Determinant of The Growth of Islamic Banking by Moderating Variables of Savings Interest Rate and Credit Interest Rate Evidence from Banten, Indonesia

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Abstract

This study aims to identify the key determinants of the growth of Islamic banking in Banten Province, Indonesia, and to examine whether the presence of conventional banks acts as a moderating factor in this growth. The research utilizes monthly data spanning the period from 2019 to 2022. The analysis methods employed include Moderating and Multiple Linear Regression, which were conducted using the SPSS program version 22. Findings from this research reveal that the savings profit-sharing and financing profit-sharing significantly impact the growth of Islamic banking. Furthermore, the growth of Islamic bank assets is found to have a significant positive effect on overall Islamic banking growth. The savings interest rate is found to moderate the relationship between the savings profit-sharing and Islamic banking growth, indicating an interplay between conventional banking practices and the development of Islamic financial institutions. However, the interest rate on loans does not function as a moderating variable in the relationship between financing profit-sharing and the growth of Islamic banking.

Keywords: Growth of Islamic banking, Savings profit-sharing, Financing profit-sharing, Credit interest rate, Saving interest rate, Growth of Islamic banking assets

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Introduction

There is no exact data on the number of Muslim populations in the province of Banten, but as a province which has a historical background prior to the Banten Sultanate, the majority of Banten population is Muslim. Nonetheless, this trend does not automatically linear with the growth of Islamic banking. It can be seen in 2016 when the market share grew only 3.87%, slightly increased to 4.73% in 2017, and reached 6.03% by the end of 2019 (Hasan, 2019). The low market share of Islamic banking in Banten is similar to what is happening in Indonesia. According to the study of Hasan (2019), at the end of 2016, Islamic banking's market share in Indonesia stood at 5.03%, with assets amounting to IDR 356.5 trillion.

The low growth of Islamic banking in Indonesia, particularly in the Banten Province, can be explained through the demand theory, which states that demand for products or services is heavily influenced by price. In the context of Islamic banking, financing margin or profit-sharing ratio plays a role equivalent to the interest rate on loans in conventional banks, while the profit-sharing ratio applied by Islamic banks can be considered comparable to the savings interest rate in conventional banking. Therefore, if the financing margin applied by Islamic banks is lower than the interest rates in conventional banks, and if the profit-sharing ratio is higher than the savings interest rate in conventional banks, this could potentially result in lower customer interest in Islamic banking products. In this case, price factors, such as the margin or ratio, become crucial elements in determining the demand for Islamic banking products.

Several studies have shown that financing margins or profit-sharing ratios can enhance customer trust and promote financing growth. This aligns with findings from Fardiansyah et al. (2023) and Riyadi et al. (2021), who showed that competitive financing margins can increase demand and customer trust in Islamic banking products, which in turn drives financing growth. Furthermore, Junaeni et al. (2023) found that lower financing margins could stimulate financing growth by offering more attractive incentives to customers, thus encouraging faster growth in the Islamic banking sector.

However, other studies present a different view, Ibrahim and Fajri (2024) and Sugiarto and Surahman (2025) showed that the financing margin or profit-sharing ratio does not have a significant impact on financing growth. These findings suggest that factors other than the margin or profit-sharing ratio may play a more critical role in driving financing growth. Judijanto et al. (2023) also

found that although profit-sharing-based financing can have a positive and significant effect on profitability, its overall impact on financing growth is not substantial. These studies challenge a more simplistic view of the direct relationship between profit-sharing and financing growth, highlighting the importance of other factors that need to be considered.

Additionally, there are differences in research results regarding the relationship between profit-sharing and the growth of savings in Islamic banks. Khusnia and Wardana (2024) found that higher profit-sharing rates positively affect savings growth, which is in line with the research by Salman (2023), stating that more attractive profit-sharing ratios can lead to higher savings growth. These studies indicate that profit-sharing rates have a significant positive effect on the amount of mudharabah savings, meaning that increasing the profit-sharing rate can stimulate savings growth in Islamic banks. A similar finding was found by Stalia et al. (2024), which showed that higher profit-sharing rates positively influence mudharabah savings, further emphasizing that higher rates can promote savings growth. Additionally, Putri and Ristianawati (2024), found that profit-sharing has a significant positive effect on customers' interest in saving in Islamic banks, which in turn drives savings growth.

However, different findings were presented by Purnamasari et al. (2024), who found that profit-sharing does not have a significant effect on the growth of savings. This aligns with the research by Che Arshad and Nurfadilah (2017), which showed that the return rates in Islamic banks do not significantly impact the level of savings. In fact, the study by Relasari and Soediro (2017) showed a significant negative effect of return rates on mudharabah savings, indicating that higher returns do not necessarily increase savings in Islamic banks.

These differing research findings suggest that price factors have not fully explained the low market share of Islamic banking. Therefore, utility theory can be used to explain the influence of other factors in customers' decision-making processes. According to utility theory, consumers aim to maximize the satisfaction or utility they obtain from choosing a product. While a higher profit-sharing ratio may offer better value, higher savings or credit interest rates in conventional banks could provide greater utility for customers, thus influencing their decision to choose products. By considering both savings and credit interest rates as moderating variables, this study seeks to understand how the interaction between the profit-sharing ratio and conventional interest rates influences customers' preferences for Islamic banking products.

This research aims to fill the knowledge gap by analyzing how the profit-sharing ratio in Islamic banking, considering conventional interest rates as variables, influences customers' decisions when choosing between Islamic banking and conventional banking products. Additionally, within the context of rational theory, risk factors will also be considered by consumers when making their investment decisions. Bona fide banking can serve as an indicator of risk factors. Bona fide banking can be measured by the size of the company and the number of Islamic banking offices, meaning that company size and the number of offices can become considerations in making investment decisions in Islamic banking. Focusing on Banten Province as a case study, this research is expected to provide deeper insights into the factors influencing the growth of Islamic banking in the region. This is crucial for helping Islamic banks enhance their competitiveness, thereby expanding their market share and contributing to the growth of Islamic finance in Indonesia.

Literature Review

Utility Theory and Demand Theory can be used to explain the low market growth of Islamic banking, particularly in Banten Province. According to demand theory, the demand for a product is influenced by its price as well as other factors, such as consumer income, preferences, and the prices of substitute or complementary goods. In the context of Islamic banking, the savings profit-sharing ratio (X1) and the financing profit-sharing ratio (X4) serve as price factors that influence customers' decisions to choose Islamic banking products. The higher the profit-sharing ratio offered by an Islamic bank, the greater the benefit or satisfaction customers receive, which in turn can increase demand for Islamic savings and financing products.

However, aside from price factors, utility theory reveals that consumers also act to maximize the satisfaction or utility they derive from choosing a product or service. In the context of Islamic banking, besides price factors, there are non-price factors that influence customer decisions, such as the size of the company (X2) and the number of offices (X3). The larger the company's size and the greater the number of offices an Islamic bank has, the higher the utility perceived by consumers, as they feel more secure and have easier access to banking services. Therefore, these factors also influence customers' decisions to select Islamic banking products.

Additionally, external factors such as the savings interest rates at conventional banks (Z1) and the credit interest rates at conventional banks (Z2) also play an important role in consumer

decisions. According to utility theory, consumers will compare Islamic banking products with conventional banking products, particularly in terms of the financial benefits offered. If the interest rates at conventional banks are higher than the profit-sharing rates offered by Islamic banks, consumers may choose conventional banks because they perceive higher utility. On the other hand, if Islamic banks offer more competitive profit-sharing ratios, consumers are likely to choose Islamic products, as they feel more satisfied with the benefits they receive.

Demand theory also explains that demand for Islamic banking products is influenced by two types of variables: price and non-price. In this case, price variables, proxied by the financing profit-sharing ratio (X4) and the savings profit-sharing ratio (X1), act as the main factors influencing demand. Meanwhile, non-price variables such as the size of the company (X2) and the number of offices (X3) contribute to the ease of access and credibility perceived by consumers, ultimately affecting their decisions to choose Islamic banking.

Based on demand and utility theory, it can be concluded that the growth of the Islamic banking market depends not only on price factors but also on non-price factors such as ease of access, bank stability, and future expectations. In this regard, if Islamic banking can improve one or both of these factors, the market growth (Y) in the Islamic banking sector will increase. Thus, the combination of price and non-price variables provides a more comprehensive understanding of the factors influencing the growth of Islamic banking, particularly in Banten Province

The profit rate set by an Islamic bank influences the decision of individuals to deposit their funds. An increase in the profit rate is expected to lead to an increase in the amount of deposits. This relationship is supported by previous studies by Anisah et al. (2013), Hilman (2016), Meyliana and Mulazid (2017), and Rusydiana and Prakoso (2021), which found that the profit rate has a positive effect on Islamic bank deposits. Therefore, researchers formulated the hypothesis as follows:

H1 : An increase in the savings profit-sharing ratio will lead to greater growth in Islamic banking

The size of a company is closely related to its credibility, which significantly influences customer trust. Larger business scales tend to gain greater trust from customers. Similarly, the larger the size of an Islamic bank, the greater the potential growth of its services. This relationship is supported by previous studies from Anisah et al. (2013), Meutia et al. (2024), and Yulianto et al.

(2021), which found a significantly positive effect of company size on the growth of Islamic banking. This becomes the researchers' base to formulate the following hypothesis:

H2: An increase in the size of Islamic banking will lead to greater growth in Islamic banking.

The number of offices is closely associated with the reputation and credibility of a bank. An increase in the number of offices, spread across various regions, enhances customer trust in the bank's presence and reliability. According to signaling theory, the number of offices signals to customers that the bank is reputable. Studies by Manggu et al. (2024) and Meyliana and Mulazid (2017) have demonstrated that the number of banking offices significantly impacts the growth of third-party funds in Islamic banking, thus a hypothesis can be formulated as follows:

H3: An increase in the number of offices will lead to greater growth in Islamic banking.

The demand for financing is a function of the financing ratio. As the financing ratio increases, the demand for financing decreases. Conversely, when the cost of using money decreases, the demand for financing in Islamic banks increases. The relationship between price and demand can also be explained by marketing mix theory, which asserts that a product’s marketing is influenced by the factors of product, price, place, and promotion. The research by Hidayat (2016) supports this relationship. In accordance with the explanation, the following hypothesis is formulated:

H4: An increase in the financing ratio will lead to a decrease in the growth of Islamic banking.

The savings interest rate of conventional banks can serve as competition for Islamic banks, assuming that the customers of Islamic banks are non-loyalists. These customers may switch to an Islamic bank if the profit-sharing ratio meets their expectations. According to Nini et al. (2020), although Islamic banks do not operate on interest, individuals may still be attracted to invest in conventional banks offering higher profits. Therefore, the following hypothesis can be formulated:

H5: The savings interest rate of conventional banks will reduce the effect of the savings profit-sharing ratio on the growth of Islamic banks.

The credit interest rate of conventional banks can serve as competition for Islamic banks, assuming that Islamic bank customers are non-loyalist and some fall within the floating market segment. Non-loyalist customers and those in the floating market segment will switch to an Islamic bank if the payment rate aligns with their expectations. Therefore, when the credit interest rate offered by conventional banks is lower, customers of Islamic banks may move to conventional banks.

H6: The credit interest rate of conventional banks will reduce the effect of the financing ratio on the growth of Islamic banking.

Methodology

This research uses quantitative data with a Moderated Regression Analysis (MRA) approach to examine the impact of various variables on the growth of Islamic banking. The dependent variable used is the growth of Islamic banking (Y), while the independent variables include the savings profit-sharing ratio (X_1), the number of offices (X_2), the size of the company (X_3), and the financing profit-sharing ratio (X_4). Two moderating variables, namely the savings interest rate (Z_1) and the credit interest rate (Z_2) at conventional banks, are also analyzed to test the external influence on the relationship between the independent and dependent variables. Data collection is carried out through documentation from trusted secondary sources such as OJK and BPS.

Each variable is clearly measured. The savings profit-sharing ratio (X_1) in Islamic banks represents the rate of investment earnings received by customers. This ratio is calculated as the average growth across various types of savings in all Islamic banks. The number of Islamic bank offices (X_2) refers to the growth number of Islamic banks operating in the area. The size of the Islamic bank company (X_3) is measured by the growth average total assets of Islamic banks. The financing profit-sharing ratio (X_4) in Islamic banks reflects the cost of funds required to obtain financing, which becomes the customer's expense. This ratio is calculated as the average across various types of financing in all Islamic banks. The savings interest rate (Z_1) at conventional banks is the average percentage of savings interest rates at conventional banks. The credit interest rate (Z_2) at conventional banks is the average percentage of credit interest rates at conventional banks. The growth of Islamic banking (Y) includes the growth of Islamic banks, measured by the growth in the number of customers.

Before the analysis, basic regression assumptions, including linearity, multicollinearity, residual normality, and homoscedasticity, are tested. With this approach, the research aims to produce valid and reliable findings in accordance with proper statistical principles. The Moderated Regression Model used is:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ ... (1)

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_1 * Z_1 + \beta_6 X_4 * Z_2 + e$ ... (2)

Description:

Y = the growth of Islamic bank (PBS)

α = Constance

X_1 = savings profit sharing ratio (BGS)

X_2 = the number of Islamic bank offices (GJK)

X_3 = the size of Islamic bank company (GTA)

X_4 = financing profit sharing ratio in Islamic bank (BHP)

Z_1 = savings interest of conventional bank (BSK)

Z_2 = credit interest of conventional bank (BKK)

$X_7 = X_1 * Z_1$ interaction

$X_8 = X_4 * Z_2$ interaction

e = Error residual from each variable

The model must satisfy the classical assumptions of regression. Five key assumptions are required: normality, multicollinearity, Linearity, heteroskedasticity, and autocorrelation. Hypothesis testing is conducted at a 95% confidence level. However, if the hypothesis is not accepted at a significance level of α = 5%, the significance level will be increased to α = 10%. This is based on the consideration that, in the context of social science research, a 90% confidence level is still acceptable, given the higher variability of the data and the need for a more flexible significance threshold (Agresti and Finlay, 2008).

Results and Discussion

Descriptive Statistics

The table below presents the results of the descriptive statistics analysis. This research includes 48 observations, representing monthly data over four consecutive years (2019–2022). The results of the descriptive analysis show that GJK (the growth of the number of Islamic bank offices), GTA (the growth of the total assets of Islamic banks), and PBS (the growth of Islamic banks) fluctuated during the research period. This can be observed from the standard deviation value, which is greater than the mean. This also indicates that the data for these three variables is

heterogeneous or has a high rate of deviation. Meanwhile, other variables show a more stable fluctuation rate, as indicated by the mean value being higher than the standard deviation.

The mean for the savings profit-sharing ratio (BGS) is smaller than the savings interest rate at conventional banks (BSK), meaning that when viewed from the savings profit-sharing rate in conventional banks, conventional banks provide more profits compared to Islamic banks. The mean for the financing profit-sharing ratio (BHP) is lower when compared to the credit interest rate at conventional banks (BKK). This means that, when viewed from the credit profit rate, conventional banks charge higher capital costs compared to Islamic banks.

Table 1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
BGS	48	2.59	4.61	3.3102	.36473
BHP	48	8.96	11.81	10.4219	.94335
GJK	48	-10.68	12.16	.0531	2.56571
GTA	48	-28.25	43.80	1.5479	7.85081
BSK	48	5.64	7.51	6.4113	.45491
BKK	48	10.52	12.79	11.4737	.68523
PBS	48	-6.05	9.38	1.2968	1.84866
Valid N (listwise)	48				

Regression model test

Normality testing is conducted on model one. It uses Kolmogorov Smirnov test which probability value is 0.05. From the data processing, it can be seen that the significance value (Asymp. Sig 2-tailed) is 0.995. Since the significance value is greater than 0.05 (0.995 > 0.05), the residuals are considered normally distributed.

Multicollinearity testing was conducted on Model One. The results are presented in Table 2. Based on the analysis, it is concluded that there is no indication of multicollinearity in the model. This is evidenced by the Variance Inflation Factor (VIF) values for all variables, which do not exceed the threshold (VIF < 3), and the Tolerance values, which approach 1.

Table 2 Multicollinearity Test

Model		Correlations			Collinearity Statistics	
		Zero-order	Partial	Part	Tolerance	VIF
1	BGS	.466	.420	.379	.876	1.142
	BHP	.194	.273	.233	.981	1.019
	GJK	-.054	.006	.005	.982	1.018
	GTA	-.378	-.267	-.227	.878	1.139

Statistical test to detect heteroskedasticity is conducted with spearman correlation, by using 48 (n=48) numbers of data, heteroskedasticity is detected. In order to overcome it, omission of outlier data is conducted, thus the number of data becomes 38 (n=38). Table 3 presents the results of the heteroskedasticity test.

Table 3 Heteroskedasticity Test

		BGS	BHP	GJK	GTA	Uns Res
BGS	Correlation Coefficient	1.000	-.101	-.060	-.152	-.365
	Sig. (2-tailed)	.	.495	.687	.301	.110
BHP	Correlation Coefficient	-.101	1.000	-.428	.031	.093
	Sig. (2-tailed)	.495	.	.002	.835	.532
GJK	Correlation Coefficient	-.060	-.428	1.000	.204	.079
	Sig. (2-tailed)	.687	.002	.	.164	.595
GTA	Correlation Coefficient	-.152	.031	.204	1.000	-.003
	Sig. (2-tailed)	.301	.835	.164	.	.982
Uns.Res	Correlation Coefficient	-.365	.093	.079	-.003	1.000
	Sig. (2-tailed)	.011	.532	.595	.982	.

Note: **. Correlation is significant at the 0.01 level (2-tailed).

The result of data processing shows that correlation significance value for all independent variables with unstandardized residual is more than 0.05. Therefore, it can be concluded that there is no heteroskedasticity problem in the research model.

Table 4 Compare Means Linearity Test

No	Variable	Sig.
1	PBS * BGS	0.000
2	PBS * BHP	0.025
3	PBS * GJK	0.037
4	PBS * GTA	0.049

From the processing output, it can be observed that the significance value for the linearity test of all independent variables with respect to the dependent variable is less than 0.05. Since the significance is less than 0.05, it can be concluded that there is a linear relationship between the dependent and independent variables.

Table 5 Autocorrelation Test Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.571a	.326	.263	1.58672	1.919

a Predictors: (Constant), GTA, BHP, GJK, BGS

b Dependent Variable: PBS

Based on the results of the analysis, the DW value derived from the regression model is 1.919. Referring to the DW table with a significance level of 0.05, a sample size (n) of 44, and k = 4 (where k is the number of independent variables), the values of dL and dU are obtained as 1.3263 and 1.7298, respectively (see the DW Table). Since the DW value (1.919) falls between dU = 1.7298 and (4 - 1.7298 = 2.2702), the null hypothesis is accepted, indicating that there is no autocorrelation.

Hypothesis Test and Discussion

To test hypotheses one through four, the data in Table 6 are used to analyze the correlations between variables and evaluate statistical significance of the proposed models. The

result shows that the significance level of savings profit-sharing ratio variable is 0.004, less than 0.05, thus, H1 is accepted. This indicates that the savings profit-sharing ratio is a variable that negatively affects the growth of Islamic banking. Thus, profit sharing as a return on savings affects the number of demands in Islamic banks. This research reinforces the theories of demand and utility and supports the research of Anisah et al. (2013); Hian (2016); Meyliana and Mulazid (2017); Rusydiana and Prakoso (2021).

The variable of the company size has a significance rate of 0.070, more than that of 0.05. However, if the confidence level is increased to 10%, the hypothesis is accepted. This shows that the company size does have affect on the number of the growth of Islamic banks. The result indicates that the level of banking credibility is accompanied by customer trust in utilizing Islamic banking services. Accordingly, this research has support the previous research proving that company size has a significantly positive effect on the increase of the growth of Islamic banking (Anisah et al., 2013).

Hypothesis three is accepted, as evidenced by the significance level of the number of branch offices, which is 0.968—greater than 0.05. By the result of testing of the number of offices of Islamic bank, although its regression coefficient is positive, it is not significantly proven to affect the growth of Islamic banking. It means that, by expanding its network access through adding the number of offices has not been able to significantly increase the ability of Islamic banks to be able to increase the number of their customers. This research result is different with the results of Meyliana and Mulazid (2017).

The testing of hypothesis four resulted in a significance level of 0.077, which is greater than 0.05 but less than 0.10. Based on the assumption of a 90% confidence level, the hypothesis is accepted. This finding indicates that with a 90% confidence level, the result, which was previously not significant at α = 5%, becomes significant at α = 10%. This suggests that the financing ratio has a negative effect on the price of financing, which in turn leads to a decrease in the demand for financing. This finding aligns with the marketing mix theory, which states that the price of a product influences its sales. Additionally, this result reinforces previous findings from Hidayat (2016), that demonstrate the relationship between price and demand in the context of financing, offering further insights into the dynamics of the financing market sector.

Table 6 Multiple Linear Regression Hypothesis Testing

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-10.219	3.599		-2.840	.007
	BGS	2.055	.678	.405	3.031	.004
	BHP	.461	.248	.235	1.859	.070
	GJK	.004	.091	.005	.041	.968
	GTA	-.057	.031	-.242	-1.815	.077

The testing of hypothesis five uses data processing results as shown on Table 7. The analysis results indicate that the savings interest rate at conventional banks significantly and negatively moderates the relationship between the savings profit-sharing ratio and the growth of Islamic banking. This finding is supported by a significance level smaller than 0.05 (0.014), which suggests that the hypothesis is accepted, and the moderating effect can be considered valid.

The interpretation of this finding is that the savings interest rate at conventional banks moderates the relationship between the savings profit-sharing ratio and the growth of Islamic banking in a negative manner. In other words, when the savings interest rate at conventional banks increases, customers tend to be more attracted to choose savings products from conventional banks due to the higher returns. This reduces customer interest in selecting savings products offered by Islamic banks, even though Islamic banks provide more competitive profit-sharing rates.

This phenomenon illustrates that banking customers in Banten Province are not loyal to Islamic banks. They prefer products that offer higher financial benefits, in line with the Axioms of Rational Choice in utility theory, which states that consumers act to maximize the satisfaction or utility they gain from choosing a product or service. In this case, even though Islamic banks offer more attractive profit-sharing, customers prefer conventional bank products when the savings interest rate is higher because they perceive greater utility from the interest received.

This finding also strengthens the demand theory, which states that the demand for a product is highly influenced by the price or return of other similar products. In this context, the

higher savings interest rates at conventional banks affect the demand for savings products at Islamic banks, ultimately leading to a decline in the growth of Islamic banking in the region.

The testing of hypothesis six uses the data processing results presented in Table 7. The analysis shows a significance level of 0.074, meaning that the hypothesis is rejected. The hypothesis previously formulated assumed that the credit interest rate at conventional banks would negatively moderate the relationship between financing levels and the growth of Islamic banking. However, the testing results show that the credit interest rate at conventional banks does not moderate the relationship between financing and the growth of Islamic banks.

The interpretation of this finding is that, despite higher credit interest rates at conventional banks, no negative moderating effect occurs between financing levels and the growth of Islamic banks. This phenomenon suggests that, even though credit interest rates at conventional banks fluctuate, they do not drive significant changes in customers' decisions to switch to Islamic banks or affect the growth of Islamic banks. This finding may indicate that other factors, such as product quality, services, or other economic factors, have a greater influence on customers' decisions when choosing between conventional and Islamic banks.

This finding also suggests that utility theory and demand theory may not fully apply in this context, or that credit interest rates are not a sufficient factor influencing demand for Islamic banking products. Instead, other factors may be more influential, such as perceptions of long-term benefits or the stability of the Islamic bank itself.

Table 7 The Testing of Savings Interest Rate Moderating Regression Hypothesis at Conventional Banks and The Testing of Credit Interest Rate Moderating Regression Hypothesis at Conventional Banks

Model	Unstandardized Coefficients	Standardized Coefficients	Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-18.473	13.210		-1.398	.170
BGS	9.884	4.018	1.950	2.460	.018

Table 7 The Testing of Savings Interest Rate Moderating Regression Hypothesis at Conventional Banks and The Testing of Credit Interest Rate Moderating Regression Hypothesis at Conventional Banks (Continued)

Model	Unstandardized Coefficients	Standardized Coefficients	Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
BHP	-.033	1.492	-.017	-.022	.983
GJK	-.007	.080	-.009	-.084	.933
GTA	-.068	.036	-.287	-1.855	.071
SAVINGS_INTERACTION	-.681	.266	-1.927	-2.557	.014
LOAN_INTERACTION	.110	.060	1.096	1.833	.074

Conclusion

The growth of Islamic banks is the primary focus of this study. This research aims to examine the role of conventional bank lending rates and deposit interest rates as moderating factors that influence the volume of deposits and financing in Islamic banks in Banten Province. The findings of the study show that the deposit interest rate at conventional banks significantly negatively moderates the relationship between savings returns and deposit growth, while the credit interest rate does not moderate the relationship between financing returns and financing growth, with a positive direction coefficient even being found. This indicates that, although Islamic banks offer competitive profit-sharing ratios, higher deposit interest rates at conventional banks can reduce deposit growth at Islamic banks, while higher credit interest rates do not drive financing growth at Islamic banks.

Furthermore, the study also indicates that the growth of Islamic bank assets significantly influences the growth of Islamic banking, highlighting the importance of asset management as a key factor in expanding the impact and market share of Islamic banks. To date, Islamic banks have sought to expand their influence by offering a variety of services with competitive profit-sharing ratios, as well as increasing access through the expansion of branch offices.

Nevertheless, the presence of competitors, particularly conventional banks, remains a significant challenge for Islamic banking. Therefore, Islamic banks need to be more innovative in

attracting customers, strengthening their competitiveness, and capitalizing on market opportunities by offering differentiated value from conventional banks. With the right strategies, Islamic banks in Banten Province can further expand their market share and contribute to the overall growth of the Islamic banking sector

Limitation

This research has limitations related to government regulations that may change, which can affect the Islamic banking sector and the results of the study itself. Government policies regarding profit-sharing rates, financing terms, and incentives often change, which can influence both consumer decisions and banking practices. Additionally, the limited number of observations (38 samples) restricts the ability to generalize the findings to a larger population. A small sample size also increases the potential for bias in the results, as well as geographical limitations, being confined to Banten Province, which may affect the relevance of the findings for other regions or countries.

The method used, namely correlation analysis, can only show the relationship between variables but cannot establish causal relationships. This means that while significant relationships between variables may be found, this study cannot confirm that one variable directly causes changes in another. Furthermore, hidden variables that could influence the results, such as external socio-economic factors or government policies not included in the research model, have not been considered. To strengthen the research findings, further studies with more comprehensive methods and larger sample sizes are needed.

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