the research instrument, where in this study using a questionnaire, the first thing to do is a validity test aimed at ensuring that the measuring instrument or instrument used in the questionnaire statement items in the study is appropriate and accurate. There are two validity test methods, namely convergent validity by looking at the variable loading factor value, In the early stages of developing a measurement scale, load values between 0.5 and 0.6 were still considered adequate for use (Ghozali & Latan, 2015). Next is discriminant validity using fornell-lacker, namely having an AVE value for each latent variable must be higher than the correlation between the latent variables below it (Haryono, 2017).

Table 1. Convergent Validity (Loading Factor)

Variable Items	Loading Factor	Cut off	Conclusion
Time Value of Money	0.219	>0.5	Valid
	0.139		
	0.804		
	0.878		
Economic Value of Time	0.521	>0.5	Valid
	0.615		
	0.794		
	0.586		
Religious Commitment	0.674	>0.5	Valid
	0.795		
	0.770		
	0.712		
	0.740		
	0.796		
	0.830		
	0.743		
	0.644		
	0.777		
Islamic financial system	0.589	>0.5	Valid
	0.387		
	0.695		
	0.287		
	0.525		
	0.679		
	0.732		
	0.522		
	0.795		
	0.812		
	0.830		
	0.813		
	0.790		

Table 1, the time value of money variable consists of 4 statement items, of which there are 2 invalid statements, namely Nwu1 and Nwu2. The economic value of time variable is measured by 4 statement items and all of them are valid. The religious commitment variable has 10 valid statement items. and the Islamic financial system variable has 13 statement items, all of which are valid except for items Sks2 and Sks4. From these results we eliminate invalid statements, then after all statement items have a positive correlation coefficient greater than 0.50. This means that the data obtained is convergently valid and further testing can be carried out.

Table 2. Discriminant Validity (Fornell-Lacker)

Model	Religious Commitment	Time Value of Money	Economic Value of Time	Islamic financial system
Religious Commitment	0.750			
Time Value of Money	0.422	0.851		
Economic Value of Time	0.321	0.167	0.633	
Islamic financial system	0.720	0.492	0.427	0.722

Table 2 shows that all latent variables have higher AVE values than the correlations with other variables below. This meets the requirements of discriminant validity, namely the square root value of AVE must be greater than the correlation between variables. The reliability test in this study is the reliability test seen from the composite reliability value. The rule of thumb used for the minimum composite reliability value is 0.60. If the CR value is above 0.6 then it can be said to be reliable (Hair & Alamer, 2022). It is known

that in the results of the calculations that have been carried out, the CR value in the table shows that all variables show a CR value above 0.6, so it can be concluded that all questionnaire statement items are consistent and reliable.

Table 3. Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability	Rule of Thumb
Time Value of Money (X1)	0.623	0.839	0.6
Economic Value of Time (X2)	0.531	0.723	0.6
Islamic Financial System (Y)	0.903	0.921	0.6
Religious Commitment (Z)	0.913	0.927	0.6

Based on Table 3, each variable item has a CA and CR greater than 0.6, although the value of the X2 construct is less than 0.6, it can be said to be quite reliable because it is at a number greater than 0.41. Cronbach's Alpha value of 0.41 to 0.60 is quite reliable (Norfai, 2020). Therefore, it can be concluded that all construct indicators meet the Cronbach Alpha reliability test with a good scale. The Variance Inflation Factor (VIF) measures multicollinearity in regression analysis. According to Hair et al. (2014), a VIF above 5.00 signals significant multicollinearity, meaning the independent variables are highly correlated. A VIF below 5.00 suggests little to no multicollinearity, indicating low correlation between the variables.

Table 4. Discriminant Validity (Fornell-Lacker)

	Religious Commitment	Islamic financial system
Religious Commitment		1.320
Time Value of Money	1.029	1.218
Economic Value of Time	1.029	1.117
Islamic financial system		

Table 4 indicates that the VIF values for all latent variable indicators are below 5.00. This suggests the absence of any collinearity issues among the latent variables in the model. To prove that the exogenous variable really affects the variable we observe (endogenous), we conduct a significance test. To strengthen the analysis, the bootstrapping method is used with Inner model analysis using the effect size/f-square (F2) test, which is to assess the relative influence of a variable that influences (exogenous) on the variable that influences (endogenous). Category: small influence 0.02, medium influence 0.15, and large influence 0.35. Less than 0.02 indicates no influence/no influence (Ghozali & Latan 2015). and to see the direct and indirect influence of exogenous variables on endogenous variables, the greater the t value, the more confident we are that the influence is significant. If the p value is below 0.05 and the t-statistic value is above 1.96, then it can be said that the exogenous variable has a positive and significant influence on the endogenous variable.

Table 5. Hypothesis Test

Variable	Original Sample	Mean	STDEV	T Statistics	P Value	F-Square
NWU -> SKS	0.222	0.211	0.093	2.385	0.017	0.101
NEW-> SKS	0.210	0.205	0.101	2.089	0.037	0.099
NWU -> KBM	0.378	0.371	0.080	4.731	0.000	0.184
NEW-> KMB	0.258	0.292	0.117	2.201	0.028	0.085
KMB-> SKS	0.559	0.569	0.100	5.669	0.000	0.593
NWU->KMB->SKS	0.211	0.211	0.060	3.501	0.001	
NEW->KMB->SKS	0.144	0.166	0.071	2.016	0.044	

Table 5, it leads to the largest effect size with the F Square criteria > 0.35 is the influence of Z on Y. This means that religious commitment has a strong contribution in influencing decisions in using the Islamic financial system. The medium effect size is in

the influence of the time value of money on religious commitment with an f square value of 0.184. The rest have a small f-square influence in this study with an F Square value between 0.02 to 0.15 there is an influence of X1 on Y, X2 on Z, and X2 on Y. This means that even though there is an influence, the strength is quite weak. Based on Table 5 to answer whether the proposed hypothesis is accepted or not, seen from the results of the evaluation of the significance estimate (evaluation of precision of estimation).

The results of the data processing test show that the Path Coefficient is 0.22 (positive) and the t-statistic test between the variables of perception of understanding the time value of money towards the Islamic financial system (2.385), the perception of understanding the time value of money influences the decision to use the Islamic financial system, so the first hypothesis is accepted. The test results confirm the first hypothesis, indicating that the time value of money (TVM) has a significant positive impact on the Islamic financial system. Islamic bank customers demonstrate a reasonable understanding of TVM, reflected in an average score of 3.22 out of 5, influencing their decisions to utilize Islamic banking despite some uncertainty. According to DSN-MUI Fatwa No. 84/DSN-MUI/XI/2012, Islamic banks can recognize profit in murabahah financing using proportional or annuity methods, similar to conventional banks. While they can set annuity payments, both parties must agree on a fixed price throughout the payment period. Supporting this research, studies by Syam (2017) and Ananda et al. (2021) highlight that TVM, represented through annuity formulas, is not explicitly regulated in murabahah contracts. This aligns with findings from Hamza & Jedidia (2017) and Baehaqi et al. (2020), which state that TVM can be applied in Islamic economics for bai' mu'ajjal (deferred sales). Therefore, this study contradicts several researchers who state that the TVM concept is not in accordance with Islamic economics (Sopian, 2021; Nurshalihah et al., 2022; Latifah & Sofyan, 2023; Asnaini et al., 2023).

The results of the data processing test show that the Path Coefficient is 0.210 (positive) and the t-statistic test between the variables of perception of understanding the economic value of time towards the Islamic financial system (2.089), the perception of understanding the economic value of time influences the decision to use the Islamic financial system, so the second hypothesis is accepted. Confirming that the economic value of time (EVT) significantly and positively impacts the Islamic financial system. This suggests that Islamic bank customers have a solid understanding of EVT, with an average response score of 4.16 out of 5. A better grasp of EVT positively influences their decisions to utilize Islamic banking services. Customers who comprehend the concept of EVT recognize that maximizing returns requires engaging in productive activities and investing time wisely. Islam emphasizes that money is not a commodity; rather, tangible goods and services should be the focus of transactions. The Quran, in Surah Al-Asr (1-3), underscores the importance of utilizing time effectively, leading to the principle of EVT. This principle asserts that time, when optimized, yields economic, social, and religious benefits for individuals and their communities. This study adds empirical evidence that supports previous research showing that Muslim society recognizes the economic value of time in accordance with Islamic economic principles (Muda & Hasibuan, 2018; Katman & Akmawanti, 2021; Nirawati et al., 2022). Unlike conventional views on the time value of money, Islam promotes the idea that time itself holds economic value, not money.

The results of the data processing test show that the Path Coefficient is 0.378 (positive) and the t-statistic test between the variables of perception of understanding the time value of money towards religious commitment (4.731), the perception of understanding the time value of money influences religious commitment, so the third hypothesis is accepted. Which states that the time value of money (TVM) has a significant positive effect on religious commitment. This means that customers who understand the concept of TVM may be influenced in their religious commitment. In conventional economics, TVM is often used to maximize profits through the interest system, but in Islam, the practice of usury is considered contrary to religious teachings and unfair. Customers with strong religious commitments may feel pressured to reject conventional interest-based financial

products, despite the temptation to seek higher profits. This creates a challenge in maintaining a balance between material needs and religious obligations. In addition, the development of Islamic investments shows the applicability of the TVM concept in an Islamic context, despite the view that money should not be used as a commodity. The DSN-MUI Fatwa No. 80/DSN-MUI/III/2011 legalizes and legalizes Islamic investment, so that Muslims can feel safe in investing. This shows that people's understanding of the time value of money is acceptable in the context of Islamic economics, allowing them to invest while adhering to religious principles.

The results of the data processing test show that the Path Coefficient is 0.258 (positive) and the t-statistic test between the variables of perception of understanding the economic value of time on religious commitment (2.201), the perception of understanding the economic value of time affects religious commitment, so the fourth hypothesis is accepted. A good understanding of the economic value of time teaches individuals to value time not only to achieve success in business, but also to enhance religious observance. Awareness of the importance of time as a resource encourages one to live a balanced life between worldly and spiritual goals, ultimately strengthening their religious commitment. With a deep understanding of the concept of the economic value of time, customers are able to assess the compatibility between this principle and Islamic law. This enables them to ensure that their investments remain blessed and do not engage in harmful elements such as *riba*, *gharar*, and *maysir*, thereby keeping their transactions and faith *halal*. In addition, this understanding also encourages a balance between the life of this world and the hereafter. A time-honoring Muslim seeks to achieve worldly success while adhering to the teachings of Allah SWT. Thus, they are able to avoid the extremes of focusing too much on the life of this world or the hereafter, which leads to tranquility and true happiness within the Islamic framework.

The results of the data processing test show that the Path Coefficient is 0.559 (positive) and the t-statistic test between the variables of religious commitment to the Islamic financial system (5.566), religious commitment affects the decision to use the Islamic financial system, so the fifth hypothesis is accepted. An individual's level of observance plays a crucial role in their decision to use Islamic finance. Religious commitment reflects a person's awareness and adherence to religious teachings, including in financial aspects. This study shows that customers who have high religious commitment tend to choose Islamic finance, which is in line with Islamic principles that prohibit usury, *gharar*, and *maysir*. Religious commitment also has a significant effect on one's intention to use Islamic banks. Religious believers try to follow orders and stay away from prohibitions as a form of worship and devotion to Allah SWT. Thus, individuals who have a high commitment to their religion will choose the path blessed by Allah, making the decision to use Islamic banks the right choice. This study is in line with the results of previous studies, which revealed that high religious commitment has a positive effect on customer preferences for Islamic banks and increases their trust in Islamic financial institutions (Anam, 2016; Nurgaheni et al., 2021; Lubis et al., 2023; Zulva et al., 2024). Conversely, low religious commitment will be directly proportional to low customer trust in Islamic financial institutions.

The direct relationship (X1-Y) of the perception of understanding the time value of money on the Islamic financial system is significantly positive with T-Statistic (2.385) and the indirect relationship (X1– Z-Y) is significantly positive with T-Statistic (3.501). This relationship shows that there is a mediating effect of the perception of understanding the time value of money on the Islamic financial system with religious commitment as a mediating variable, so the sixth hypothesis is accepted. This means that through the support of religious commitment, it has an impact on the understanding of the time value of money on the decision to choose customer finance. Customers who have a high level of religious commitment tend to remain loyal to Islamic principles, even though they understand and realize the potential benefits of the time value of money concept. They will still prefer Islamic financial products that avoid usury and offer alternatives such as profit sharing (*mudharabah*) or cooperation (*musyarakah*). On the other hand, customers

with more moderate or low religious commitment may be more likely to choose financial products that are economically beneficial, even if they involve interest.

The direct relationship (X2-Z) of the perception of understanding the economic value of time towards the Islamic financial system is significantly positive with T-Statistic (2.089), and the indirect relationship (X2-Z -Y) is significantly positive with T-Statistic (2.016). This relationship shows that there is a mediation of the perception of understanding the economic value of time towards the Islamic financial system with religious commitment as a mediating variable, so the seventh hypothesis is accepted. Strong religious commitment has a significant effect on customer perceptions of the economic value of time on the Islamic financial system. Islamic finance emphasizes the principles of fairness and transparency, by avoiding the practices of *riba*, *gharar*, and *maysir* that can harm both parties. Customers who have high religious commitment feel more comfortable transacting in Islamic banks because it is in accordance with their values. Understanding the concept of economic value of time also helps customers recognize the principles in Islamic bank products and services. With this knowledge, they are more likely to choose the profit-sharing ratio over the profit from interest, which is considered fairer and more rational. In Islam, *haram* buying and selling practices are avoided as they can undermine faith. Therefore, customers who have a high understanding of the economic value of time and religious commitment tend to choose Islamic finance to earn *halal* profits. The Islamic financial system is based on God's *sharia* law and the ultimate goal is to get closer to Him. Thus, religious commitment influences customers in understanding the concept of the time value of money and choosing the Islamic financial system. As devout Muslims, they are not only aiming for worldly gains, but also aiming for afterlife prosperity, making their business and savings a field of worship.

To explore the comparison test, this study uses an independent sample t-test to determine whether there are differences in perceptions between customers who only use Islamic banks and customers who use Islamic banks and also conventional banks regarding their perceptions of the time value of money and the economic value of time. According to Sugiyono (2016) If the t-count value is below 0.05 then it can be said that there is a difference, and if the t-count value is above 0.05 then it is said to have no difference.

Table 6. Independent Samples T-Test

	Equal variances	F	Sig.	t	df	Sig.	Mean	Std. Error	Confidence	
									Lower	Upper
Total time value of money	assumed	0.598	0.441	0.688	98	0.493	0.458	0.666	-0.864	1.780
	not assumed			0.784	29.431	0.439	0.458	0.584	-0.736	1.652
Total economic value of time	assumed	0.363	0.548	-1.530	98	0.129	-0.768	0.502	-1.765	0.228
	not assumed			-1.542	25.237	0.135	-0.768	0.498	-1.794	0.257

Table 6, the sig value (2 tailed) is $0.493 > 0.05$ for the time value of money, and the sig value (2 tailed) is $0.129 > 0.05$ for the economic value of time. So the hypothesis is rejected, meaning that it can be concluded that there is no significant difference in the level of perception of understanding the concept of the time value of money and the concept of the economic value of time in the community group that only uses Islamic banks. This happens because the people of Bogor Regency are already more familiar with conventional banks than Islamic banks.

From the results of the study, it can be concluded that there is no significant difference in understanding the time value of money (TVM) and the economic value of time (EVT) between people who only use Islamic banks and those who use Islamic banks and conventional banks, this shows that their understanding of the two concepts is relatively the same. The concept of the time value of money explains why the money we have today is more valuable than the same money in the future. In contrast, the economic value of time emphasizes the importance of time in creating value. TVM indicates that we can get benefits in the future without having to work, while EVT states that money is obtained

through real effort. This difference may not be visible in public perception because although Islamic banks operate according to sharia principles, many products are similar to conventional banking systems, as regulated in the MUI Fatwa. This is in line with the findings supported by research Ananda et al. (2021), which emphasizes that Islamic financial products consider time value and potential future profits. In Bogor Regency, more people choose conventional banks, and this is due to the ease of access and the more strategic location of the bank. Research shows that people feel more comfortable using conventional banks because of the closer distance and easier access, especially in remote areas. In addition, there is doubt among the public regarding the understanding of Islamic bank operations with sharia principles. Previous research stated that people prefer conventional banks because of the ease of travel distance and still show doubts about Islamic banks (Segati, 2019; Saputra, 2021; Khusna & Pratama, 2021). Despite an understanding of usury, some people still choose conventional banks for financing, as shown by research (Dayyan & Chalil, 2020).

CONCLUSION

This study investigates how people's understanding of the Time Value of Money (TVM) and the economic value of time (EVT) influences their perception of the Islamic financial system, with religious commitment acting as a mediator. The research focuses on the community in Bogor Regency who utilizes Islamic banking services. The findings indicate that both the perception of understanding TVM and EVT have a positive and significant impact on the public's perception of Islamic banks. Additionally, religious commitment also plays a crucial role, positively and significantly affecting the perception of the Islamic financial system. Importantly, religious commitment mediates the effect of the understanding of both TVM and EVT on public perception of Islamic banks. Furthermore, the study finds no significant difference in the perception of understanding TVM and EVT between customers who exclusively use Islamic banks and those who use both Islamic and conventional banks. This suggests that the understanding of these financial concepts does not differ based on whether the customers are solely Islamic bank users or if they also utilize conventional banking services. Overall, the study highlights that both financial literacies regarding TVM and EVT, combined with religious commitment, are important factors in shaping people's perception of Islamic banks. It underscores the significance of both economic and religious principles in influencing how Islamic financial institutions are viewed by their users.

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