

Factors affecting Muslim non-customers to use Islamic bank: Religiosity, knowledge, and perceived quality

Kunti Saptasari, Hendy Mustiko Aji

Department of Management, Faculty of Business and Economics, Universitas Islam Indonesia,
Yogyakarta, Indonesia

Article History

Received : 18 June 2020
Revised : 4 August 2020
Accepted : 5 August 2020
Published : 10 August 2020

Keywords:

Religiosity, knowledge, perceived quality, attitude, intention

DOI:

[10.20885/JEKI.vol6.iss2.art7](https://doi.org/10.20885/JEKI.vol6.iss2.art7)

JEL Classification:

M21, M31, M38

Corresponding author:

hm.aji@uui.ac.id

Author's email:

16311356@students.uui.ac.id

Paper type:

Research paper

Cite this article:

Saptasari, K., & Aji, H.M. (2020). Factors affecting Muslim non-customers to use Islamic bank: Religiosity, knowledge, and perceived quality. *Jurnal Ekonomi dan Keuangan Islam*, 6(2), 165-180.

Abstract

Purpose – The purpose of this paper is to determine the factors influencing the Indonesian Muslim consumer's intention to use Islamic banks.

Methodology – This paper adopts a quantitative approach. The data is collected from online and offline questionnaires. By using a non-probability purposive sampling method, this study limited the respondents to the Muslims who have no Islamic bank account. In total, there are a total of 575 sample respondents.

Findings – The results of this study portray that religiosity, knowledge, and perceived quality have a positive and significant effect on customers' intention to use Islamic bank in Indonesia.

Research limitations – After finishing all research processes, the author finds that the indicators to measure Islamic religiosity is not entirely reflected Islamic religiosity from the Indonesian Muslim context. As a consequence, several items must be eliminated from the analysis due to validity issues. The author recommends future researchers to retest the religiosity indicators to find more suitable items in the context of Indonesia Muslim culture.

Practical applications – This study provides an insight into the Indonesian Islamic finance industry as a basic formulation in designing, developing, and appropriate strategies to promote Islamic banking.

Social applications – This study not only helps Islamic financial sector in designing, developing, and promoting Islamic banking in Indonesia but also offers new insights concerning Indonesian Muslim religiosity, knowledge on Islamic banks, and their perception of quality toward Islamic banks.

Originality – This study uses an extended Theory of Planned Behavior (TPB) to explain the intention to use Islamic banks. In the model, religiosity, knowledge, and perceived quality is simultaneously tested to complement the TPB.

Introduction

Based on the 2018 Islamic Development Report, in 2012 the global Islamic financial industry has USD 2.4 trillion assets with a 6% Compound Annual Growth Rate (CAGR) (Thomson Reuters, 2018). With USD 82 billion total assets, Indonesia ranked 8th globally in 2017. Given the fact that Indonesia is the world-most populous Muslim country in the world with approximately 87.18% of 237 million people (BPS, 2010), Indonesia's Islamic financial performance is still not at its best. The Islamic financial assets performance in Indonesia is also considered poor as it is

only 5.96% of total financial assets in Indonesia (OJK, 2019). The situation can be both opportunities and challenges for Islamic banking industry in Indonesia. The establishment of Islamic banks in Indonesia was positively related to the huge public demand (Ariff, 1998).

Generally, customers' intention to use Islamic banks is influenced by many factors that have been investigated by previous researchers. All of them used some variables included in the Ajzen's (1991) Theory of Planned Behavior (TPB) such as subjective norm and attitude (Odalapo et al, 2019; Obeid & Kaabachi, 2016; Abduh & Idrisov, 2014; Amin et al, 2011). TPB in many studies was extended by adding certain variables such as religiosity (Odalapo et al, 2019; Obeid & Kaabachi, 2016; Reni & Ahmad, 2016), knowledge, awareness (Odalapo et al, 2019; Abduh & Idrisov, 2014), information (Obeid & Kaabachi, 2016), and perceived quality (Abduh & Idrisov, 2014).

Even though the above variables have been investigated, however, it was also found that the results were inconclusive. For instance, in the study of Odalapo et al (2019), Obeid & Kaabachi (2016), and Reni & Ahmad (2016), religiosity was found significantly affect Muslims and non-Muslim intention to use Islamic banks. However, in a study specifically to Muslim customers, Amin et al (2011) found that religiosity did not affect intention to use Islamic banks. The inconsistency could happen perhaps because there was a religious bias in the study of Odalapo et al (2019), Obeid & Kaabachi (2016), and Reni & Ahmad (2016). Yet, it was also interesting to look at Amin et al's (2011) finding where Muslim's religiosity did not affect intention to use Islamic banks.

Religiosity has attracted much attention in social business research. Nevertheless, it also became subject to many critics when it comes to measurement validity. In the literature, the measurement of general religiosity, such as what has been developed by Allport and Ross (1967) and Worthington et al (2003) is strongly influenced by Christian and Judaic values. The problem occurs when these scales are used to measure Muslim religiosity. In Islamic values, religious commitment is not only measured by internal or intrinsic and external or extrinsic factors, but it also is more detailed and differs across gender, age, and even economic status. For instance, in terms of gender, Muslim women are obliged to wear hijab, but not for Muslim men. In terms of age, those Muslim teenagers are compulsory to do praying at the mosque, but not for Muslim children. In addition to that, those Muslims who are rich are mandatory to pay the zakah for the poor.

Literature Review and Hypotheses Development

Theory of Planned Behavior (TPB)

Theory of Planned Behavior (TPB) is a development of the Theory of Reasoned Action (TRA). According to the TPB, the intention is considered as a motivating factor that influences a behavior (Ajzen, 1991). In its development, this theory has specifically been applied to examine consumer behavior related to the intention to use Islamic banking. Al-Bashir et al (2018) used TPB as a basic concept to measure consumer acceptance of Islamic banking products in Libya. Other researchers, such as Aziz et al (2018) have also examined the intention of consumers to adopt Islamic banking in Pakistan using TPB.

Religiosity for Muslim and non-Muslim

Religion is an important aspect that determines the way of life and the interaction between humans following God's commands and influences their attitudes in life (Odalapo et al, 2019). People who have religion/religiosity values will evaluate the world through religious schemes and integrate their religion into many aspects of their lives (Mokhlis, 2006).

Allport and Ross (1967) are researchers who first identified the dimension of religiosity in the context of consumer behavior into 2 (two) elements namely: intrinsic and extrinsic. Then they also introduced a dimension of measurement of religiosity through the Religious Orientation Scale (ROS) which was developed in the context of the Christian religion. Other researchers have

also tried to identify the dimensions of religiosity such as Edwards (1976) and Batson & Schoenrade (1991).

However, most of the scale described above is based on the concept of religiosity in Christian. If these scales are used to measure religiosity in the context of Islam, none of the above scales contains the five pillars of Islam which are the center of Islamic religiosity (Aji, 2017). This study will use the dimensions of religiosity measurement which has been altered to the context of Islam. It consists of these dimensions; (1) prayer; (2) fasting; (3) reading the Qur'an; (4) zakat; (5) comply with Islamic teachings; and (6) avoiding sin.

Consumer Value Perception and Quality Perception Dimensions

According to Woodruff (1997), the perception of consumer value is the preference perceived by consumers and their evaluation of product attributes, performance attributes, and consequences arising from the use of these products to facilitate the achievement of consumers' goals and objectives.

In the context of consumer behavior, there are two approaches to the concept of value perception, namely the uni-dimensional and multi-dimensional approach (Sánchez-Fernández & Iniesta-Bonillo, 2007). In its development, now more researchers use a multi-dimensional approach. Through the multi-dimensional approach, Sheth et al (1991) created a consumption-value theory which states that consumers' choices are diverse such as choosing to buy or not to buy, choosing one type of product or service over other products or services, and choosing one brand over other brands require various considerations of value. Based on this theory, they formulated a dimension of value perception consisting of social, emotional, functional, epistemic, and conditional values. Then, several dimensions in the study of Sheth et al (1991) were redeveloped by Sweeney & Soutar (2001) into four new value dimensions, namely: quality, emotional, value, and price. This research will focus on one of the dimensions above namely quality. The selection of quality dimensions in this study is motivated by the reason that according to Zeithaml (1988), research quality perception is the highest level of abstraction dimension among other dimensions of value perception.

Hypotheses Development

Religiosity and Knowledge of Islamic Banks

Johnson et al (2001) state that religiosity is the extent of one's level of commitment to the teachings of their religion. Worthington et al (2003) classified religiosity into two aspects of commitment, namely: intrapersonal commitment and interpersonal commitment.

When we talk about religious commitment in Islam, Alam et al (2012) state that Islam is not just a religion, but a guide to one's life (*Al-Din*). According to Aji (2017), a guide to religious life in Islam is built based on the center of Islamic religiosity namely the pillars of Islam. Related to daily economic life, Islam guides its people, one of which is in the practice of buying and selling. Islam guides the people in the practice of buying and selling to avoid any act of *riba*, *gharar*, and *maysir*.

Related to the religion and the formation of knowledge, Glock & Stark (1965) suggested that religious people should be informed and also find the information about their religion so that they know the basic teachings and the information in the religious scriptures. In general, the content of Qur'an and hadith are the main sources of Islamic science which Muslims are expected to believe in or at least to know (Waardenberg, 2002). Islam is also a religion based on knowledge. The first verse revealed in the holy book Al-Quran is the first verse of Al-Alaq which is the command to read.

In the context of consumer behavior, Johan et al (2014) and Muhamad et al (2016) have found a positive effect of consumer knowledge of products towards Muslim consumer religiosity. Therefore, it can be understood that in the context of Islamic banking, people who have high religiosity will also have high knowledge about Islamic banks. Having said that, the hypothesis that can be formulated is:

H1: Religiosity has a positive and significant effect on consumer knowledge about Islamic banks

Religiosity and Perception of Quality Value of Islamic Banks

According to Mittelstaedt (2002), religion is a factor that plays a role in the formation of habits, perceptions, and patterns of consumer consumption. In addition to that, Lindridge (2005) also reveals that religiosity plays a dominant role in shaping one's perceptions. The result of research conducted by Jamal & Sharifuddin (2014) in Malaysia shows that the perceived value of products labeled as halal reflects the cognitive beliefs of consumers to subscribe to halal-label stores. Furthermore, Gayatri & Chew (2013) states that religious and cultural backgrounds have the potential to influence how the customers value the quality of service.

Therefore, a logic related to Islamic banks can be built on the basis that a person with a higher level of religiosity will perceive the quality value of Islamic banking products more positively. Having said that, the hypothesis that can be formulated is:

H2: Religiosity has a positive and significant effect on the perception of consumer quality value of Islamic banks

Religiosity and Attitudes toward Islamic Banks

According to Foxall and Goldsmith (1994), religion contributes to building a knowledge base that justifies and controls a person's attitudes and behavior. Related to consumer behavior patterns, Wilkes et al (1986) and Delener (1990) conclude that religiosity affects several aspects of consumer lifestyle that determine the attitudes and choices of consumption behavior.

There are several previous studies linking religiosity and attitude. In the research of Odalapo et al (2019), Obeid & Kaabachi (2016), and Alam et al (2012), religion has a positive and significant influence on the attitude and the intention to use the products of Islamic bank. However, the research of Amin et al (2011) and Lajuni et al (2017) found that religiosity has a negative and insignificant effect on the attitude and the intention of consumers to use Islamic banks.

Furthermore, as a religion that guides life, Islam has guided its people to avoid prohibited acts, one of which is usury. Therefore, if a Muslim is considered more religious or having a high commitment to his religion, he will try to avoid usury, including usury in banking practices. The manifestation of avoiding the prohibited usury practice can be demonstrated through a positive attitude towards Islamic banks. Having said that, the hypothesis that can be formulated from the above-mentioned logic is:

H3: Religiosity has a positive and significant effect on consumer attitude toward Islamic banks

Perception of Quality Value, Attitude & Intention to Use Islamic Banks

According to Anderson et al (1994), the perception of quality is an evaluation of the current company performance based on the consumer's point of view and that evaluation has a positive effect on the attitude and behavior of consumer intention. In the context of consumer behavior broadly, based on cognitive-affective theory, perceived quality is part of consumers' cognitive responses to products or services that affect consumption behavior (Kumar et al, 2009).

In the context of Islamic banking, there have been several previous studies examining the effect of perceived value on consumer behavioral intentions, such as Goh et al (2014) and Abduh & Idrisov (2014). Good or bad evaluation of the quality of Islamic banks is a consumer cognitive response that influences and determines the attitudes and behaviors of consumer intentions. Therefore, the better the perception of consumer quality towards Islamic banks, the more positive the attitude of consumers towards Islamic banks. Then, the better the perception of consumer quality towards Islamic banks, the higher intention of consumers to use Islamic banks. Having said that, the hypotheses that can be formed from the above-mentioned logic are:

H4: Consumer Perception of quality value of Islamic bank has a positive and significant effect on consumer attitude towards Islamic bank

H5: Consumer Perception of quality value of Islamic bank has a positive and significant effect on consumer intention to use Islamic bank

Knowledge, Attitude & Intention to Use Islamic Banks

Makarewicz (2013) states that knowledge plays an important role in shaping consumer attitudes. The intensity of the information supported by consumers will affect their attitudes towards certain objects. According to Carlson et al (2009), consumer knowledge can be classified into two which are objective knowledge and subjective knowledge. In the context of this study, consumer knowledge refers to the context of objective knowledge, because it reflects the cognitive resources that consumers rely on during the assessment of products and brands based on the accuracy of their product knowledge.

The theory that can explain the effect between knowledge and attitude is the Knowledge-Attitude-Behavior (KAB) model. Bettinghaus (1986) suggests that the main concept of the KAB model is the accumulation of knowledge. The accumulation of knowledge obtained by consumers about a product can change its attitude towards the product. Then, concerning the consumer intention behavior, the effect of the KAB model on the influence of knowledge on attitude can also be extended into the TPB theory model on the effect of attitudes on intention. In TPB, attitude is an important factor that determines the behavior of consumer intention (Ajzen, 1991).

Aji et al (2020) proved that knowledge about riba significantly moderate users' intention to use e-wallets in Indonesia. In more specifically, the research conducted by Reni & Ahmad (2016), Odalapo et al (2019) proved the influence of consumer knowledge on attitudes and intentions to use Islamic banks. Therefore, it can be understood that someone who has good knowledge about Islamic banks will have a positive attitude and ultimately a positive effect on their intention to use Islamic banks. Having said that, the hypotheses that can be formulated are:

H6: Consumer knowledge about Islamic bank has a positive and significant effect on consumer attitudes toward Islamic bank.

H7: Consumer knowledge about Islamic bank has a positive and significant effect on consumer intention to use Islamic bank.

Attitude and Intention to Use Islamic Banks

Attitude is the effect of evaluating individual likes and dislikes on a particular psychological object or behavior (Ajzen & Fishbein, 2000). Attitude has a relationship to behavior where the relationship between attitude and behavior is determined by beliefs about the consequences of behavior or also called behavioral beliefs (Ajzen, 2005). Odalapo et al (2019) also revealed that someone who has positive beliefs will tend to have intentions that are also relevant.

There are a number of studies linking attitudes and behavior with positive results consistently, such as Amin et al (2011), Odalapo et al (2019), Lajuni et al (2017), Al-Bashir, et al (2018), Aziz et al (2018), and Reni & Ahmad (2016).

Therefore, it can be understood that when someone believes that an Islamic bank can meet their needs and expectations, it is very likely that the person will have a positive attitude towards an Islamic bank, which will also have an impact in increasing the possibility of that person to use an Islamic bank. Having said that, the hypothesis that can be formulated is:

H8: Attitude toward Islamic banks has a positive and significant effect on consumer intention to use Islamic bank.

Research Methods

Operational Definition and Items Measurements

Islamic religiosity

Islamic religiosity is operationally defined as the level of personal commitment of Muslim consumers in Indonesia to the teachings of Islam which are measured through six items adapted from Alam et al (2012), such as: (1) I do prayer five times a day regularly; (2) I fast regularly

during Ramadhan; (3) I recite the Holy Quran regularly; (4) I pay Zakat every year if I meet the prescribed criteria; (5) I try to follow Islamic guidance in all matters of my life (6) I always try to avoid minor and major sin.

Knowledge about Islamic banks

This paper operationally defined knowledge about Islamic banks as the level of understanding of Indonesian Muslim consumers about the benefits, services, and products offered by Islamic banks. In this study, consumer's knowledge about Islamic banks is divided into general knowledge and specific knowledge. General knowledge about Islamic banks consists of knowledge about general information and the benefits of saving in Islamic banks. Specific knowledge about Islamic banks consists of knowledge about various products offered by Islamic banks. To measure this construct, this study uses 4 items that are adopted from Amin et al (2014) and Obeid & Kaabachi (2016), such as: (1) I have generally received information about Islamic banking; (2) I have generally received enough information about Islamic banking; (3) I have received enough information about benefits of using Islamic banking; (4) I have received information about the instruments used in the financing products Islamic banks offer (*Mudharabah, Murabaha, Musharaka, Ijaraa*) using Islamic banking from media sources.

Perceived quality towards Islamic banks

In this study, perceived quality towards Islamic banks is defined as an evaluation of Indonesian Muslim consumers on the quality of the system, standards, and performance of Islamic banks. According to Sánchez-Fernández & Iniesta-Bonillo (2007), there are 2 (two) approaches to the concept of value perception, the uni-dimensional, and multi-dimensional approaches. This study use a multidimensional approach and 6 measurement items adopted from Sweeney & Soutar (2001) as follows, (1) Islamic banks have consistent quality; (2) Islamic banks are well made; (3) Islamic banks have an acceptable standard of quality; (4) Islamic banks have good workmanship; (5) Islamic banks would last a long time; (6) Islamic banks would perform consistently.

Attitude towards Islamic banks

The attitude towards Islamic banks is defined as the effect of evaluating the likes and dislikes of Indonesian Muslim consumers towards Islamic banks. These attitudes can be in the form of positive and negative attitudes. This construct is measured by the items adopted from Amin et al (2011) such as, (1) choosing Islamic banks is a good idea; (2) choosing Islamic banks is useful; (3) choosing Islamic banks is beneficial; (4) choosing Islamic banks is the best decision.

Intention to use Islamic banks

In this study, the intention to use Islamic banks is defined as the intention of Indonesian Muslim consumers to save their money at Islamic banks. The measurement of this variable is adopted from Venkatesh & Davis (2000) and Amin et al (2011) such as, (1) I am interested to use Islamic banks; (2) I am interested to use Islamic banks in the future; (3) I will use Islamic banks someday; (4) I will recommend Islamic banks to others. The complete research model can be seen in Figure 1.

Data Collection and Sampling

This study uses a quantitative approach using primary data (cross-section) obtained through questionnaires. Questionnaires were distributed online and offline. Items are measured using a 5-point Likert scale, ranging from 1-strongly disagree to 5-strongly agree.

This study also uses a non-probability sampling method. The sampling technique used in this method is a purposive sampling technique with some criteria of respondents, such as (1) respondents must be Muslim. This is because the writer wants to find out more about the influence level of religiosity towards consumer's intention to use Islamic banking; (2) respondents do not have an Islamic bank account. This is because the focus of this study is to observe

Muslim's intentions to use Islamic banks. The minimum sample set for this research is 500 samples (Malholtra, 2000).

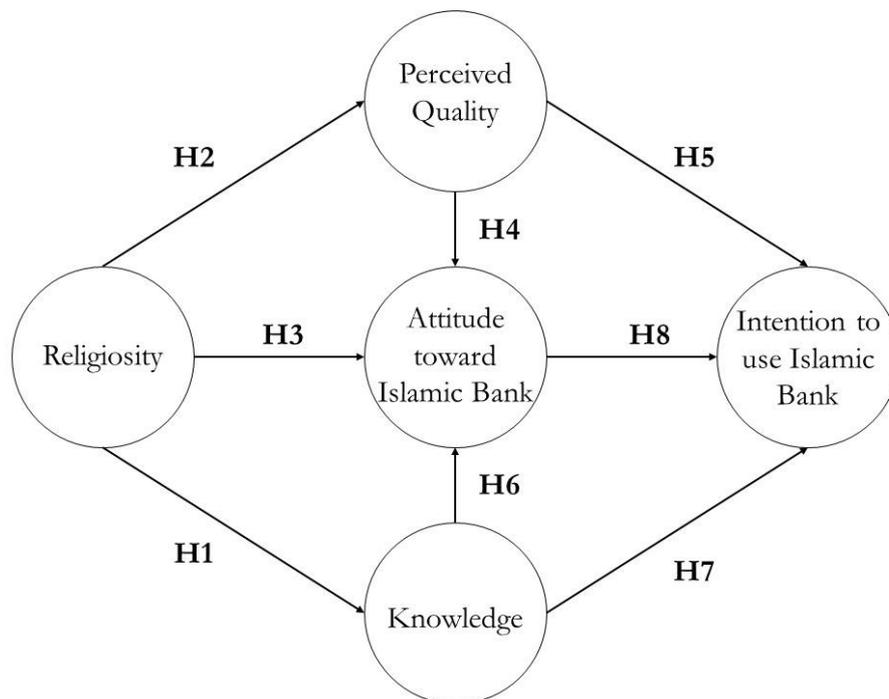


Figure 1: Research model

Data Analysis

Structural Equation Modelling (SEM) approach is used in this study, and operationally run by using AMOS software. In SEM, there are two models tested, namely measurement and structural models. In the measurement model, validity, reliability, and model goodness-of-fit are assessed. The validity test in the measurement model is performed using Confirmatory Factor Analysis (CFA). There are two types of validity tests in CFA, which are convergent and discriminant validity tests. The data is said to be valid when the items converge into specified factors that are theoretically confirmed. Each item must have a score equals to or above 0.50 (Hair, 2009). Afterward, the discriminant validity test in this study is measured by the Average Variance Extracted (AVE) score. AVE is said to be valid when the score is greater than 0.50 (Bagozzi and Yi, 1988). Moreover, the data in this study is said to be reliable if the variable of Cronbach's Alpha greater than 0.70 (Nunnally, 1978) and the score of Composite Reliability (CR) also greater than 0.70 (Hair et al, 2009). The structural model test is conducted by testing the path of each hypothesis. The hypothesis is supported when the significant value equals or lower than <0.05 or <0.01 .

Results

Descriptive Respondents

Overall, there are 575 respondents successfully collected in this study. In terms of demographics, male respondents are more dominant by 60% over females (40%). In terms of age and marriage, respondents with the age of 20-30 (60,5%) and unmarried (83,5%) are the majority. It is relevant to their last educational background in which 65.4% of them are high school and 72.2% are students. Furthermore, the average income of respondents in this study is less than IDE 1 million (40.9%). Geographically, the majority of respondents are concentrated in Java Island (78.4%). The results of descriptive respondents can be seen in Table 1.

Table 1. Descriptive Respondent

Gender	N	(%)
Male	230	60%
Female	345	40%
Age		
<20	159	27,7%
20-30	348	60,5%
31-40	13	2,3%
>40	55	9,6%
Marriage		
Not married	230	40%
Married	345	60%
Education		
Elementary School	1	0,2%
High School	376	65,4%
Diploma 1	146	25,4%
Diploma 2	44	7,7%
Diploma 3	8	1,4%
Job		
Students	415	72,2%
Private Employee	60	10,4%
Public Employee	10	1,7%
Entrepreneur	26	4,5%
Lecture	31	5,4%
Housewife	15	2,6%
Others	18	3,1%
Income		
<1 million	235	40,9%
1-2,9 million	211	36,7%
3-4,9 million	56	9,7%
5-6,9 million	37	6,4%
7-8,9 million	15	2,6%
9-10,9 million	6	1,0%
>11 million	15	2,6%
Respondent Distribution Area		
Java	451	78,4%
Kalimantan	32	5,5%
Sumatera	163	11,1%
Sulawesi	9	1,6%
Maluku	2	0,4%
Nusa Tenggara	9	1,6%
Papua	4	0,7%
Others	4	0,7%

Measurement Model: Confirmatory Factor Analysis (CFA)

KMO Bartlett test score of this study is 0.92 which indicates that the sample is adequate and suitable for factor analysis is more than 0.70 (Kaiser, 1974). As can be seen in Table 2, the confirmatory factor analysis results show that all items converge into specified factors that are theoretically confirmed and had scores greater than 0.50 (Hair, 2009).

Table 3 shows the discriminant validity and reliability results. All AVE scores are more than 0.50 (Bagozzi and Yi, 1988), therefore it means that the items are valid. In addition to that, the Composite Reliability (CR) score is greater than 0,7 (Hair et al, 2009) and Cronbach Alpha score is greater than 0, 7 (Nunnally, 1978). Thus, the data can be declared as reliable. In summary, it can be said that the items are valid and reliable, so further analysis can be performed.

Table 2. Confirmatory Factor Analysis

	Perceived Quality	Intention to Use Islamic Banking	Religiosity	Knowledge	Attitude
QLT1	0,767				
QLT2	0,817				
QLT3	0,798				
QLT4	0,840				
QLT5	0,683				
QLT6	0,790				
INT1		0,812			
INT2		0,843			
INT3		0,840			
INT4		0,735			
R1			0,798		
R2			0,738		
R3			0,711		
R4			0,639		
R5			0,724		
R6			0,669		
KNW1				0,838	
KNW2				0,877	
KNW3				0,854	
KNW4				0,704	
SKP1					0,715
SKP2					0,767
SKP3					0,776
SKP4					0,670

Table 3. Discriminant validity and reliability score

Variables	Mean Score	SD	AVE	Cronbach Alpha	Composite Reliability
Religiosity	4,186	0,855	0,509	0,74	0,75
Knowledge	3,319	0,935	0,672	0,90	0,91
Perceived Quality	3,569	0,770	0,720	0,92	0,92
Attitude	3,787	0,856	0,688	0,90	0,89
Intention to Use Islamic Banking	3,753	0,919	0,785	0,93	0,93

The data shows that the measurement model in this study is sufficient for most goodness-of-fit criteria based on the rule of thumb indicator set by Hooper et al (2008). From all criteria mentioned in Table 6, the model of this study is already good. The CMIN/DF score is 3,02 which is 'acceptable', the CFI = 0.96 indicating that the model is 'very good'. The GFI, AGFI, RMSEA, and NFI are 0.92, 0.90, 0.06, and 0.94 respectively indicating that the model is 'good'. Overall, it can be concluded that the model is good.

Table 4. Model Fit Measurement

No	Criteria	Score	Category
1	CMIN/DF	3.02	Acceptable
2	GFI	0.92	Good
3	AGFI	0.90	Good
4	RMSEA	0.06	Good
5	NFI	0.94	Good
6	CFI	0.96	Very Good

Structural Model: Hypotheses Testing

As can be seen in Table 5, it can be seen that all of the results are supported. Religiosity has a positive and significant effect on consumer knowledge about Islamic banks. This is indicated by the estimated score of 0.42 and the significance of the p-value is less than 0.01. Therefore it gives support for H1. The results also show that religiosity has a positive and significant effect on perceived quality value towards Islamic banks, supporting H2. The estimated score on this second hypothesis is 0.31 with a p-value of less than 0.01. In H3, the results show that religiosity has a positive and significant effect on consumer attitudes toward Islamic banks ($\beta=0.14$, p-value <0.05). Therefore, H3 is supported. The result also supported H4 and H5 as the estimated score on the perceived quality on attitude is 0.68 (p-value < 0.01). Then, the estimated score of perceived quality on intention shows a value of 0.25 (p-value <0.01). Moreover, H6 and H7 in this study are also supported as the effects of consumer knowledge about Islamic banks on attitudes ($\beta=0.19$, p-value <0.01) and intentions to use Islamic banks ($\beta=0.19$, p-value <0.05) are found positive and significant. Lastly, this study also supported H8 since the effect of attitude toward Islamic banks and the intention to use Islamic banks is also significant ($\beta=0.67$, p-value <0.01).

Table5. Hypotheses testing

Hypothesis	Estimate	P-Value	Result
H1 (Religiosity-Knowledge)	0,42	***	H1 is supported
H2(Religiosity –Perceived Quality)	0,31	***	H2 is supported
H3 (Religiosity -Attitude)	0,14	,005	H3 is supported
H4 (Perceived Quality - Attitude)	0,68	***	H4 is supported
H5 (Perceived Quality -Intention)	0,25	***	H5 is supported
H6 (Knowledge - Attitude)	0,19	***	H6 is supported
H7 (Knowledge - Intention)	0,12	,002	H7 is supported
H8 (Attitude - Intention)	0,67	***	H8 is supported

Discussion

Based on the statistical calculation, it can be seen that all of the hypotheses are found to be supported. H1 states that religiosity has a positive effect on consumer knowledge towards Islamic banks, and the results show that the hypothesis is proven to be supported. This finding proves that in the context of Islamic banking, more religious consumers will have better knowledge about Islamic banks. It also shows that religiosity plays an important role in human life, including knowledge (Alam et al, 2012). This finding further adds empirical evidence and gives support for previous research, such as Muhammad et al (2016) who found the significant influence of Islamic teachings on consumer product knowledge.

The statistical result supports H2. It means that the higher the level of consumer religiosity, the more positive the consumer in perceiving the quality value of Islamic banks. This is relevant to the research of Mittelstaedt (2002) and Lindridge (2005) which states that religion plays an important role in shaping consumer perceptions. In general, the findings on H2 play a role in adding empirical evidence about the positive influence of religion on consumers' perceived value, such as the Gayatri& Chew (2013) and Jamal &Sharifuddin (2014) studies. Therefore, in the context of Islamic banking, this finding also supports Abduh&Idrisov (2014) and adds empirical evidence about the use of perceived value variables that are still rarely used to measure consumer behavior in the context of Islamic banking (Suryani, 2015).

In H3, it is proven that religiosity has a positive and significant effect on consumer attitudes in Islamic banks. This finding supports the statement from Foxall & Goldsmith (1994) that religion contributes to building a knowledge base that justifies and controls attitudes and behavior. In the consumer behavior context, this finding also supports Wilkes et al (1986) and Delener (1990) who conclude that religiosity influences aspects of lifestyle that determine attitudes and their consumption behavior. This finding also supports Odalapo et al (2019), Obeid &Kaabachi (2016), Alam et al (2012), and Reni & Ahmad (2016) which stated that religiosity has

a positive effect on the attitudes and consumer's intentions to use Islamic banks. In this study, all respondents are Muslim and the results show conformity with the theory and other empirical evidence.

The results proved that consumer's perceived quality towards Islamic banks has a positive and significant effect on attitudes towards and intention to use Islamic banks. The better the consumer's perceived quality towards Islamic banks, the more positive the attitude of consumers towards Islamic banks. In the context of Islamic banking, this finding supports the study of Kumar et al (2009). In other words, a high consumer's perceived quality will increase their intention to save money at Islamic banks. This is relevant to the research of Goh et al (2014) and Abduh&Idrisov (2014).

The results of H6 and H7 indicates that consumer knowledge about Islamic banks significantly affects attitudes and intentions to use Islamic banks. These results are relevant to the KAB theory (Bettinghaus, 1988) which stated that the accumulation of knowledge obtained by consumers about a product can change its attitude towards the product. The better the consumer's knowledge about Islamic banks, the more positive the attitude of these consumers towards Islamic banks. Also, the findings of H7 are relevant to the use of TPB theory (Ajzen, 1991) as the extension of the KAB model. H6 and H7 findings support the research of Reni & Ahmad (2016), Odalapo et al (2019), and Aji et al (2017).

Lastly, attitude has a positive and significant effect on the consumer's intention to use Islamic banks. This is very much relevant to TPB theory (Ajzen, 1991). This finding also justifies a statement from Odalapo et al (2019) who said that someone's positive attitude or belief will be followed by relevant behavior. In the context of this study, it can be interpreted that consumer's positive attitudes towards Islamic banks affect their positive intention to save money at Islamic banks. The estimated score on this hypothesis is also proven to be the highest, showing that the positive relationship between attitudes and intentions are strong. Also, these findings support previous studies such as Lajuni et al (2017), Al-Bashir, et al (2018), Aziz et al (2018), and Reni & Ahmad (2016) about the relationship of consumer support to the goal of supporting the use of Islamic banks.

Managerial Implication

The managerial implication of this study is addressed to Islamic bank managers in Indonesia and the Financial Services Authority (OJK). Recall that this study has proven that people who have high religiosity will have high knowledge, a high perceived value, and a positive attitude towards Islamic banks. Thus, as the managerial implication, the Islamic bank needs to regulate the company's operating system under Islamic religious values. Therefore, to increase the intention to use Islamic banks, banks need to focus more on targeting potential customer segments that have high religiosity.

Based on the results it can also be known that consumers who have high knowledge about Islamic banks will have a high intention to use Islamic banks. Therefore, to increase their intention to use Islamic banks, the manager has to provide information to consumers about general information on Islamic banks, the benefits of saving at Islamic banks, and products offered by Islamic banks through socialization activities provided and interactive advertising. Then, as the government, OJK can also help improve consumer understanding of Islamic banks by increasing the socialization activities and sources of literacy about Islamic finance in Indonesia to the public.

In this study, it can also be interpreted that Islamic banks also need to improve the system, performance and quality standards of their products This is based on the results stated that Islamic banks must be perceived as being of good quality by consumers to increase consumer interest in using Islamic banks. In addition to that, consumers who have a positive attitude towards Islamic banks will have a high intention to use Islamic banks. Therefore, to increase consumer intentions, Islamic banks need to make positive images that choosing their services are good, useful, and right.

Conclusion

This research examines Islamic banking acceptance in the eyes of the Indonesian Muslim. From a theoretical standpoint, the findings support prior hypotheses and studies that highlight the significant effect of religiosity, knowledge, perceived quality, and attitude on consumer's intentions to use Islamic banking services. All in all, it can be concluded that Islamic banks still have a potential market in Indonesia.

Limitation and Future Research Agenda

After completing all of the research processes, the author realizes that the limitations of this study lie in the adoption of items to measure Islamic religiosity that does not fully reflect Islamic religiosity in the Muslim-Indonesian context. As a result, some items must be removed from the analysis due to validity problems. To strengthen this research model, the authors recommend the future research to (1) retest the religiosity items to the Muslim-Indonesian cultural context, to obtain the more suitable measurement; (2) develop the research using a combination of other perceived value's dimensions such as perceived emotional, social, and price.

Author Contributions

Conceptualization: Kunti Saptasari & Hendy Mustiko Aji

Data curation: Kunti Saptasari

Formal analysis: Kunti Saptasari

Investigation: Kunti Saptasari

Methodology: Kunti Saptasari & Hendy Mustiko Aji

Project administration: Kunti Saptasari

Supervision: Hendy Mustiko Aji

Validation: Kunti Saptasari & Hendy Mustiko Aji

Visualization: Kunti Saptasari & Hendy Mustiko Aji

Writing – original draft: Kunti Saptasari & Hendy Mustiko Aji

Writing – review & editing: Kunti Saptasari & Hendy Mustiko Aji

References

- Abduh, M., & Idrisov M. (2014). The role of awareness and perceived value upon the acceptance of Islamic Bank in Dagestan. *Journal of Islamic Banking and Finance*.
<https://doi.org/10.18196/ijief.1211>
- Aji, H. M. (2017). Examining the moderating role of high-versus-low scepticism toward Halal labels: findings from Indonesia, *International Journal of Islamic Marketing and Branding*, 2(4), 278-303. <https://doi.org/10.1504/IJIMB.2017.10010054>
- Aji, H. M., Berakon, I., & Riza, A. F. (2020). The effects of subjective norm and knowledge about riba on intention to use e-money in Indonesia, *Journal of Islamic Marketing*,
<https://doi.org/10.1108/JIMA-10-2019-0203>
- Alam, S. S., Janor, H., Zanariah, CheWel, C. A., & Ahsan, M. N. (2012). Is religiosity an important factor in influencing the intention to undertake Islamic home financing in KlangValley?. *World Applied Sciences Journal*, 19(7), 1030-1041.
<https://doi.org/10.5829/idosi.wasj.2012.19.07.392>
- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behaviour and Human Decision Processes*, 50(2), 179-211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- Ajzen, I., & Fishbein, M. (2000). Attitudes and the attitude-behavior relation: Reasoned and automatic processes. *European Review of Social Psychology*, 11(1), 1–33.
<https://doi.org/10.1080/14792779943000116>

- Ajzen, I. (2005) *Attitudes, Personality and Behavior*. Berkshire, UK: Open University Press-McGraw Hill Education.
- Al-bashir, W. A., Zainuddin, Y., & Panigrahi, S. K. (2018). The acceptance of Islamic banking products in Libya: A theory of planned behavior approach. *International Journal of Economics and Financial Issues*, 8(3), 105-111. Retrieved from <https://www.econjournals.com/index.php/ijefi/article/view/6193/pdf>
- Allport, G. W., & Ross, J. M. (1967). Personal religious orientation and prejudice. *Journal of Personality and Social Psychology*, 5, 432-443. <https://doi.org/https://doi.org/10.1037/h0021212>
- Amin, H., Rahman, A. R. A., Jr, S. L. S., & Hwa, M. C. (2011). Determinants of customers' intention to use Islamic personal financing. *Journal of Islamic Accounting and Business Research*, 2(1), 22-42. <https://doi.org/10.1108/17590811111129490>
- Anderson, E. W., Fornell, C., & Lehman, D. R. (1994). Consumer satisfaction, market share, and profitability: Findings from Sweden. *Journal of Marketing*, 58(3), 53-56. <https://doi.org/10.2307/1252310>
- Ariff, M. (1998). *Islamic Bank in Southeast Asia*. Institute of Southeast Asian Studies, Singapore.
- Aziz, F. & Afaq, Z., Bashir, U. (2018). Behavioral intention to adopt Islamic banking in Pakistan: A Study based on theory of planned behaviour. *Journal of Islamic Business and Management*, 8(2), 407-422. <https://doi.org/10.26501/jibm/2018.0802-005>
- Biro Pusat Statistik. (2010). *Hasil sensus penduduk 2010: Kewarganegaraan, suku bangsa, agama, dan bahasa sehari-hari penduduk Indonesia*. Badan Pusat Statistik. Jakarta. Retrieved from <https://www.bps.go.id/publication/2012/05/23/55eca38b7fe0830834605b35/kewarganegaraan-suku-bangsa-agama-dan-bahasa-sehari-hari-penduduk-indonesia.htm>
- Bagozzi, R. & Yi, Y. (1988). On the evaluation of structural equation models. *Journal of the Academy of Marketing Sciences*, 16, 74-94. <https://doi.org/10.1007/BF02723327>
- Batson, C. D. & Schoenrade, P. (1991). Measuring religion as quest: Reliability concerns. *Journal for the Scientific Study of Religion*, 30, 430-447. Retrieved from <https://psycnet.apa.org/doi/10.2307/1387278>
- Bettinghaus, E. P. (1986). Health promotion and the knowledge-attitude behavior continuum. *Preventive Medicine*, 15, 475-491. [https://doi.org/10.1016/0091-7435\(86\)90025-3](https://doi.org/10.1016/0091-7435(86)90025-3)
- Brucks, M. (1986). A typology of consumer knowledge content. *Advances in Consumer Research*, 13, 58-63. Retrieved from <https://www.acrwebsite.org/volumes/6462/volumes/v13/NA-13>.
- Carlson, J. P., Vincent, L. H., Hardesty, D. M., & Bearden, W. O. (2009). Objective and subjective knowledge relationships: A quantitative analysis of consumer research finding. *Journal of Consumer Research*, 35(5), 864-876. <https://doi.org/10.1086/593688>
- Delener, N. (1990). The effects of religious factors on perceived risk in durable goods purchase decisions. *Journal of Consumer Marketing*, 7(3), 27-38. <https://doi.org/10.1108/EUM0000000002580>
- Edwards, K. J. (1976). *Sex-role Behavior and Religious Experience In W. J. Donaldson (Ed)*. Research in Mental Health and Religious Behavior: An Introduction to Research in the Integration of Christianity and The Behavioral Sciences, Atlanta: Psychological Studies Institute, 224-238.
- El-Menouar, Y., & Stiftung, B. (2014). The five dimensions of Muslim religiosity: Results of an empirical study, *Methods, Data, Analyses*, 8(1), 53-78. <https://doi.org/10.12758/mda.2014.003>

- Foxall, GR. & Goldsmith, RE. (1994). *Consumer Psychology for Marketing*, London: Routledge.
- Gayatri, G., & Chew, J. (2013). How do muslim consumers perceive service quality?. *Asia Pacific Journal of Marketing and Logistics*, 25(3), 472-490. <https://doi.org/10.1108/APJML-06-2012-0061>
- Glock, C. Y., & Stark, R. (1965). *Religion and society in tension*, San Francisco: Rand McNally.
- Goh, T. T., Suki, N. M., & Fam, F. (2014). Exploring a consumption value model for Islamic mobile banking adoption. *Journal of Islamic Marketing*, 5(3), 344-365. <http://dx.doi.org/10.1108/JIMA-08-2013-0056>
- Gudono. (2014). *Analisis Data Multivariat*. BPFE-Yogyakarta.
- Hair, J., Black, W., & Babin, B. (2009). *Multivariate data analysis*. 7th ed. Hoboken: Prentice Hall.
- Hooper, D., Coughlan, J., & Mullen, M. R. (2008). Structural equation modelling: guidelines for determining model fit. *Electronic Journal of Business Research Methods*, 6(1), 53-60. <https://doi.org/10.21427/D7CF7R>
- Jamal, A. & Sharifuddin, J. (2014). Perceived value and perceived usefulness of Halal labeling: the role of religion and culture. *Journal of Business Research*, 68(5), 933-941, <https://doi.org/10.1016/j.jbusres.2014.09.020>
- Johan, Z. J., & Putit, L. (2014). Conceptualizing the influences of knowledge and religiosity on Islamic credit card compliance. *Proceedings of Economics and Finance*, 37, 480-487, [https://doi.org/10.1016/S2212-5671\(16\)30155-1](https://doi.org/10.1016/S2212-5671(16)30155-1).
- Johnson, B. R., Jang, S. J., Larson D. B., & Li, S. D. (2001). Does adolescent religious commitment matter? A reexamination of the effects of religiosity on delinquency. *Journal of Research in Crime and Delinquency*, 38(1), 22-43. <https://doi.org/10.1177/0022427801038001002>
- Kaiser, H. F. (1974). An index of factorial simplicity. *Psychometrika*, 39, 31-36. Retrieved from http://cda.psych.uiuc.edu/psychometrika_johnson/kaiser_1974_slides.pdf
- Kumar, A., Lee, H. J., & Kim, Y. K. (2009). Indian consumer purchase intention toward a United States versus local brand. *Journal of Business Research*, 62(5), 521-527. <https://doi.org/10.1108/09590550910956241>
- Lajuni, N., Ming, W. P. O., Yacob, Y., Ting, H., & Jausin A. (2017). Intention to use Islamic banking products and its determinants. *International Journal of Economics and Financial Issues*, 7(1), 329-333. Retrieved from https://www.researchgate.net/publication/312529897_Intention_to_Use_Islamic_Banking_Products_and_Its_Determinants
- Lindridge, A. (2005). Religiosity and the construction of a cultural-consumption identity. *Journal of Consumer Marketing*, 22, 142-151. <https://doi.org/10.1108/07363760510595968>
- Makarewicz, A. (2013). Consumer behavior as a fundamental requirement for effective operations of companies. *Journal of International Studies*, 6(1), 103-109, <https://doi.org/10.14254/2071-8330.2013/6-1/10>
- Malholtra, N. K. (2000). *Marketing research: An applied orientation*. Upper Saddle River, NJ: Pearson/Prentice Hall.
- Mittelstaedt, & John, D. (2002). A framework for understanding the relationships between religions and markets. *Journal of Macro-marketing*, 22(1), 6-18. <https://doi.org/10.1177/027467022001002>
- Muhamad, N., Leong, V. S., & Mizerski, D. (2016). Consumer knowledge and religious ruling on products: young muslim consumers perspective. *Journal of Islamic Marketing*, 7(1), 74-94. <https://doi.org/10.1108/JIMA-08-2014-0056>

- Mokhlis, S. (2006). The effect of religiosity on shopping orientation: An exploratory study in Malaysia. *Journal of American Academy of Business, Cambridge* 9(1), 64-74.
<https://doi.org/10.1080/14766086.2018.1495098>
- Nachtigall, C., Kroehne, U., Funke, F., & Steyer, R. (2003). Why should we use SEM? pros and cons of structural equation modeling. *Methods of Psychological Research Online*, 8(2), 1-22.
https://www.researchgate.net/publication/240622131_Why_Should_we_use_SEM-Pros_and_cons_of_Structural_Equation_Modelling
- Nunnally, J. C. (1978). *Psychometric Theory*, 2nd ed., McGraw-Hill. New York.
- Obeid, H., & Kaabachi, S. (2016). Empirical investigation into customer adoption of Islamic banking services in Tunisia. *The Journal of Applied Business Research*, 32(4), 1234-1256.
<https://doi.org/10.19030/jabr.v32i4.9734>
- Odalapo, I. A., Omar, N., Muda, R., & Abdurraheem, A. A. (2019). The mediating effect on customer behavioral intention to participate in Islamic banking: Empirical evidence. *International Journal of Financial Research*, 10(5), 167-180.
<https://doi.org/10.5430/ijfr.v10n5p167>
- Otoritas Jasa Keuangan. (2019). *Laporan Perkembangan Keuangan Syariah Indonesia*. (2018). Direktorat Pengaturan dan Perizinan Perbankan Syariah Otoritas Jasa Keuangan. Jakarta. Retrieved from <https://www.ojk.go.id/id/kanal/syariah/data-dan-statistik/laporan-perkembangan-keuangan-syariah-indonesia/Pages/2018.aspx>
- Reni, A., & Ahmad, N. H. (2016). Application of theory reasoned action in intention to use Islamic banking in Indonesia. *Journal of Islamic Economics*, 8(1), 137-148.
<https://doi.org/10.15408/aiq.v8i1.2513>
- Sánchez-Fernández, R., & Iniesta-Bonillo, M. A. (2007). The concept of perceived value: a systematic review of the research. *Marketing Theory*, 7(4), 427-451.
<https://doi.org/10.1177/1470593107083165>
- Said, M., Hassan, F., Musa, R., & Rahman, N. A. (2014). Assessing consumers' perception, knowledge and religiosity on Malaysia's halal food products *Proceedings of Social and Behavioral Sciences*, 130, 120-128. <https://doi.org/10.1016/j.sbspro.2014.04.015>
- Hill, P. C., & Hood, R. W. (1999). *Measures of religiosity*. Birmingham, AL: Religious Education Press.
- Sandage, S. J. (1999). *Religious Values Scale*, in Hill, P.C., Hood, R.W. (Eds). *Measures of Religiosity*, Religious Education Press, Birmingham, AL
- Sheth, J. N., Newman, B. I., & Gross, B. L. (1991). Why we buy what we buy: A theory of consumption value. *Journal of Business Research*, 22(2), 159-170.
[https://doi.org/10.1016/0148-2963\(91\)90050-8](https://doi.org/10.1016/0148-2963(91)90050-8)
- Suryani. (2015). Customer's perceived value towards the services in Islamic banking: confirmatory factor analysis. *Journal of Economics, Business, & Accountancy Ventura*, 8(12), 201-2012.
<https://doi.org/10.14414/jebav.v18i2.448>
- Souide, N., & Rani, M. (2015). Consumer attitudes and purchase intentions toward Islamic banks: The influence of religiosity. *International Journal of Bank Marketing*, 33(2), 143-161.
<https://doi.org/10.1108/IJBM-10-2013-0115>
- Sweeney, J. C., & Soutar, G. N. (2001). Consumer perceived value: The development of a multiple item scale. *Journal of Retailing*, 77, 203-220. [https://doi.org/10.1016/S0022-4359\(01\)00041-0](https://doi.org/10.1016/S0022-4359(01)00041-0)
- Thomson Reuters. (2018). *Islamic Finance Development Report 2018*. Desember, Thomson Reuters, Kanada, Retrieved from <https://ceif.iba.edu.pk/pdf/Reuters-Islamic-finance-development-report2018.pdf>

- Venkatesh, V., & Davis, F. D. (2000). User acceptance enablers in individual decision making about technology: Toward an integrated model. *Decision Sciences*, 33(2), 297–316. <https://doi.org/10.1111/j.1540-5915.2002.tb01646.x>
- Waardenburg, J. (2002). *Islam: historical, social and political perspectives*. Berlin: Walter de Gruyter. <https://doi.org/10.1017/S0020743805230076>
- Wilkes, R. E., Burnett, J. J., & Howell, RD. (1986). On the meaning and measurement of religiosity in consumer research. *Journal of the Academy of Marketing Science*, 14(1), 47-56. <https://doi.org/10.1177/009207038601400107>
- Woodruff, R. (1997). Customer value: The next source for competitive advantage. *Journal of the Academy of Marketing Science*, 25, 139–153. <http://dx.doi.org/10.1007/BF02894350>
- Worthington, E. L., Jr., Wade, N. G., Hight, T. L., Ripley, J. S., McCullough, M. E., Berry, J. W., Schmitt, M. M., Berry, J. T., Bursley, K. H., & O' Conner, L. (2003). The religious commitment inventory-10: Development, refinement, and validation of a brief scale for research and counseling. *Journal of Counseling Psychology*, 50(1), 84-96. <https://doi.org/10.1037/0022-0167.50.1.84>
- Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: A means–end model and synthesis of evidence. *Journal of Marketing*, 52(3), 2–22. <https://doi.org/10.1177/002224298805200302>