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The consumers' commitment and materialism on Islamic banking: The role of religiosity

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The consumers' commitment and materialism on Islamic banking: The role of religiosity

Abstract

Purpose - *This research investigates whether and how religiosity (e.g., extrinsic and intrinsic) influences the mediator variables (consumers' commitment and materialism) in the Islamic bank consumers context. It also examines how the mediators should be influence consumers' preferences.*

Design/methodology/approach - *658 Muslim people and Islamic bank consumers were recruited for a survey study and Structural Equation Modeling was used to test the research hypotheses.*

Findings - *The empirical results indicate that religiosity (e.g., extrinsic and intrinsic) has significant and positive effects on consumers' commitment and materialism, whereas intrinsic religiosity has no significant effect on consumers' commitment which subsequently influences consumers' preference. Furthermore, as mediator variables (e.g., consumers' commitment and consumers' materialism) have partial mediators between religiosity and consumers' preferences.*

Research limitations/implications - *The current study was limited to Indonesian Muslim people; there is a future need to study consumers' attitude and engagement in religious products and services (e.g., Islamic brand). It is can help practitioners, regulators and researchers to observe the dynamic behavior to elaborate on the impact of religion and Islamic products on consumers' preference.*

Practical implications - *The bank managers and regulators should enhance the information of products and services Islamic banks and the difference principle between conventional banks. As well as, enlighten the consumers about the principle operation of Islamic banks from the perspective of marketing and religiosity.*

Originality/value - *This study contributes to consumers' behavior literature and, specifically, for the decision-making process through developing and testing a model of religion determinants towards Islamic bank products as well as offers new insights into the determinants of religion and consumers' decision process towards Islamic banking.*

Keywords: Religiosity, Consumer commitment, Consumer materialism, Consumer preference
Paper type: Research Paper

1. Introduction

In 2030, the population of Muslims will be more than 25 percent worldwide. Furthermore, it will be more than 10 percent in several European countries and the United States (Muhamad and Mizerski, 2013; Solomon, 2018). This phenomenon will directly affect to increase of demand for products and services that appeal to the Muslim consumer mainstream (Butt *et al*., 2017; Usman *et al*., 2017; Sandikci, 2018). Some companies have accommodated this trend in the marketplace (Solomon, 2018). Compared to materialism (e.g., profit and reputation of bank), religion is the most crucial factor to consumer preference and decision-making process due to the extent of allow and prohibit doctrine (Raab *et al*., 2020). However, the literature which provided this field remains embryonic (Mortimer *et al*., 2020; Minton *et al*., 2019) specifically in extrinsic and intrinsic religiosity on marketing research. In the financial sector, over a decade, Islamic banks global assets

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will reach USD 3.5 trillion and have spread over not only in the region with the majority Muslim people such as the Middle East, Gulf district, Southeast Asia, and South Asia but also develop in some countries with Muslim' is minority such as Australia, New Zealand, Norway and UK (IMF, 2019). For the majority of Muslim people, religion is an essential conviction and significant factor of their behavior (Raaf et al., 2020; Sharma *et al*., 2017; Usman *et al*., 2017). Allport and Ross (1967) introduced two main dimensions of religiosity, extrinsic and intrinsic religiosity. Those dimensions are a high value to consumers materialism (Arli *et al*., 2020a; Raggiotto *et al*., 2018) and consumers commitment (Arli *et al*., 2020b; Gheitani *et al*., 2018) which can directly affect consumers want in form of products and services processes in relational marketing (Keiningham *et al*., 2015; Mortimer *et al*., 2020).

Some researchers have launched the concept of consumers' behavior toward religious products and services (Arli *et al*., 2020b; Minton *et al*., 2019; Mortimer *et al*., 2020). However, few studies have examined the role of religion on consumer commitment and materialism which subsequently influence preference for religious products and services (Mathras *et al*., 2016; Sandikci, 2018). Arli et al. (2020b) and Raggiotto et al. (2018) concluded Muslim consumer commitment and materialism have a positive correlation with consumer preference in the Islamic banking sector. Moreover, these interactions are typically associated with religious issues and a set of beliefs (Tabrani *et al*., 2018). Therefore, product and services which conducted with Islamic law has become one of the most important aspects for consumer-Islamic bank relationships. However, Indonesia is a specific case, with 229 Muslim population, it is the largest worldwide (IbTimes, 2020) with the market share of Islamic banks is 5.78 percent (OJK, 2020). This is a signal Indonesian Muslim people reluctant to join with Islamic bank. Validating the consumer desire and need based on religion is vigorous due to philosophical concept and the rule of belief system of people have a crucial effect to consumer preferences (Islam and Chandrasekaran, 2019). In Islamic context, Pepinsky (2013) and Usman et al. (2017) try to examine some factors which effectively influencing the Muslim consumer decision. However, their studies are focused on services value (e.g., ATM, location of office, employee service, etc) without a clear measurement of the participants' level of religiosity. Besides, earlier researches ignored the effect of religiosity (e.g., extrinsic and intrinsic) on Muslims' consumer preferences. Does the religious level truly make Muslim people are more committed to Islamic banks and less materialism in Indonesia? Why religiosity leads Muslim consumer to prefer Islamic banking products and services than conventional bank?

The objective of this study is to examine the dimension of religiosity that consumers' preference among Muslim people in Indonesia. Furthermore, this study will also examine the role of consumer commitment and materialism as a mediator between consumers' religiosity and preference. The low of market share Islamic banking in Indonesia made it important to understand whether religiosity as primary factor of Muslim people have a positive and significant effect to influence their decision. Ali et al. (2019) and Arli et al. (2020a) revealed that the individual religiosity have positive effect consumer commitment and materialism. The prior studies have some limitations such as the More focus on small respondents with low level of income and did not incorporate the role of consumer attitude and awareness in the relationship between consumers' religiosity and preference despite consumer attitude and awareness are the most important antecedents of collaborative relationships between consumers' religiosity and Islamic bank consumers preference. Islam and Rahman (2017) and Tabrani et al., (2018) in their study recommended future research to investigate relationship between religiosity and consumer commitment and preference. This can help us to achieve a holistic view of the relationship between

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these variables and give insights to the industry players. The result of such a study can help academicians and practitioners to achieve a better understanding of the factors that have effects on consumers' religiosity to their attitudes and awareness which subsequently influence their decision to adopt Islamic bank. It can assist in testing the generalizability of the social identify theory (SIT) in a more comprehensive way.

In answering these questions, this study aims are to examine religiosity (e.g., extrinsic and intrinsic) effect on consumer preference with commitment and materialism as mediators. Furthermore, recent research provides several theoretical and practical contributions. First, this study links religiosity and consumers' inclination in a banking context with social identity theory. Second, prior studies that examine the relationship between religiosity and consumers' preferences have neglected the mediating variable on marketing context (Butt *et al*., 2017; Arli *et al*., 2020a; Husemann and Eckhardt, 2019). In this regard, both mediators and religiosity are related to self-righteousness (Raab *et al*., 2020; Tabrani *et al*., 2018). Thus, pretentiousness is an arbiter of responsibility, realism, and strictness on consumers' behavior. Third, this study examines the relationship between strictness and customer preferences.

2. Literature review

2.1 Islamic banking and finance

Islamic banks are based on four Islamic principles: *mudharaba* (trust financing), *musharaka* (benefits and loss sharing), *murabaha* (cost-plus financing), and *ijara* (leasing), where profits and risks are equally shared between community members. Some activities included *Riba* (interest), gambling, *gharar* (speculative trading) are prohibited. It makes the operational system quite different from conventional banks.

Mudarabah (profit sharing) is a contractual relationship between bank (*Shahibul maal*) and Mudarib (borrower) toward profit-sharing arrangement. Musharakah (profit and loss sharing) is a joint venture partnership where both banks and other partners provide capital and share the profit and loss on an agreed ratio. Most Islamic banks argued Musharakah is the closest Islamic finance alternative to interest-based financing. Murabahah (sale of goods with markup) is a sales-based contract where the buyer (borrower) provides necessary information to the bank regarding its purchasing requirements (Shome *et al*., 2018). The bank then purchases the product and sells it to the buyer with a margin for profit. Ijarah is a leasing contract in the conventional leasing. However, in Islamic banks the lender buys a good and leases it to the customer for a given period and a given rent. Hence the bank does not make money from money in compliance with Islamic law as it converts money into tangible assets to make the transaction.

2.2 Social identity theory

According to Tajfel (1981) social identity is the psychological part of personal thought of beliefs and knowledge in the social groups. It has two famous operational levels, namely personal level (i.e., related to an individual sense of self) and social identity (i.e., related to groups to which a person belongs to or is affiliated with). The personal and social sense of self has a strong correlation with a social affiliation (group) such as religion which directly affect people's consumption pattern and behavior of life. In the marketing context, the social identity impacts personality behavior and commitment (Forehand and Deshpandé, 2001; Grier and Deshpandé, 2001), meanwhile, in the context of religion, more effective to influence social groups and their consumers' preferences toward products and services. Conceptually social identity in the marketing and religious field comprises of cognitive, affective, and evaluative levels (Hogg, 2016).

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At the cognitive level, consumers established utilitarian attitudes and commitments toward religious products. An example is that Muslims develop a positive attitude toward halal products, which is as per the Islamic principles. At the affective level, consumers tend to develop a positive desire toward religious products and services which plays a crucial role in product commitment (Bergami and Bagozzi, 2000). At the evaluative level, self-esteem plays an important role in improving their statuses in community groups (Bergami and Bagozzi, 2000). Using religious products enhance consumers' statuses in the religious groups they participate in. Consumers who admire and are strict religious practitioners show positive attitudes and a high level of commitment toward religious products, compared to people who are not serious toward their religion. Social identity theory has relevance for this study due to provides a theoretical foundation to discovering religion as an explanatory mechanism that has correlated with more frequent formal religious participation and psychological well-being. Social identity theory suggests that more frequent formal religious participation would be associated with having a closer identification as a member of one's religious group and that this aspect of identity, in turn, would account for higher levels of psychological well-being. It is have a crucial aspect to effect consumer commitment, materialism and decision-making process to products and services preference (Arli *et al*., 2020b; Mathras *et al*., 2016; Minton *et al*., 2019).

2.3 Religiosity

Religion refers to cultural symbol to response the life of problems which appeal to the reality of life and have four universal dimensions and functions (Stolz and Usunier, 2019). First, believing is a basic universal of religion which refers to what the people consider as connection and interaction with humans and the environment include one or several gods and divine beings. Furthermore, the majority of religion includes the belief in an individual god. Second, the bonding dimension and religion is not only about beliefs but also includes self-transcendent experiences that bond the individual with what it perceives to be the transcendent "reality," toward ritualized activity such as be it private (prayer and meditation) or public (worship, religious ceremonies, or pilgrims), frequent and regular, or exceptional. Third, behaving conducted religion affordable to specific norms and morals from a religious perspective. Last, belonging related to any kind of group or community from a social identity. Islamic scripts have been provided on what kinds of roles about products and services people can use and prohibit (Shome *et al*., 2018) to lead the Muslim life with a set of behavioral roles with seld commitment.

In the marketing context, religiosity is referred to as an individual's commitment toward the belief and practice (Muhamad and Mizerski, 2013; Stolz and Usunier, 2019). It is important to affect their behavior regarded to specific brand of products and services (Ali *et al*., 2019;). The demand for Islamic banking increases due to the facilitate the Muslim people to access financial products and services based on Islamic law. It avoids them interacting with conventional banks which applied interest principles in their system (Islam and Rahman, 2017; Sharma *et al*., 2017). However, prior studies avoid applying religiosity (e.g., extrinsic and intrinsic) field variables into consideration despite the that many scholars have studied religiosity in the consumer behavior context (Muhamad and Mizerski, 2013).

According to Allport and Ross (1967) extrinsic religiosity motivated people use their religion and consider as a personal benefit-religion is considered as a means to some form of utility, either personal or social (e.g., joining a mosque to make business or social connections), whereas intrinsic religiosity was motivated individuals live their religion and treat religion as an end unto itself regardless of external consequences to reflect the true spirit of their religious beliefs in

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their actions (Arli *et al*., 2020b; Mortimer *et al*., 2020). Based on the instruments, extrinsic religiosity has two dimensions namely social and personal. Social extrinsic religiosity aims to achieve social outcomes, such as making friends or gaining acceptance within a community, thus utilizing religion as a means to an end. Personal extrinsic religiosity, on the other hand, focuses on personal, individual objectives, such as happiness, security or enlightenment. The measures of intrinsic, social and personal extrinsic religiosity have been applied successfully across several religious contexts, including in Islam (Ji and Ibrahim, 2007).

2.4 Consumer commitment

In the marketing literature, commitment is a key construct which explains the relationship between customers and firms (Keiningham, *et al*., 2015; Minton *et al*., 2019; Morgan and Hunt, 1994) as well as customer's willingness of maintaining a relationship with a specific product (Husemann and Eckhardt, 2019; Islam and Rahman, 2017). Researchers can focus on the relationship between religiosity, commitment and decision, which is an interesting phenomenon to understand. The relation between religiosity and consumer commitment occurred toward two-dimensional construct namely extrinsic religiosity (i.e., more behavioral aspects) and intrinsic religiosity (i.e., more spiritual aspects) (Arli *et al*., 2020a). Moreover, these dimensions have positive effects on their commitment in both value-expressive and social-adjustive (Gheitani *et al*., 2018). Therefore, it is worthy to validate the relationship between religiosity and an individual's commitment.

In the marketing field, commitment is classified into three sub-components, which are affective, calculative and normative (Keiningham *et al*., 2015). Affective commitment refers to the psychological and emotional advocacy of consumers. It makes the consumers loyal to the firm or brand due to honest attachment and a sense of belonging. This is important to build a relationship with the seller from the personality positive experiences. In Islamic bank consumers, this is a crucial effect as they rely upon experiential positioning and continuously strive to build long-term relationships (Tabrani *et al*., 2018).

Calculative commitment defined as a constraint-based relationship that is formed due to the cost an employee would face, if they were to leave the firm (Shukla *et al*., 2016, p. 324). This concept has been examined in business and consumer studies, such as consumer behavior (Islam and Rahman, 2017) and consumer preference (Muhamad and Mizerski; Shukla *et al*., 2016). The negative effect of cognitive commitment is the consumer will switch to other products or services (Shukla *et al*., 2016). The above evidence suggests that consumers may calculate the potential psychological effect due to switching, along with the attractiveness of the available alternatives. Given that Islamic bank products and services are marketed as unique products and services due to refers religion principle (Muhamad and Mizerski, 2013), and customers are likely to evaluate the products of staying with the brand or switching to a conventional bank, significantly higher than they would do so for non-Islamic bank products. Additionally, as discussed earlier, recent industry reports indicate the low market share of Islamic banks. Therefore, understanding the causes and consequences of calculative commitment for the Islamic bank merits further attention and important construct in the marketing context. However, past studies have focused on B2C markets based on calculative and affective commitment (Tabrani *et al*., 2018). Nevertheless, in the Islamic banking context, normative commitment is a significant factor in retaining consumers due to Islamic banks offering religious relationships with them to stay committed.

Normative commitment is a form of relationship based on subjective norms established over time, where the consumer feels that they ought to stay with the firm (Shukla *et al*., 2016). This concept is accommodated their perceptions, which can be influenced by the religious level. The

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relevance of Muslim consumer preference with regards to Islamic bank products and services have a strong correlation with consumer commitment and subsequently affect decision-making (Islam and Rahman, 2017; Sharma *et al*., 2017; Tabrani *et al*., 2018). The consumers who attached Islamic products and services due to normative commitment will demonstrate their sense of belonging to the religious brands to align his feelings with the need to confirm. Since Islamic bank products and services have a strong and inherent link to an individual's desire for societal integration (Shukla *et al*., 2016), normative commitment represents an important aspect of consumer preference towards Islamic banks. This research, therefore, measures the antecedents of consumer preference and consequences of consumer commitment towards Islamic bank products and services.

2.5 Materialism

Materialism is an individual's value system which helps in acquiring long-term possessions of beliefs and goals (Dittmar *et al*., 2014). It has emerged the acquisition of value with subjective well-being and psychological tension. Materialism is widely viewed as an important life of value regards to attitudes, behaviors and beliefs such as money (Raggiotto *et al*., 2018). Commonly, materialism is classified into two types: instrumental materialism and terminal materialism. Instrumental materialism refers to the acquittance of monetary goals to fulfill individuals' desires, whereas terminal materialism refers to improving individuals' social statuses (Keiningham *et al*., 2015; Raggiotto *et al*., 2018). Both are important in attaining life satisfaction. Furthermore, material desire and the degree of satisfaction depend on individuals' religiosity level (Rahman *et al*., 2017; Rauf *et al*., 2018).

In the financial context, materialism relates to individuals' approaches and desires to increase their financial statuses which is known as extrinsic materialism (Krekels and Pandelaere, 2015). It is related to competitiveness, egoism, envy, jealousy, and self-interest (Seuntjens *et al*., 2015). The level of materialism resulted from different levels of religiosity (Arli *et al*., 2020b; Raggiotto *et al*., 2018). In other words, materialism can be viewed as the value a consumer places on the acquisition and possession of material objects. However, there are more prone to luxury good and consumption pattern of food. When assessed through a broader array of materialistic goals (e.g. money and consumer value), which are influenced by religious level, materialism potentially mix predictors of consumer preference and also shapes consumer preference.

2.6 Hypotheses

2.6.1 The relationship between extrinsic religiosity and consumer commitment/materialism

Scholars used categorical scales to measure individual affiliation to religion (Arli *et al*., 2020a; Muhamad and Mizerski, 2013). Religious affiliation refers to an individual's adherence to a particular religion, whereas religious commitment is the degree of an individual's belief and behavior regarding the religion (Tabrani et al., 2018). It reflects this individual's involvement and participation in the religious activity (Arli *et al*., 2020b). These perspectives are key features to the effect of religion on consumer commitment (Tabrani *et al*., 2018).

The instrumental and utilitarian attachments towards religion of an individual's orientation is based on her/his extrinsic religiosity (Allport and Ross, 1967), which provides scalability, self-justification, and spiritual comfort. Extrinsic religiosity is related to peace and intention to worship in the mosque to increase personal and community faith and knowledge to achieve other goals, namely social and personal (Mortimer *et al*., 2020; Raggiotto *et al*., 2018). The consciousness, sense of belonging and loyalty of Muslim people to Islamic bank products and services affected by their religiosity level and effective to reduce the individual love of money such as subjective-

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wellbeing toward interaction and increase of income. Prior studies found extrinsic religiosity has a positive effect on consumers' commitments (Muhamad and Mizerski, 2013; Swinberghe et al., 2011) and consumer materialism (Arli *et al*., 2020b; Raggioto *et al*., 2018). Thus, this study proposes the following hypothesis.

H1. Extrinsic religiosity has a significant and positive effect on (a) consumer commitment and (b) consumer materialism.

2.6.2 The relationship between intrinsic religiosity and consumer commitment/materialism

Intrinsic religiosity, a value-driven by an individual's religious orientation, reflects her/his spiritual and religious belief (Allport and Ross, 1967) and is related to this individual's cognitive belief, attitude, identity and value, which influences her/his commitment (Arli *et al*., 2020a). It is has become an individual's motivation for harmony life and religious belief to fulfill her/his religious need and value for living guidelines in daily life. The intrinsic dimension leads to inherent and spiritual objectives (i.e., serve for religion or community) for individuals with a strong commitment to religion and directs their behavior to use products and services based on religion principle (Muhamad and Mizerski, 2013), as well as a have become a foundation to reduce individual materialism, selfishness and increase to participate in the social-wellbeing activities. Prior studies concluded that intrinsic religiosity has affect consumer commitment (Mortimer *et al*., 2020; Tabrani *et al*., 2018) and consumer materialism (Islam and Rahman, 2017; Raggioto *et al*., 2018). Hence, this study proposes the following hypothesis.

H2. Intrinsic religiosity has a significant and positive effect on (a) consumer commitment and (b) consumer materialism.

2.6.3 The relationship between consumer commitment and consumer preference

Instrumental, attitudinal, and temporal components are the three major components of commitment. The instrumental component is a form of investment, the attitudinal component is an affective commitment or psychological attachment and a temporal component indicates the time of the development of the relationship (Butt *et al*., 2017; Gheitani *et al*., 2018). From the organization perspective, consumer commitment is an attitude of maintaining a valued relationship (Martin and Bateman, 2014) and plays an essential role in the relationship-marketing paradigm. Consumer commitment influences their decision on product preference and purchase intention (Keiningham *et al*., 2015; Shukla *et al*., 2016). In the banking field, consumers' relationships and sense of belonging influence their preference for Islamic bank products and services (Tabrani *et al*., 2018). Conventionally, consumers tend to switch to other banks if they perceive that they cannot make a profit from the relationship with a particular bank. However, in an Islamic banking context, the commitment makes them remain in the relationships with Islamic banks because they believe in an obligation to do so. Thus, this study proposes the following hypothesis.

H3a. Consumer commitment has a significant and positive effect on consumer preference.

2.6.4 The relationship between consumer materialism and consumer preference

Materialism is an important aspect of consumer behavior (Arli *et al*., 2020b; Raggiotto *et al*., 2018). It plays a central role in an individual's life and determines her/his satisfaction or dissatisfaction. It reflects an individual's attitude toward money as the devotion to material needs

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and desires. Furthermore, this value will influence her/his mind and desire for goods and services preference (Rauf *et al*., 2018). Commonly the banking sector offered lucrative products and services to attract their consumers. As well as Muslim consumers have materialistic desires and preferences towards products according to Islamic law. Thus, it is a good marketing strategy and helps Islamic banks to retain their customers. hence, this study proposes the following hypothesis.

H3b. Consumer materialism has a significant and positive effect on consumer preference.

3. Methodology

3.1 Questionnaire design, pretest, and pilot study

This study adopts scales with high reliability and validity and uses multi-item scales for all of the constructs from prior studies in the proposed model. This study conducts a pretest and pilot test to validate the measurement items' wordings of constructs and revise wordings for the Islamic bank context in Indonesia. The measurement items of this questionnaire are modified to fit the research context. The wordings of the measurement items are reviewed by a professional English-Indonesian translator, master students, and 10 Islamic bank consumers. This study conducts twelve independent rounds (3 respondents for each round) to revise wordings based on Indonesia comments for pretest. These wordings are revised during the face-to-face interaction with Islamic bank consumers to assure that they fully understand the context in Indonesia. Subsequently, this study conducts a pilot test of the measurement items and constructs to ensure the final wordings for the formal survey. This study collects 120 samples for a pilot test to examine the reliability analysis, convergent validity, and discriminant validity with the suggested criteria before the formal survey. The research framework is shown in Figure 1.

*** Insert Figure 1 here ***

3.2 Sample and data collection

This study investigates the relationship between consumer religiosity, commitment, materialism and preference of Muslim people in Indonesia. Indonesia is the largest Islamic country with 257 million in the world (Statista, 2020). This study directly collects data via online in applies Google Docs **(**https://drive.google.com**)** online service, which without time and geographical limitation of service offering. This study offers 50,000 Indonesia Rupiah (IDR) of a convenient store coupon as an incentive to increase their response rate. This study conducts an online survey from July 1 to August 31, 2020. Out of the 680 collected samples, 658 valid ones indicating a completion rate of 96.76 %. Table 1 shows the respondent demographics.

*** Insert Table 1 here ***

3.3 Measures

The items used to measure each of the constructs are presented in the Appendix. Demographics such as gender, age, education, and period of using Islamic banks were included in the questionnaire. A seven-point Likert scale anchored between 1 ("strongly disagree") and 7 ("strongly agree") was used for all scale items. Extrinsic religiosity focuses on personal, individual objectives, such as happiness, security or enlightenment. For example, a Muslim consumer

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with high personal extrinsic religiosity may pray in Mosque not only to comply with religious norms but also to improve their spiritual. Intrinsic religiosity refers to frequency of mosque attendance, sense of God are principal influences on the relationship between religiosity and social and psychological wellbeing were adapted from Ji and Ibrahim (2007) due to the instruments are applied in prior studies and built from Indonesian Muslim people perspective. All items were used in Islamic banking study to measure consumer commitment, materialism and preference adapted from Tabrani et al. (2017), Usman et al. (2017) and Amin et al. (2017).

*** Insert Appendix here ***

3.4 Common method variance (CMV)

This study adopted prevention and post-detection procedures to avoid and reduce the issue of common method variance (CMV). For prevention procedures, this study asked respondents to fill up the survey anonymously, randomized the order of measurement items, and obscured the labels for the constructs to reduce respondents' concerns (Podsakoff *et al*., 2003). For post-detection procedures, this study applied Harman's single-factor test proposed by Eichhorn (2014) and the common latent factor (CLF). The rationale for adopting the CLF is to conduct post-detection which is the inherent weakness of Harman's single factor test to detect the CMV (Eichhorn, 2014). The explained variance of the first factor was 42.50% which is less than 50.00%. Besides, the factor loading of CLF was 0.48 which indicated a 35.67% variance of CMV. The result showed no significant problem of CMV in this study.

4. Results

Structural Equation Modeling (SEM) was used to test the proposed model and the hypotheses that were previously stated. This study employed the two-stage approach suggested by Byrne (2016) and Hair et al. (2019). First, the measurement model is estimated with CFA to test reliabilities and validities of the research constructs. Then, the structural model is used to test the strength and direction of the proposed relationships among research constructs. Consequently, the first step involves testing the measurement model via confirmatory factor analysis and the second step involves testing a series of structural models including the hypothesized model.

4.1 Measurement model

This study conducted the measurement model by adopting the AMOS 22 software with maximum likelihood estimation. Table 2 shows the CFA model reproduces the covariance matrix of the observed variables with an adequate fit (Byrne, 2016; Hair *et al*., 2019): $\chi^2/df = 4.535$, goodness-of-fit index (GFI) = 0.874, nonnormed fit index (NFI) = 0.918, comparative fit index (CFI) = 0.917, incremental fit index (IFI) = 0.918, and root mean square error of approximation (RMSEA) = 0.073. The composite reliability (CR) was above 0.800 with an average of variance extracted (AVE) above 0.600 for each construct. Besides, each item's factor loading and square multiple correlation was larger than 0.700 and the Cronbach's α for all constructs was more than 0.800 indicating a good convergent validity and reliability for all measurement items (Table 2) and constructs. Table 3 shows that all the correlation coefficients between each construct and the other constructs which indicating discriminant validity (Hair *et al*., 2019).

Insert Table 2 here

Insert Table 3 here

4.2 Structural model

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The fit of data to the proposed model was adequate (Byrne, 2016; Hair *et al*., 2019): χ^2 = 1,170.52, df =246, χ^2/df = 4.758, GFI = 0.866, NFI = 0.890, CFI = 0.911, IFI = 0.911, and RMSEA= 0.076. This study empirically validates that extrinsic has a significant and positive effect on consumer commitmet and consumer materialism (γ_{11} = 0.143, p<0.005) and (γ_{12} = 0.155, p<0.010), respectively, supporting H1a and H2a, as well as intrinsic religiosity positive and significant effct to support H2a and H2b (γ_{21} = 0.275, p<0.001) and (γ_{22} = 0.259, p<0.001). This study further confirms that consumer commitment and consumer materialism have a significant and positive effect on consumer preference (β_{31} = 0.067, p<0.010, β_{32} = 0.163, p>0.001). H3a and H3b are supported. Table 4 shows the results of research hypotheses.

Insert Table 4 here

*** Insert Figure 2 here ***

4.3 Mediating effect

This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the mediation effects of consumer commitment/materialism between extrinsic/intrinsic religiosity and consumer preference. Bootstrapping is a nonparametric statistical procedure in which the dataset is repeatedly sampled. Mediation analysis showed that the 95% CIs of all tested indirect effects were not including zero, thus suggesting the significance of all tested indirect effects. Table 5 shows the partial mediator of variables (e.g., consumer commitment and consumer materialism) between religiosity (e.g., extrinsic and intrinsic) and consumer preference.

Insert Table 5 here

5. Discussion

5.1 Key findings

The results of this study confirm that religiosity (e.g., extrinsic and intrinsic) significantly and positively influences consumer commitment and consumer materialism which subsequently effect consumer preference. There are confirms consumer relationships, sense of belonging with Islamic banks have become mediators between consumer religiosity and their inclination to Islamic banks. These are innovative findings that, to our knowledge, have not been revealed by prior studies. Specifically, the findings show that Indonesian Muslim consumers' religiosity is high when they have a higher intention to read Koran, discuss related to religious principle, as well as the distinction between conventional and Islamic bank principles in the group or community over their activities. It also corroborates that the Mosque has become a pivotal role to bridge people minds and knowledge about worship and economic principle in Islamic law.

The uniqueness of the high of Muslim people religiosity is recognized with concerning to Islamic law, conventional bank applying interest in their operating system which prohibited in Islamic law based on the instruction of Allah (God) in koran Al-Baqarah: 275 with the meaning trading is law full and forbidden Riba' (interest). Although, a bank launched beneficial products and services appeal to the people. However, it is not a guarantee that Muslim people will join with the bank until they are sure the products and services based on Islamic law and got a Halal certificate from a capable institutions' (e.g., Muslim scholar council). This study opposite the prior studies (Arli *et al*., 2020a; Raggioto *et al*., 2018). There are confirm the research hypotheses that social identity theory (SIT) can explain the people behavior toward fulfilling the precise religion products and services, which subsequently influences their preference (Butt *et al*., 2017; Raab *et al*., 2020; Keiningham *et al*., 2015; Rauf *et al*., 2018; Tabrani *et al*., 2018). On the other hand, this

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pattern contrary to Chilean which more prone to hedonic products as their preference (Arli *et al*., 2020a).

Furthermore, these results indicate that religiosity influences Muslim people commitment and materialism based on their creed and knowledge. These factors contribute to the formation and maintenance of individual and community relationships through a sense of belonging, all of which subsequently influence their decision. The results indicate that the primary motivators of social identify theory (SIT) in this context are the products and services preference. Specifically engage in groups to discuss and interact with others. Consequently, this behavior paves the way for the ultimate success of communities in the maintenance of close relationships between Islamic bank and their consumers.

The implications of both mediators (consumer commitment and consumer materialism) are important factors encouraging Muslim people to conduct Islamic banks to support their financial activities. The findings are consistent with (Arli *et al*., 2020b; Shukla *et al*., 2016) suggested commitment and materialism allow consumers to feel more comfortable to prefer products and services. However, when Islamic bank was initially established and promoted in Indonesia financial industry, it was a new field mostly among Muslim people, and this is probably why an earlier study by (Pepinsky, 2013; Usman *et al*., 2017) could not find a positive relationship between religiosity and consumer preference. However, a recent study, has indicated that the Indonesian Muslim consumers' commitment and prosperous products makes people more comfortable with Islamic banks. Moreover, the findings confirm the research hypotheses that social identity theory (SIT) theory can explain the motives of people toward fulfilling their religion for prefer products and services (Forehand and Deshpandé, 2001; Grier and Deshpandé, 2001).

5.2 Conclusions

The obtained results based on social identity theory (SIT), suggest that the consumer, specifically Indonesian Muslim people, their decision to prone Islamic banks through their religiosity level which mediated their commitment and materialism. Despite religion is a key culture and psychological construct in the Western context and deep need to be explored more in the Islamic banking and Eastern context. The Islamic marketplace requires specific products and skills due to combining banking and religious aspects. These factors contribute to the formation and maintenance of the relationship between Islamic bank and their consumers not only through material benefit but also offer products and services based on Islamic law and approved Islamic finance and religion scholars toward Halal certificate products and services., all of which subsequently influence the people belief and perception. The social motivation of Muslim people context can be used as a predictor of a general use of religiosity level as an important factor to affect consumer decision. The results indicate that the primary motivators of social identity theory (SIT) in this context are the consumer preference, specifically engage in religion products by individual and social determinations. Consequently, this behavior paves the way for the ultimate success of individuals and communities in the maintenance of close relationships between consumer and Islamic banks.

5.3 Academic implications

The findings contribute to the literature of religiosity and consumer behavior, SIT theory, individual and social needs. First, this study proposes and tests a model that illustrates the formation of consumer preference for Indonesian Muslim people. It provides an appropriate theoretical background. The study of religion in the marketing field is a new issue (Mortimer *et*

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al., 2020; Minton *et al*., 2019). Past studies have seldom established a model that simultaneously explains the religiosity effect (e.g., extrinsic and intrinsic) on consumer commitment and materialism and preference. On the other hand, this study extends SIT theory to explain Muslim consumer behaviors of individuals and group provides theoretical contributions to the literature on the religion and marketing field in two ways. Firstly, the findings of this research demonstrate the effects of extrinsic and intrinsic religiosity on two mediators (e.g., consumer commitment and materialism), which subsequently influence consumer preference for Islamic banks. Secondly, this research demonstrates that SIT theory can explain the mediating effects of consumer commitment, and consumer materialism to their preference for Islamic bank usages. It provides a theoretical ground for future research.

5.4 Practical implications

This study integrated three constructs, religiosity (e.g., extrinsic and intrinsic), commitment and consumer materialism as mediators, and consumer preference as antecedent into a framework, and the results show that extrinsic religiosity has a direct impact as well as an indirect impact through the consumer commitment and consumer materialism on consumer preference. The mediating effects of consumers' commitment and materialism indicate that belief and spiritual aspects with Muslim people both support the their preference. This is an indication the individual Muslim people could not prefer Islamic bank without having commitment and materialism aspects. This could explain why some Islamic banks promote products and services information on their Muslim people. This finding implies the bank managers must be active in the socialization of the Islamic bank operation principle which applied profit-loss sharing and interest-free, as well as the system is quite different from their counterpart conventional bank.

Religion is an important factor by which consumers can exchange their minds and decisions through commitment and materialism. Islamic bank managers must aware and endeavor to identify objective and rational characteristics to increase their consumer, as well as addressing consumers' concerns toward participate in the interactive activities to discuss Islamic bank products include a great deal of consumers with, and timely response to their questions with relevant references. In addition, they discuss contents and processes to foster long-term relationships, create value propositions, and innovative strategies to maintain communication and interaction between Islamic banks and Muslim people.

Our research provided practical implications for Islamic bank managers that although relationship religiosity is generally important for determining consumer behavioral intentions to Islamic banking (e.g., Arli *et al*., 2020a; Islam and Rahman, 2017; Mortimer *et al*., 2020), it should be properly managed for enhance the quality of products and services. Furthermore, religion has replaced the role of material such as penalty, income and beneficial inducement from conventional banks for consumers to switch from Islamic banks. Islamic bank managers or practitioners should focus on the major dimensions of social identity theory (SIT) theory to maximize their interaction with consumers both offline and online on social media (e.g., Facebook, Twitter, etc) with regarding to what prompts consumers discuss in order that to provide reliable information. In addition, Islamic bank managers should pay particular attention to their employees' Islamic finance principles of knowledge and skill to become agents of change to the Muslim people.

5.5 Limitations and future research directions

There are some limitations to this research. First, the current study was limited to Indonesian Muslim people; there is a future need to study consumer attitude and engagement toward the

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religious brand (e.g., Islamic brand). It is can help practitioners, regulators and researchers to observe the dynamic behavior to elaborate on the impact of Islamic products to consumers. Second, the convenience sampling technique that was adopted increases the chances of a sample not being a true representative of the population. A different sampling method could be used in future research that may reflect the population composition better. Among the consumers' have different minds and perceptions regarding Islamic products. Therefore, future research may investigate the role of educational, genders, and income on customer preference via quantitative and experimental researches. Third, the majority of participants were Indonesian young people with bachelor's degrees, so they cannot be considered representative of Indonesian Muslim and Islamic bank consumers as a whole. Finally, it only considered the situational factors of religion on consumer commitment and materialism from a marketing perspective. Future research should also investigate internal factors (i.e., institutionalized religion, economics, and special knowledge or community) and external factors (i.e., Islamic bank operation, organizational comparability and relationships between Islamic banks and consumers) from the perspective of marketing and religiosity.

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Appendix. Scale items

Extrinsic religiosity (Ji and Ibrahim, 2007)

1. My reason to go and join member of Mosque is to establish in the community.
2. Although I am a religious person, I refuse to let religious considerations influence my everyday life.
3. A primary reason for my interest in religion is that my Mosque has congenial social activities.
4. Occasionally I find it necessary to compromise my religious beliefs in order to protect my social and economic interest.
5. The mosque is most important as a place to formulate good social relationship.

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Intrinsic religiosity (Ji and Ibrahim, 2007)

1. I enjoy reading the literatures about my faith and join the Koran study group.
2. I try to carry my religious over into all my other dealing in life.
3. I have been aware of the presence of God or the divine being.
4. My religious beliefs are what rally lie behind my whole approach to life.
5. It is important for me to spend periods of time in private religious thought and medition.

Consumer commitment (Tabrani *et al*., 2017)

1. I commit to stay in a relationship with Islamic banks.
2. I have a strong attachment with Islamic banks.
3. I have a strong sense of belonging with Islamic banks.
4. I remain loyal to IBs due to the high cost to switch to other banks.

Consumer materialism (Usman *et al*., 2017)

1. I choose a bank that benefits me and the society regardless of Islamic law.
2. I choose a bank that refrains from dirty practices that can be detrimental to the public.
3. I choose a IBs because the penalty of the financing is lower than a conventional bank.
4. I choose a IBs because the profit sharing of Islamic bank is higher than a conventional bank.
5. I choose a IBs because the overall of Islamic bank's product and service is better than a conventional bank.

Customer preference *(*Amin *et al*., 2017*)*

1. I consider use Islamic bank as my first choice
2. I feel using Islamic bank is a good idea
3. I am interested to use Islamic banking.
4. I am interested to use banking in the future.
5. I will definitely recommend Islamic banking to others.

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Table 1. Respondent demographics

Demographic Items	Frequency	Percentage (%)
Gender		
Male	289	43.9
Female	369	56.1
Age		
Under 26 years old	180	27.4
26~40 years old	288	43.8
Over 40 years old	190	28.9
Education		
Bachelor and below	292	44.4
Master	276	41.9
PhD	90	13.7
Time period of using bank services		
Below 5 years	121	18.4
6~10 years	155	23.6
11~15 years	192	29.2
Over 15 years	190	28.9

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Table 2. Measurement results

Constructs	MLE estimates factor loading/ measurement error		Squared multiple correlation (SMC)	Composite reliability (CR)	Average of variance extracted (AVE)	Cronbach's α
Extrinsic Religiosity				0.908	0.666	0.907
ER1	0.755	0.430	0.570			
ER2	0.830	0.311	0.689			
ER3	0.892	0.204	0.796			
ER4	0.855	0.269	0.731			
ER5	0.737	0.457	0.543			
Intrinsic Religiosity				0.891	0.620	0.887
IR1	0.771	0.406	0.594			
IR2	0.819	0.329	0.671			
IR3	0.757	0.427	0.573			
IR4	0.839	0.296	0.704			
IR5	0.747	0.442	0.558			
Consumer Commitment				0.898	0.689	0.898
CO1	0.790	0.376	0.624			
CO2	0.769	0.409	0.591			
CO3	0.874	0.236	0.764			
CO4	0.882	0.222	0.778			
Consumer Materialism				0.910	0.669	0.895
MA1	0.788	0.379	0.621			
MA2	0.817	0.333	0.667			
MA3	0.846	0.284	0.716			
MA4	0.812	0.341	0.659			
MA5	0.827	0.316	0.684			
Consumer Preference				0.902	0.647	0.898
CP1	0.824	0.321	0.679			
CP2	0.819	0.329	0.671			
CP3	0.818	0.331	0.669			
CP4	0.815	0.336	0.664			
CP5	0.744	0.446	0.554			

Fit statistics (N = 658)

χ^2/df = 4.535, Goodness-of-Fit Index (GFI) = 0.874, Nonnormed fit index (NFI) = 0.897, Comparative Fit Index (CFI) = 0.917, Incremental fit index (IFI) = 0.918, and Root Mean Square Error of Approximation (RMSEA) = 0.073

Table 3. Correlation matrix for measurement scales

Constructs	Mean	SD	ER	IR	CC	CM	CP
ER	6.55	0.86	**0.815**				
IR	6.11	0.82	0.217**	**0.787**			
CC	5.82	1.23	0.137**	0.174**	**0.830**		
CM	5.50	1.33	0.090*	0.105**	0.191**	**0.818**	
CP	5.54	1.16	0.107**	0.100**	0.110**	0.248**	**0.805**

Note: ER: Extrinsic religiosity, IR: Intrinsic religiosity, CC: Consumer commitment, CM: Consumer materialism, CP: Consumer preference

SD: standard Deviation

Diagonal elements are the square roots of the AVE for each construct

Pearson correlations are shown below the diagonal

Significant at *: $p<0.05$, **: $p<0.01$, ***: $p<0.001$

Table 4. Proposed model results

Hypotheses	Symbol	Path			Coefficients	Test results
H1a	γ_{11}	Extrinsic Religiosity	→	Consumer Commitment	0.143**	Supported
H1b	γ_{21}	Extrinsic Religiosity	→	Consumer Materialism	0.155*	Supported
H2a	γ_{12}	Intrinsic Religiosity	→	Consumer Commitment	0.275***	Supported
H2b	γ_{22}	Intrinsic Religiosity	→	Consumer Materialism	0.259***	Supported
H3a	β_{31}	Consumer Commitment	→	Consumer Preference	0.067*	Supported
H3b	β_{32}	Consumer Materialism	→	Consumer Preference	0.163***	Supported

Note: Significant at *: $p<0.05$, **: $p<0.01$, ***: $p<0.001$

Table 5. Mediation effects

IV	M	DV	IV->DV (c)	IV->M (a)	IV+M->DV		Bootstrapping 95% CI	
					IV (c')	M(b)	Percentile method	Bias-corrected
ER	CC	CP	0.127**	0.197***	0.144***	0.091**	[0.013, 0.031]	[0.015, 0.036]
Standard Error			0.053	0.056	0.052	0.037		
ER	CM	CP	0.116***	0.139**	0.144**	0.210***	[0.014, 0.217]	[0.041, 0.248]
Standard Error			0.051	0.060	0.052	0.033		
IR	CC	CP	0.118**	0.260***	0.141***	0.090**	[0.009, 0.033]	[0.227, 0.249]
Standard Error			0.056	0.058	0.054	0.037		
IR	CM	CP	0.105**	0.170**	0.141**	0.210***	[0.001, 0.210]	[0.033, 0.249]
Standard Error			0.053	0.062	0.054	0.033		

Note: ER: Extrinsic religiosity, IR: Intrinsic religiosity, CC: Consumer commitment, CM: Consumer materialism, CP: Consumer preference

Significant at *: $p<0.05$, **: $p<0.01$, ***: $p<0.001$

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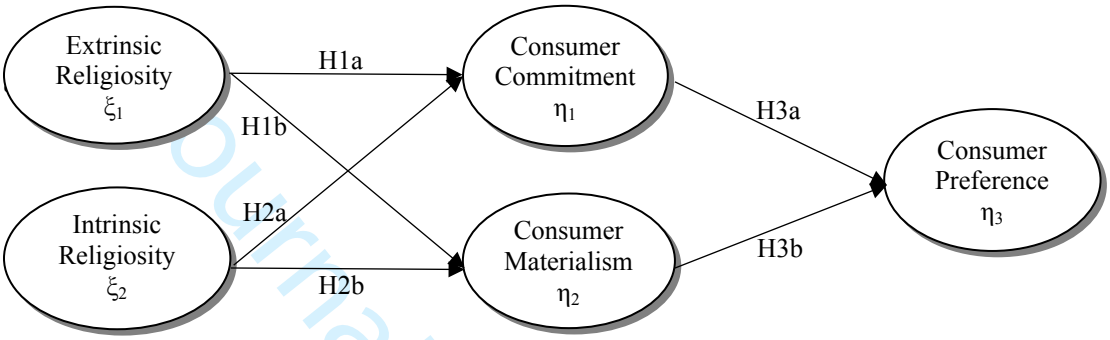

Figure. 1. Proposed research model.

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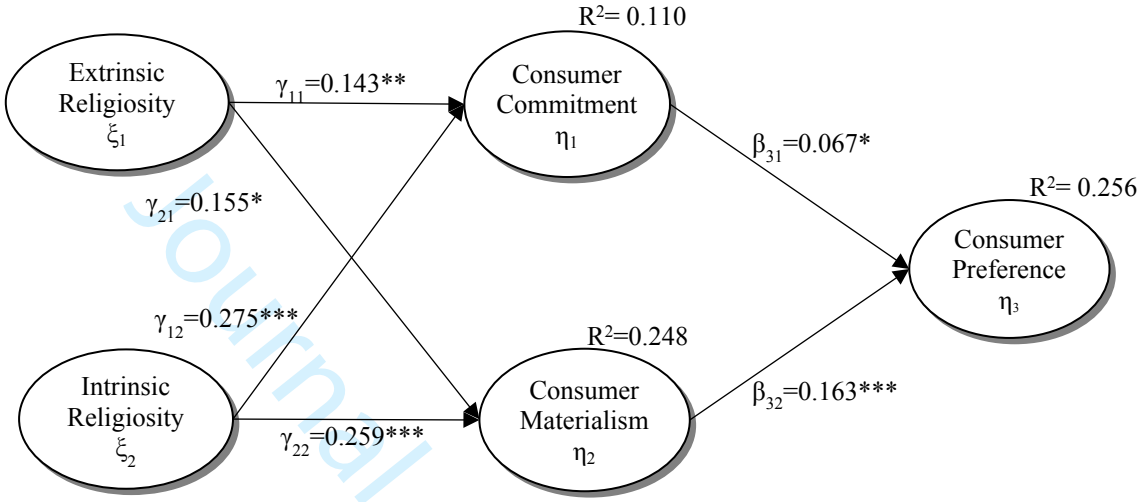

Note: Model fit: χ^2 = 1,170.52, df =246, χ^2/df = 4.758, GFI = 0.866, NFI = 0.890, CFI = 0.911, IFI = 0.911, and RMSEA= 0.076.

Figure. 2. Structural model.

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2. Bukti konfirmasi review dan hasil review pertama
(2 Pebruari 2021)

From: jw@islamicmarketing.co.uk

To: Junaidi@umpalopo.ac.id

CC:

Subject: Journal of Islamic Marketing - Decision on Manuscript ID JIMA-12-2020-0378

Body:

Dear Mr. Junaidi:

Manuscript ID JIMA-12-2020-0378 entitled "The consumers' commitment and materialism on Islamic banking: The role of religiosity" which you submitted to the Journal of Islamic Marketing, has been reviewed. The comments of the reviewer(s) are included at the bottom of this letter.

The reviewer(s) have recommended publication, but also suggest some minor revisions to your manuscript. Therefore, I invite you to respond to the reviewer(s)' comments and revise your manuscript.

To revise your manuscript, log into https://mc.manuscriptcentral.com/jima and enter your Author Centre, where you will find your manuscript title listed under "Manuscripts with Decisions." Under "Actions," click on "Create a Revision." Your manuscript number has been appended to denote a revision.

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Once again, thank you for submitting your manuscript to the Journal of Islamic Marketing and I look forward to receiving your revision.

Sincerely,
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Reviewer(s)' Comments to Author:
Reviewer: 1

Recommendation: Minor Revision

Comments:
Well written paper, however literature review can be extended.
Further reading and review.
Nugraha, Y. D., & Widyaningsih, Y. A. (2021). The moderating role of gender and religiosity on the EMA model: an Indonesian Muslim pilgrim perspective. Journal of Islamic Marketing.
Baber, H., & Zaruova, C. (2018). Religion and Banking: A Study of Islamic Finance in India. The Journal of Industrial Distribution & Business, 9(6), 7-13.
Abdelsalam, O., Chantziaras, A., Ibrahim, M., & Omoteso, K. (2020). The impact of religiosity on earnings quality: International evidence from the banking sector. The British Accounting Review, 100957.
Baber, H. (2019). Influence of Religiosity on the Behavior of Buying Sports Apparel: A Study of the Muslim Market Segment in India. Organizations and Markets in Emerging Economies, 10(20), 212-226.
Baber, H. (2018). Factors Influencing the Intentions of Non-Muslims in India to Accept Islamic Finance as an Alternative Financial System. Journal of Reviews on Global Economics, 7, 317-323.

Additional Questions:

1. Originality: Does the paper contain new and significant information adequate to justify publication?: Paper looks new and novel findings

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: Well reviewed past studies still missed few important studies on religiosity and Islamic banking.
Review the following studies and extended the literature review .

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: Which sampling method was used?
What about non response bias as Indonesia is large populated country.

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: What about indirect and direct effects?

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: Discussion section can be extended.

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: Cam be improved

Reviewer: 2

Recommendation: Major Revision

Comments:
The topic of the paper is interesting. The paper needs improvements.

Additional Questions:
1. Originality: Does the paper contain new and significant information adequate to justify publication?: The paper has new and significant information to justify publication.

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: The paper demonstrates an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: In testing the mediation effect, the study employed structural equation modeling (SEM) analyses with additional regression analyses using the PROCESS macro. See this reference https://doi.org/10.1177/1470785320915686 whereby '...the PROCESS approach is not needed when mediation is examined with PLS-SEM.'

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: The presentation of results is clear. At the beginning of the conclusion, it is better to summarize the results first, illustrating clearly which hypothesis is positive or negative, and then discuss the theoretical implications and practical implications.

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: The implications are not clear, for example, page 12 lines 17-21. The paper needs to construct clear and relevant practical implications.

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: The paper needs to be thoroughly proofread. Focus on sentence construction. Many of the sentences are not clear, for example:

Page 4 lines 50-55
Page 8 lines 40-44

Date Sent: 02-Feb-2021

3. Bukti konfirmasi submit revisi pertama, respon kepada reviewer, dan artikel yang diresubmit
(10 Pebruari 2021)

The consumers' commitment and materialism on Islamic banking: The role of religiosity

Journal:	*Journal of Islamic Marketing*
Manuscript ID	JIMA-12-2020-0378.R1
Manuscript Type:	Research Article
Keywords:	Religiosity, Consumer commitment, Consumer Materialism, Consumer Preference

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We would like to thank the Editor and Reviewers for their detailed and helpful feedback regarding our manuscript, and for providing us with the opportunity to revise our manuscript. We have revised the manuscript according to the Reviewers' recommendations. We did our best to give diligent and thoughtful consideration to each of the issues raised by the Reviewers in revising the paper.

Response to Reviewer1's Comment

Thanks so much for your thoughtful and helpful review. We have addressed your concerns below. If there were specific ways, you would like us to address any remaining concerns, please let us know.

Well written paper, however literature review can be extended. Further reading and review.

Nugraha, Y. D., & Widyaningsih, Y. A. (2021). The moderating role of gender and religiosity on the EMA model: an Indonesian Muslim pilgrim perspective. Journal of Islamic Marketing.

Baber, H., & Zaruova, C. (2018). Religion and Banking: A Study of Islamic Finance in India. The Journal of Industrial Distribution & Business, 9(6), 7-13.

Abdelsalam, O., Chantziaras, A., Ibrahim, M., & Omoteso, K. (2020). The impact of religiosity on earnings quality: International evidence from the banking sector. The British Accounting Review, 100957.

Baber, H. (2019). Influence of Religiosity on the Behavior of Buying Sports Apparel: A Study of the Muslim Market Segment in India. Organizations and Markets in Emerging Economies, 10(20), 212-226.

Baber, H. (2018). Factors Influencing the Intentions of Non-Muslims in India to Accept Islamic Finance as an Alternative Financial System. Journal of Reviews on Global Economics, 7, 317 323.

Response: Thank you so much for your positive comment. The literature review based on Islamic bank and religiosity has been revised as suggested (Part 2.1 Islamic bank and Finance and 2.3 Religiosity) and we added five references to enhance the quality of literature review.

1. Amin, H. (2017), "Consumer behaviour of Islamic home financing: Investigating its determinants from the theory of Islamic consumer behaviour", *Humanomics*, Vol. 33 No. 4, pp. 517-548.
2. Elgari, M.A. (1990), "Some Islamic insights on the theory of consumer behaviour", *Journal of Objective Studies*, Vol. 2 No.1, pp.1-9.

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3. Khan, M.F. (1995), Essays in Islamic Economics, The Islamic Foundation, Leicester.
4. Md-Ilyas, Q.S. (1992), "Dimensions of Muslim religiosity: Measurement consideration", In Ansari, Z.A. (Ed.), *Qur'anic concepts of human psyche* (pp. 99-114), Institute of Islamic Culture, Islamabad.
5. Nugraha, Y. D., & Widyaningsih, Y. A. (2021). The moderating role of gender and religiosity on the EMA model: an Indonesian Muslim pilgrim perspective. Journal of Islamic Marketing.

1. Originality: Does the paper contain new and significant information adequate to justify publication? Paper looks new and novel findings
   Response: Thanks for your positive comments and encouragement.
2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: Well reviewed past studies still missed few important studies on religiosity and Islamic banking. Review the following studies and extended the literature review.

   Response: Thank you so much for your positive comment. The section has been changed as suggested (2.1 Islamic banking and Finance, 2.3 Religiosity) as well as research question, research objectives, research contribution have been rearranged to make the clear of the paper.

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: Which sampling method was used? What about non response bias as Indonesia is large populated country.
   Response: Thanks for your valuable comment. We have provided more details about the reliability and validity of the constructs in the measurement model (Part 3.1 and 3.2) and method to avoid single source bias and part of *4.3 Common method variance* (*CMV*) to examined the quality of data.
   3.1 Questionnaire design, pretest, and pilot study
   This study adopts scales with high reliability and validity and uses multi-item scales for all of the constructs from prior studies in the proposed model. This study conducts a pretest and pilot test to validate the measurement items' wordings of constructs and revise wordings for the Islamic bank context in Indonesia. It was used to ascertain whether the participants understood each of the questions and revised wordings to prevent single source bias (Podsakoff *et al*., 2003).

Hair Jr et al. (2019) stated that the pilot test was used to identify various responses, implications, difficulties, attentiveness and kindness of the participants related to the questions in the pre-test. A minimum of 20 participants was recommended for each construct to boost the quality of the instruments in order to avoid ambiguity and wording error in the participants' responses. Subsequently, pilot test was carried out on 120 samples and this was considered adequate for statistical analyses (Hair *et al*., 2019).

3.2 Sample and data collection

The consumers of the Indonesian Islamic banking system were requested to fill out an online survey in addition a cash prize of 5,000 Indonesia rupiahs (IDR) donated by the Tahfidz School was to be complete survey in order to increase their response rate. This online survey was carried out using Google Forms and this lasted from July 1 to August 31, 2020. Conversely, various control and filter questions were anonymous and random construct was carried out to avoid bias and ensure the survey is valid. The purpose of the filter questions was to ensure that the respondents fit the two basic restrictions, namely a minimum age of 18 years, need to have an account(s) with Islamic bank(s) and the respondents need not be forced to participate in the survey. The samples were gathered from random convenience sampling involving 680 consumers of Islamic banks. However, 658 samples were valid, this indicates a completion rate of 96.76 %. Table I shows the respondents' demographics. Indonesia was selected for data collection because it is the largest Muslim country worldwide, with 257 million (Statista, 2020). This study validated the relationship between religion and consumer preference.

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper? What about indirect and direct effects?

Response: Thanks for your valuable comment. We have provided more details about the result of mediation effect and added mediation hypotheses.

4.3 Mediating effect

This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the mediation effects of consumer commitment/materialism between extrinsic/intrinsic religiosity and consumer preference. Bootstrapping is a nonparametric statistical procedure in which the dataset is repeatedly sampled. Mediation analysis showed that the 95% CIs of all tested indirect effects were not including zero. Table V shows the partial mediator of variables (e.g., consumer commitment and consumer materialism) between religiosity (e.g., extrinsic and intrinsic) and consumer preference. The results from

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the regression show that the entire are partial mediators. It was therefore concluded that religiosity (extrinsic and intrinsic) has a significant in direct and indirect effect on Islamic bank preference through consumer commitment and materialism. All the aforementioned mentioned conditions were met because from H3b, H3c, H4b and H4c are supported.

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper? There are implications but there are no study limitations and areas for further research. This need to be catered for. The implications need to be strengthened further.

Response: Thank you so much for your positive comment. This section has been revised as suggested and provide practical implications from two perspectives (i) policy implications (2) managerial implications.

The study suggest that academics, government, and Islamic bank managers need to strategically publicize the discussions of essential topics regarding religion which have strong relationship with consumers' commitment, materialism and behavior. This needs to be an effective two-way communications, and timely responses to questions from people, particularly the compliance of a product with Islamic law. In the educational context, the results from this study permits the analysis of specific cases such as failed products and low market share of Islamic banks. Furthermore, religion is also treated as an enlightening media that allows people to share their expertise and knowledge.

Most importantly, the role of the shariah supervisory board (SSB) and financial services authority (OJK) serve as regulators to control the banking operations, and to make sure the operation to be compliant with Islamic law which is one of the essential indicators for strengthening the relationship between consumers. In this regard, the regulators are expected to play a pivotal role with clearly established regulation and supervision mechanisms to prove Islamic bank is different from conventional banking. Additionally, a comprehensive mechanism and intensive coordination are essential factors that support Islamic banking's sustainability and its success in competing for both in the local and global markets.

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6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: Can be improved?
   Response: Thank you so much for your positive comment. Our manuscript has been checked by English expert.

Response to Reviewer 2's Comment

Thanks so much for your thoughtful and helpful review. We have addressed your concerns below. If there were specific ways, you would like us to address any remaining concerns, please let us know.

Comments:
The topic of the paper is interesting. The paper needs improvements.

1. Originality: Does the paper contain new and significant information adequate to justify publication? The paper has new and significant information to justify publication.
   Response: Thank you so much for your positive comment.
2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored? The paper demonstrates an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources.
   Response: Thank you so much for your positive comment.
3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: In testing the mediation effect, the study employed structural equation modeling (SEM) analyses with additional regression analyses using the PROCESS macro. See this reference https://doi.org/10.1177/1470785320915686 whereby '...the PROCESS approach is not needed when mediation is examined with PLS-SEM.'
   Response: Thank you so much for your positive comment. However, in recent study we refers to Hayes (2018) to validate the variables mediator effect. We added one sentence to support the argument in the part 3.4 Data analysis.
   Thereafter, descriptive statistics using frequency distribution were generated. Pearson correlation coefficient was also used to determine the relationship between

predictor (extrinsic and intrinsic religiosity, consumer awareness and attitude) and criterion variables (consumer preferences to adopt Islamic banking). Third, common method variance (CMV) was adopted as a prevention and post-detection technique. Lastly, this study applied a mediation procedure. Baron and Kenny (1986) designed another method besides the statistical test which focuses on the procedure for determining the mediation effects. Therefore, this study applied the Hayes (2018) bootstrapping method to examine the mediating and indirect effect of consumer awareness and attitude on religiosity and preferences.

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper? The presentation of results is clear. At the beginning of the conclusion, it is better to summarize the results first, illustrating clearly which hypothesis is positive or negative, and then discuss the theoretical implications and practical implications.

   Response: Thank you so much for your positive comment. The part of 4.2 Structural model, 5.1 Key Finding and 5.4 Practical Implication have been revised as suggested.

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper? The implications are not clear, for example, page 12 lines 17-21. The paper needs to construct clear and relevant practical implications.

   Response: Thank you so much for your positive comment. This part has been revised as suggested.

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: The paper needs to be thoroughly proofread. Focus on sentence construction. Many of the sentences are not clear, for example:

   Page 4 lines 50-55

   Page 8 lines 40-44

   Response: Thank you so much for your positive comment. Our manuscript has been checked by English expert.

The consumers' commitment and materialism on Islamic banking: The role of religiosity

Abstract

Purpose - *This research investigates whether and how religiosity (e.g., extrinsic and intrinsic) influences the mediator variables (consumers' commitment and materialism) in the Islamic bank consumers context. It also examines how the mediators should be influence consumers' preferences.*

Design/methodology/approach - *658 Muslim people and Islamic bank consumers were recruited for a survey study and Structural Equation Modeling was used to test the research hypotheses.*

Findings - *The empirical results indicate that religiosity (e.g., extrinsic and intrinsic) has significant and positive effects on consumers' commitment and materialism, whereas intrinsic religiosity has no significant effect on consumers' commitment which subsequently influences consumers' preference. Furthermore, as mediator variables (e.g., consumers' commitment and consumers' materialism) have partial mediators between religiosity and consumers' preferences.*

Research limitations/implications - *The current study was limited to Indonesian Muslim people; there is a future need to study consumers' attitude and engagement in religious products and services (e.g., Islamic brand). It is can help practitioners, regulators and researchers to observe the dynamic behavior to elaborate on the impact of religion and Islamic products on consumers' preference.*

Practical implications - *The bank managers and regulators should enhance the information of products and services Islamic banks and the difference principle between conventional banks. As well as, enlighten the consumers about the principle operation of Islamic banks from the perspective of marketing and religiosity.*

Originality/value - *This study contributes to consumers' behavior literature and, specifically, for the decision-making process through developing and testing a model of religion determinants towards Islamic bank products as well as offers new insights into the determinants of religion and consumers' decision process towards Islamic banking.*

Keywords: Religiosity, Consumer commitment, Consumer materialism, Consumer preference
Paper type: Research Paper

1. Introduction

In 2030, the population of Muslims will be more than 25 percent worldwide. Furthermore, more than 10 percent of people in several European countries and the United States are Muslims (Muhamad and Mizerski, 2013; Solomon, 2018). This phenomenon will directly affect the increase of demand for products and services that appeal to mainstream Islamic law (Usman *et al*., 2017; Sandikci, 2018). Some companies have accommodated this trend in the marketplace (Solomon, 2018). However, compared to materialism (e.g., profit and reputation of the bank), religion is the most crucial factor in affecting consumer decision-making due to the extent of allowing and prohibiting doctrine (Ali *et al*., 2019; Raab *et al*., 2020). Nevertheless, the literature which provided this field remains embryonic (Mortimer *et al*., 2020; Minton *et al*., 2019), specifically in Islamic bank extrinsic and intrinsic religiosity in the marketing field.

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In the financial sector, over a decade, Islamic banks global assets reached to USD 3.5 trillion and spreaded not only in the region with the majority Muslim people such as the Middle East, Gulf district, Southeast Asia, and South Asia but also develop in some countries with Muslim' is minority such as Australia, New Zealand, Norway and UK (IMF, 2019). For most Muslim people, religion is an essential conviction and significant factor in their behavior (Raaf *et al*., 2020; Sharma *et al*., 2017; Usman *et al*., 2017). Allport and Ross (1967) introduced two main dimensions of religiosity: Extrinsic and intrinsic religiosity. Those dimensions are a high value to consumers materialism (Arli *et al*., 2020a; Raggiotto *et al*., 2018) and consumers commitment (Arli *et al*., 2020b; Gheitani *et al*., 2018), which can directly affect consumers want in the form of products and services processes in relational marketing (Keiningham *et al*., 2015; Mortimer *et al*., 2020).

Some researchers have launched the concept of consumers' behavior toward religious products and services (Arli *et al*., 2020b; Minton *et al*., 2019; Mortimer *et al*., 2020). However, few studies have examined religion's role on consumer commitment and materialism, which subsequently influence preference for religious products and services (Sandikci, 2018). Arli et al. (2020b) and Raggiotto et al. (2018) concluded that Muslim consumer commitment and materialism positively correlate with consumer preference. Moreover, these interactions are typically associated with religious issues and a set of beliefs (Tabrani *et al*., 2018). Therefore, products and services conducted with Islamic law have become one of the essential aspects of consumer-Islamic bank relationships. However, Indonesia is a specific case, with 229 Muslim population, it is the most significant worldwide (IbTimes, 2020), with the market share of Islamic banks is 5.78 percent (OJK, 2020). This is a signal few Indonesian Muslim people join to Islamic banks. Validating the consumer desire and need based on religion is vigorous due to philosophical concept and the rule of the belief system of people have a crucial effect on consumer preferences (Islam and Chandrasekaran, 2019). In the Islamic context, Pepinsky (2013) and Usman et al. (2017) examine some factors that effectively influence the Muslim consumer decision. However, their studies are focused on service value (e.g., ATM, location of the office, employee service, etc.) without precise measurement of the participants' level of religiosity. Besides, earlier researches ignored the effect of religiosity (e.g., extrinsic and intrinsic) on Muslims' consumer preferences.

This study aims to address this gap by examining the dimension of religiosity that consumers prefer among Muslim people in Indonesia. Furthermore, this study will also examine the role of consumer commitment and materialism as a mediator between consumers' religiosity and preference. The low market share of Islamic banking in Indonesia made it essential to understand whether religiosity as the primary factor of Muslim people has a positive and significant effect of influencing their decision. Ali et al. (2019) and Arli et al. (2020a) revealed that individual religiosity has a positive effect on consumer commitment and materialism. However, prior studies have some limitations, such as the more focus on small respondents with a low level of income and did not incorporate the role of consumer commitment and materialism in the relationship between consumers' religiosity and preference. In their study, Islam and Rahman (2017) and Tabrani et al. (2018) recommended future research to investigate the relationship between religiosity and consumer preference and the connection these fields with their commitment and materialism. This can help achieve a holistic view of the relationship between these variables and give insights to the industry players. It can assist in testing the generalizability of the social identity theory (SIT) more comprehensively. Building upon earlier studies discussion on Islamic consumers' behavior across the countries and combining this with insights from the religiosity literature, we aim to provide answers to the following research questions:

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RQ1. Does the religious level truly make Muslim people are more committed to Islamic banks and less materialism in Indonesia?
RQ2. Whether religiosity has a positive effect on consumer preferences and mediator variables (consumer commitment and materialism)?

In answering these questions, this study aims to examine religiosity (e.g., extrinsic and intrinsic) on consumer preference with commitment and materialism as mediators. Furthermore, recent research provides several theoretical and practical contributions. First, this study links religiosity and consumers' inclination in a banking context with social identity theory. Second, prior studies that examine the relationship between religiosity and consumers' preferences have neglected the mediating variable on marketing context (Arli *et al*., 2020a; Gheitani *et al*., 2018). In this regard, both mediators and religiosity are related to self-righteousness (Raab *et al*., 2020; Tabrani et al., 2018). It can help academicians and practitioners better understand the factors that affect consumers' religiosity to their attitudes and awareness, which subsequently influence their decision to adopt Islamic banks. Thus, pretentiousness is an arbiter of responsibility, realism, and strictness on consumers' behavior. Third, this study examines the relationship between strictness and customer preferences.

This research is divided into the following sections, namely literature review, methodology, key findings, conclusion, limitations, and directives for future studies. It is also expected to provide more insight on religiosity and social identity theory (SIT) for academics and practitioners.

2. Literature review

2.1 Islamic banking and finance

According to Elgari (1990), there are two concepts of Islamic consumers' behavior. Firstly, its primary objective is associated with Muslims; secondly, products' preference is based on halal and Thayyib (good for everyone in the environment). Khan (1995) emphasized two essential aspects of this concept. Firstly, it is expected of a Muslim consumer to prioritize these products brilliantly. Secondly, their decisions are dependent on four levels. First, there are two types of spending, explicitly for Allah's (S.W.T) sophisticated needs and cause. Second, future and recent consumption principles need to be based on Islamic law. The third is associated with the importance of Maqasid-Shariah in all aspect of life, while the fourth, brilliant decision is choosing between alternatives. Amin (2017) included four other concepts before the Islamic banking context (1) the entire activities of Muslims are referred to as the Tawhid concept, (2) the close relationship between religiosity and consumer behavior, (3) developed the concept of Maqasid-Shariah and dimension of "Ihsan" and (4) the significance of the religious aspect in Islamic banking. These viewpoints all tend towards unity and developing a mutual relationship. Therefore, consumer preference is defined as the potential to select Islamic banking products based on the Maqasid-Shariah principle.

In general, Islamic banks are based on four Islamic principles: Mudharaba (trust financing), musharaka (benefits and loss sharing), murabaha (cost-plus financing), and ijara (leasing), where profits and risks are equally shared between community members. Some activities included Riba (interest), gambling, gharar (speculative trading) are prohibited. It makes the operational system quite different from conventional banks. Mudarabah (profit sharing) is a contractual relationship between the bank (Shahibul maal) and Mudarib (borrower) toward a profit-sharing arrangement. Musharakah (profit and loss sharing) is a joint venture partnership where both banks and other partners provide capital and share the profit and loss on an agreed ratio. Most Islamic banks argued

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Musharakah is the closest Islamic finance alternative to interest-based financing. Murabahah (sale of goods with markup) is a sales-based contract where the buyer (borrower) provides the necessary information to the bank regarding its purchasing requirements (Shome *et al*., 2018). The bank then purchases the product and sells it to the buyer with a margin for profit. Ijarah is a leasing contract in conventional leasing. However, in Islamic banks, the lender buys a good and leases it to the customer for a given period and a given rent. Hence the bank does not make money from money in compliance with Islamic law as it converts money into tangible assets to make the transaction.

2.2 Social identity theory (SIT)

According to Tajfel (1981), social identity is the psychological part of personal beliefs and knowledge in the social groups. It has two famous operational levels: personal level (i.e., related to a personal sense of self) and social identity (i.e., related to groups to which a person belongs it). The personal and social sense of self has a strong correlation with a social affiliation (group) such as religion, which directly affects people's consumption patterns and behavior. In the marketing context, the social identity impacts personality behavior and commitment (Forehand and Deshpandé, 2001; Grier and Deshpandé, 2001). Meanwhile, in the context of religion, more effective to influence social groups and consumers' preferences. Conceptual social identity in the marketing and religious fields comprises cognitive, affective, and evaluative levels (Hogg, 2016).

At the cognitive level, consumers established utilitarian attitudes and commitments toward religious products. An example is that Muslims develop a positive attitude toward halal products, which is Islamic principles. At the affective level, consumers tend to develop a positive desire toward religious products and services, which plays a crucial role to product commitment (Bergami and Bagozzi, 2000). Self-esteem has plays a vital role in improving their statuses in community groups (Bergami and Bagozzi, 2000). Using religious products will be enhancing consumers' statuses in the religious groups which they participated in. Consumers who admire and are strict religious practitioners show positive attitudes and a high level of commitment toward religious products, compared to people who are not serious about their religion. Social identity theory (SIT) has relevance for this study due to provides a theoretical foundation for discovering religion as an explanatory mechanism that has correlated with more frequent formal religious participation and psychological well-being. SIT suggests more frequent formal religious participation would be associated with closer identification as a member of one's religious group. This aspect of identity, in turn, would account for higher levels of psychological well-being. It is crucial to affect consumer commitment, materialism, and the decision-making process to products and services preference (Arli *et al*., 2020b; Minton *et al*., 2019).

2.3 Religiosity

According to Md-Ilyas (1992), Islamic law has two primary dimensions that address Muslim life: Theoretical (e.g., faith) and practical. As a central rule, the faith concept comprises of knowledge (ma'rifah) described as information concerning Islam (Qur'an and Sunnah), belief (aqidah) possesses five elements of Muslim belief (belief in God, angels, Qur'an, prophets and Muhammad). Other, dimension is practice (amal) includes the expectant behavior of Muslims. Consequence (natijah) is a condition of life that is based on knowledge, belief and practices. It is a different fundamental concept between Western, which recognized religion as a cultural representation to stimuli people's behavior (Stolz and Usunier, 2019). Islamic scripts have been provided on what kinds of rules regarding which products and services are authorized and which

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are prohibited (Amin, 2020; Nugraha and Widyaningsih, 2021; Shome et al., 2018) to lead the Muslim life with a set of behavioral roles with seld commitment.

In the marketing context, religiosity is referred to as an individual's commitment to belief and practice (Muhamad and Mizerski, 2013; Stolz and Usunier, 2019). It is essential to affect their behavior regarding a specific brand of products and services (Ali *et al*., 2019;). The demand for Islamic banks increases due to the Muslim people accessing financial products and services based on Islamic law. It avoids them interacting with conventional banks which applied interest principles in their system (Islam and Rahman, 2017; Sharma *et al*., 2017). However, prior studies avoid applying religiosity (e.g., extrinsic and intrinsic) field variables into consideration despite the that many scholars have studied religiosity in the consumer behavior context (Muhamad and Mizerski, 2013).

According to Allport and Ross (1967), extrinsic religiosity motivated people to use their religion and to consider their personal benefit-religion which is as a mean to some forms of utility, either personal or social (e.g., joining a mosque to make business or social connections), whereas intrinsic religiosity motivated individuals' life, their religion and religion treat as an end unto itself regardless of external consequences to reflect the true spirit of their beliefs in their actions (Arli *et al*., 2020b; Mortimer *et al*., 2020). Based on the instruments, extrinsic religiosity has two dimensions, namely social and personal. Social extrinsic religiosity aims to achieve social outcomes, such as making friends or gaining acceptance within a community, thus utilizing religion as a means to an end. On the other hand, personal extrinsic religiosity focuses on personal, individual objectives, such as happiness, security, or enlightenment. The measures of intrinsic, social, and personal extrinsic religiosity have been applied successfully across several religious contexts, including Islam (Ji and Ibrahim, 2007).

2.4 Consumer commitment

In the marketing literature, commitment is a crucial construct that explains the relationship between customers and firms (Keiningham *et al*., 2015; Minton *et al*., 2019; Morgan and Hunt, 1994) as well as customer's willingness of maintaining a relationship with a specific product (Islam and Rahman, 2017; Tabrani *et al*., 2018). Researchers can focus on the relationship between religiosity, commitment, and preference, which is an exciting phenomenon to appreciate. The relation between religiosity and consumer commitment occurred toward two-dimensional construct, namely extrinsic religiosity (i.e., more behavioral aspects) and intrinsic religiosity (i.e., more spiritual aspects) (Arli *et al*., 2020a). Moreover, these dimensions positively affect their commitment in both value-expressive and social-adjustive (Gheitani *et al*., 2018). Therefore, it is worthy of validating the relationship between religiosity and an individual's commitment.

In the marketing field, commitment has classified into three sub-components, which are affective, calculative, and normative (Keiningham *et al*., 2015). Affective commitment refers to the psychological and emotional advocacy of consumers. It makes the consumers loyal to the firm or brand due to honest attachment and a sense of belonging. This is important to build a relationship with the seller from the personality positive experiences. In Islamic bank consumers, this is crucial as they rely upon experiential positioning and continuously strive to build long-term relationships (Tabrani *et al*., 2018).

Calculative commitment defined as a constraint-based relationship formed due to the cost an employee would face if they were to leave the firm (Shukla *et al*., 2016, p. 324). This concept has been examined in business and consumer studies, such as consumer behavior (Islam and Rahman, 2017) and consumer preference (Muhamad and Mizerski; Shukla *et al*., 2016). The negative effect

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of cognitive commitment will influence the consumer to switch to other products or services (Shukla *et al*., 2016). The above evidence suggests that consumers may calculate the potential psychological effect due to switching, along with the attractiveness of the available alternatives. Given that Islamic bank products and services are marketed as unique products and services due to mentions of religion principle (Muhamad and Mizerski, 2013), and customers are likely to evaluate the products of staying with the brand or switching to a conventional bank, significantly higher than they would do so for non-Islamic bank products. Additionally, as discussed earlier, recent industry reports indicate the low market share of Islamic banks. Therefore, understanding the causes and consequences of the Islamic bank's calculative commitment merits further attention and essential construct in the marketing context. However, past studies have focused on calculative and affective commitment rather than combine the dimensions (Tabrani *et al*., 2018). Nevertheless, in the Islamic banking context, normative commitment is a significant factor in retaining consumers due to Islamic banks offering religious relationships to stay committed.

Normative commitment is a form of relationship based on subjective norms established over time, where the consumer feels that they ought to stay with the firm (Shukla *et al*., 2016). This concept is accommodated their perceptions, which can be influenced by the religious level. The relevance of Muslim consumer preference regarding Islamic bank products and services have a strong correlation with consumer commitment and subsequently affects decision-making (Islam and Rahman, 2017; Sharma *et al*., 2017; Tabrani *et al*., 2018). The consumers who attached Islamic products and services will demonstrate their sense of belonging to the religious brands to align their feelings with the need to confirm. Since Islamic bank products and services have a strong and inherent link to an individual's desire for societal integration (Shukla *et al*., 2016), normative commitment represents an essential aspect of consumer preference towards Islamic banks. Therefore, this research measures the antecedents of consumer preference and consequences of consumer commitment and materialism towards Islamic bank products and services.

2.5 Materialism

Materialism is an individual's value system that helps acquire long-term possessions of beliefs and goals (Dittmar *et al*., 2014). It has emerged as the acquisition of value with subjective well-being and psychological tension. Materialism is widely viewed as an essential life of value regarding attitudes, behaviors and beliefs such as hedonic behavior and money (Raggiotto et al., 2018). Commonly, materialism is classified into two types: Instrumental materialism and terminal materialism. Instrumental materialism refers to the acquittance of monetary goals to fulfill individuals' desires, whereas terminal materialism refers to improving individuals' social statuses (Keiningham *et al*., 2015; Raggiotto *et al*., 2018). Both are important in attaining life satisfaction. Furthermore, material desire and the degree of satisfaction depend on individuals' religiosity level (Rahman *et al*., 2017; Rauf *et al*., 2018).

In the financial context, materialism relates to individuals' approaches and desires to increase their financial status, known as extrinsic materialism. It is related to competitiveness, egoism, envy, jealousy, and self-interest (Seuntjens *et al*., 2015). The level of materialism resulted from different religiosity levels (Arli *et al*., 2020b; Raggiotto *et al*., 2018). In other words, materialism can be viewed as the value a consumer places on the acquisition and possession of material objects. However, there are more prone to luxury good and consumption pattern of food. When assessed through a broader array of materialistic goals (e.g., money and consumer value), which are influenced by religious level, materialism potentially mixed predictors of consumer preference and shapes consumer preference. The research framework is shown in Figure 1.

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*** Insert Figure 1 here ***

2.6 Hypotheses

2.6. 1 1 The relationship between extrinsic religiosity and consumer commitment/materialism

Scholars used categorical scales to measure individual affiliation to religion (Arli *et al*., 2020a; Muhamad and Mizerski, 2013). Religious affiliation refers to an individual's adherence to a particular religion, whereas religious commitment is the degree of an individual's belief and behavior regarding the religion (Tabrani *et al*., 2018). It reflects this individual's involvement and participation in the religious activities (Arli *et al*., 2020b; Tabrani *et al*., 2018). These perspectives are vital features to the effect of religion on consumer commitment. The instrumental and utilitarian attachments towards the religion of an individual's orientation are based on her/his extrinsic religiosity (Allport and Ross, 1967), which provides scalability, self-justification, and spiritual comfort. Extrinsic religiosity is related to peace and intention to worship in the mosque to increase personal and community faith and knowledge to achieve other goals, namely social and personal (Mortimer *et al*., 2020; Raggiotto *et al*., 2018). The consciousness, sense of belonging, and loyalty of Muslim people to Islamic bank products and services are affected by their religiosity level and effectively reduce the individual love of money, such as subjective well-being toward interaction and income increase. Thus, this study proposes the following hypothesis.

H1. Extrinsic religiosity has a significant and positive effect on (a) consumer commitment and (b) consumer materialism.

2.6.2 The relationship between intrinsic religiosity and consumer commitment/materialism

Intrinsic religiosity, a value-driven by an individual's religious orientation, reflects her/his spiritual and religious belief (Allport and Ross, 1967) and is related to this individual's cognitive belief, attitude, identity and value, which influences her/his commitment (Arli *et al*., 2020a). It is has become an individual's motivation for harmony life and religious belief to fulfill her/his religious need and value for living guidelines in daily life. The intrinsic dimension leads to inherent and spiritual objectives (i.e., serve for religion or community) for individuals with a strong commitment to religion and directs their behavior to use products and services based on religion principle, as well as a have become a foundation to reduce individual materialism, selfishness and increase to participate in the social-wellbeing activities. Prior studies concluded that intrinsic religiosity has affect consumer commitment (Mortimer *et al*., 2020; Tabrani *et al*., 2018) and consumer materialism (Islam and Rahman, 2017; Raggioto *et al*., 2018). Hence, this study proposes the following hypothesis.

H2. Intrinsic religiosity has a significant and positive effect on (a) consumer commitment and (b) consumer materialism.

2.6.3 The relationship between consumer commitment and consumer preference

Instrumental, attitudinal, and temporal components are the three significant components of commitment. An instrumental component is a form of investment, the attitudinal component is an affective commitment or psychological attachment and a temporal component indicates the time of the development of the relationship (Gheitani *et al*., 2018; Islam and Chandrasekaran, 2019; Tabrani *et al*., 2018). From the organizational perspective, consumer commitment maintains a valued relationship and plays an essential role in the relationship-marketing paradigm. Consumer

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commitment influences their decision on product preference and purchase intention (Keiningham *et al*., 2015; Shukla *et al*., 2016). In the banking field, consumers' relationships and sense of belonging influence their preference for Islamic bank products and services (Tabrani *et al*., 2018). Conventionally, consumers tend to switch to other banks if they perceive that they cannot profit from the relationship with a particular bank. However, in an Islamic banking context, the commitment makes them remain in the relationships with Islamic banks because they believe in an obligation to do so.

This study also considers consumer commitment's mediating role when examining the relationship between religiosity and consumer preferences. The ability to understand this mediating role's effect improves the quality of inferences, facilitates the acquisition of knowledge, and offers a substantial contribution to this study (Amin *et al*., 2017; Arli *et al*., 2020a). Preliminary studies discovered that a strong relationship exists between religiosity in Islamic countries and consumer behavior, which influences their preference of the products compliant with Shariah principle (Tabrani *et al*., 2018). Thus, this study proposes the following hypothesis.

H3a. Consumer commitment has a significant and positive effect on consumer preference.
H3b. Extrinsic religiosity has a positive effect on consumer preference which is mediated by consumer commitment.
H3c. Intrinsic religiosity has a positive effect on consumer preference which is mediated by consumer commitment.

2.6.4 The relationship between consumer materialism and consumer preference

Materialism is an essential aspect of consumer behavior (Arli *et al*., 2020b; Raggiotto *et al*., 2018). It plays a central role in an individual's life and determines her/his satisfaction or dissatisfaction. It reflects an individual's attitude toward money as the devotion to material needs and desires. Furthermore, this value will influence her/his mind and desire for goods and services preference (Rauf *et al*., 2018). Commonly the banking sector offered lucrative products and services to attract their consumers. As well as Muslim consumers have materialistic desires and preferences towards products according to Islamic law. Thus, it is a good marketing strategy and helps Islamic banks to retain their customers.

Moreover, consumer materialism's mediating role is essential in examining the relationship between religiosity and consumer preference. It improves the quality of study carried out on the Islamic banking system and offers an extensive contribution (Amin et al., 2017). Furthermore, preliminary studies reported that consumer materialism plays a crucial role between religiosity and consumer preference. Moreover, consumers are committed to products compliant with the Shariah principle and beneficial to them (Amin et al., 2017; Raggiotto et al., 2018; Tabrani et al., 2018). Hence, this study proposes the following hypothesis.

H4a. Consumer materialism has a significant and positive effect on consumer preference.
H4b. Extrinsic religiosity has a positive effect on consumer preference which is mediated by consumer materialism.
H4c. Intrinsic religiosity has a positive effect on consumer preference which is mediated by consumer materialism.

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3. Methodology

3.1 Questionnaire design, pretest, and pilot study

This study adopts scales with high reliability and validity. It uses multi-item scales for all of the constructs from prior studies in the proposed model about conducting a pretest and pilot test to validate the measurement items' wordings of constructs for the Islamic bank context in Indonesia. It was used to ascertain whether the participants understood each of the questions and revised wordings to prevent single-source bias (Podsakoff *et al*., 2003). The measurement items of this questionnaire are modified to fit the research context. The measurement items' wordings are reviewed by a professional English-Indonesian translator, master students, and 10 Islamic bank consumers. This study conducts twelve independent rounds (3 respondents for each round) to revise wordings based on comments for pretest. Subsequently, this study conducts a pilot test of the measurement items. It constructs to ensure the final formal survey's final wordings collected 120 samples for a pilot test to examine the reliability, convergent and discriminant validity with the suggested criteria before the formal survey. Hair Jr et al. (2019) stated that the pilot test was used to identify various responses, implications, difficulties, attentiveness and kindness of the participants related to the pretest questions. A minimum of 20 participants was recommended for each construct to boost the instruments' quality to avoid ambiguity and wording error in the participants' responses. Subsequently, a pilot test was carried out on 120 samples, and this was considered adequate for statistical analyses.

3.2 Sample and data collection

The Indonesian Islamic banking system consumers were requested to fill out an online survey; besides, a cash prize of 5,000 Indonesia rupiahs (IDR) donated by the Tahfidz School was to be complete every survey to increase their response rate. This online survey was carried out using Google Forms and this lasted from July 1 to August 31, 2020. Conversely, various control and filter questions were anonymous, and random constructs were carried out to avoid bias and ensure the survey is valid. The purpose of the filter questions was to ensure that the respondents fit the two basic restrictions, namely a minimum age of 18 years, need to have an account(s) with Islamic bank(s) and the respondents need not be forced to participate in the survey. The samples were gathered from random convenience sampling involving 680 consumers of Islamic banks. However, 658 samples were valid, and this indicates a completion rate of 96.76 %. Table I shows the respondents' demographics. Indonesia was selected for data. This study validated the relationship between religion and consumer preference.

*** Insert Table I here ***

3.3 Measures

The items used to measure each of the constructs are presented in the Appendix. Demographics such as gender, age, education, and period of using Islamic banks were included in the questionnaire. A seven-point Likert scale anchored between 1 ("strongly disagree") and 7 ("strongly agree") was used for all scale items. Extrinsic religiosity focuses on personal, individual objectives, such as happiness, security, or enlightenment. For example, a Muslim consumer with high personal extrinsic religiosity may pray in Mosque to comply with religious norms and improve their spirituality. Intrinsic religiosity refers to the frequency of mosque attendance, sense of God are principal influences on the relationship between religiosity and social and psychological well-being adapted from Ji and Ibrahim (2007) due to the instruments applied in prior studies and

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built from the Indonesian Muslim perspective. All items were used in Islamic banking study to measure consumer commitment, materialism, and preference adapted from Tabrani et al. (2017), Usman et al. (2017) and Amin et al. (2017).

*** Insert Appendix here ***

3.4 Data analysis

The data were analyzed using two statistical programs, namely SPSS 22 and AMOS 22 software. Furthermore, hypothesis testing was carried out by applying the structural equation model (SEM). The main advantage of using SEM is because it facilitates the separate use of factor and regression analyses to test the model. Besides, it is simultaneously used to estimate all the path coefficients. According to Byrne (2016), SEM provides two essential aspects of the procedure. First, it is used to determine the causal effects of the observed variables, and (b) the structural relations among variables enable a clear description of the theory examined in this study. The hypothesized model is comprehensively used to validate all the variables to determine consistency with the study.

After that, descriptive statistics using frequency distribution were generated. Pearson correlation coefficient was also used to determine the relationship between predictor (extrinsic and intrinsic religiosity, consumer awareness, and attitude) and criterion variables (consumer preferences to adopt Islamic banking). Third, standard method variance (CMV) was adopted as a prevention and post-detection technique. Lastly, this study applied a mediation procedure. Baron and Kenny (1986) designed another method besides the statistical test that focuses on determining the mediation effects. Therefore, this study applied the Hayes (2018) bootstrapping method to examine the mediating and indirect effect of consumer awareness and attitude on religiosity and preferences.

4. Results

4.1 Pilot study and *descriptive statistic*

The Means and standard deviations were adopted in this study to validate the subjective data and compare the variables that were initially observed in the first step (Byrne, 2016; Hair Jr *et al*., 2019). Table II shown the value of mean differences are stated in terms of standard deviations, therefore an effect size greater than .5 shows that the mean difference is one-half of the standard deviation. This means that, on the average, Indonesian Muslim tend to adopt Islamic banking products once it is introduced to them. The standard deviation for religiosity, consumer commitment, materialism and preference to adopt the Islamic banking system are small compared to their mean values, hence it is a good fit for the observed data.

4.2 Pearson correlation

The results from the correlation analysis are shown in Table II. Pearson' correlation coefficient analysis was carried out to determine the relationships among the variables (e.g., extrinsic, and intrinsic religiosity, consumer commitment, materialism and preferences). Pearson' correlation coefficient (r) was used because it is a parametric statistics and requires interval data for all variables (Byrne, 2016). As a result, bivariate-correlation analyses were obtained in order to generate the Pearson correlation coefficients used to measure the direction and size of the relationship between the variables investigated (Hair Jr *et al*., 2019).

Insert Table II here

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4.3 Common method variance (CMV)

This study adopted prevention and post-detection procedures to avoid and reduce the issue of common method variance (CMV). For prevention procedures, this study asked respondents to fill up the survey anonymously, randomized the order of measurement items, and obscured the labels for the constructs to reduce respondents' concerns (Podsakoff *et al*., 2003). For post-detection procedures, this study applied Harman's single-factor test proposed by Eichhorn (2014) and the common latent factor (CLF). The rationale for adopting the CLF is to conduct post-detection which is the inherent weakness of Harman's single factor test to detect the CMV (Eichhorn, 2014). The explained variance of the first factor was 42.50% which is less than 50.00%. Besides, the factor loading of CLF was 0.48 which indicated a 35.67% variance of CMV. The result showed no significant problem of CMV in this study.

4.4 Measurement model

This study conducted the measurement model by adopting the AMOS 22 software with maximum likelihood estimation. Table III shows the CFA model reproduces the covariance matrix of the observed variables with an adequate fit (Byrne, 2016; Hair *et al*., 2019): χ^2/df = 4.535, goodness-of-fit index (GFI) = 0.874, nonnormed fit index (NFI) = 0.918, comparative fit index (CFI) = 0.917, incremental fit index (IFI) = 0.918, and root mean square error of approximation (RMSEA) = 0.073. The composite reliability (CR) was above 0.800 with an average of variance extracted (AVE) above 0.600 for each construct. Besides, each item's factor loading and square multiple correlation was larger than 0.700 and the Cronbach's α for all constructs was more than 0.800 indicating a good convergent validity and reliability for all measurement items and constructs. Table III shows that all the correlation coefficients between each construct and the other constructs which indicating discriminant validity (Hair *et al*., 2019).

Insert Table III here

4.2 Structural model

The fit of data to the proposed model was adequate (Byrne, 2016; Hair *et al*., 2019): χ^2 = 1,170.52, df =246, χ^2/df = 4.758, GFI = 0.866, NFI = 0.890, CFI = 0.911, IFI = 0.911, and RMSEA= 0.076. This study empirically validates that extrinsic has a significant and positive effect on consumer commitmet and consumer materialism (γ_{11} = 0.143, p<0.005) and (γ_{12} = 0.155, p<0.010), respectively, supporting H1a and H2a, as well as intrinsic religiosity positive and significant effect to support H2a and H2b (γ_{21} = 0.275, p<0.001) and (γ_{22} = 0.259, p<0.001). This implies that the frequent prayer and interaction among Muslim possibly influences their decision with respect to the economy and financial sector. Specifically, the spiritual aspects are more likely to influence the Muslims' view of Islamic banking.

This study further confirms that consumer commitment and consumer materialism have a significant and positive effect on consumer preference (β_{31} = 0.067, p<0.010, β_{32} = 0.163, p>0.001). H3a and H4a are supported. This means that the majority participant belief Islamic banking system is compliant with the *Shariah* principle. It also offers solution to the financial sector and that the reasons consumer is compelled to bank with them. The commitment and materialism of this banking system includes the support to develop it which is based on profit and loss sharing, interest free and failure to invest in the prohibited sector (e.g., alcohol, gambling, etc.). This system is quite different from the conventional bank. Table IV shows the results of research hypotheses.

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Insert Table IV here
*** Insert Figure 2 here ***

4.3 Mediating effect

This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the mediation effects of consumer commitment/materialism between extrinsic/intrinsic religiosity and consumer preference. Bootstrapping is a nonparametric statistical procedure in which the dataset is repeatedly sampled. Mediation analysis showed that the 95% CIs of all tested indirect effects were not including zero. Table V shows the partial mediator of variables (e.g., consumer commitment and consumer materialism) between religiosity (e.g., extrinsic and intrinsic) and consumer preference. The results from the regression show that the entire are partial mediators. It was therefore concluded that religiosity (extrinsic and intrinsic) have a significant in direct and indirect effect on Islamic bank preference through consumer commitment and materialism. All the aforementioned mentioned conditions were met because from H3b, H3c, H4b and H4c are supported.

Insert Table V here

5. Discussion

5.1 Key findings

This study confirms that religiosity (e.g., extrinsic and intrinsic) significantly and positively influences consumer commitment and materialism, which subsequently affects their preference. There are confirms consumers' sense of belonging with Islamic banks have become mediators between consumer religiosity and their inclination to Islamic banks. These are innovative findings that, to our knowledge, have not been revealed by prior studies. Specifically, the findings show that Indonesian Muslim consumers' religiosity is high when they intend to read Koran, discuss related to religious principles and distinguish between conventional and Islamic bank principles in the group or community over their activities. It also corroborates that the Mosque has played a pivotal role in bridging people's minds and knowledge about Islamic law's worship and economic principles.

The uniqueness of the high of Muslim people religiosity is recognized with concern to Islamic law, conventional bank applying interest in their operating system which prohibited in Islamic law based on the instruction of Allah (God) in Koran Al-Baqarah: 275 with the meaning trading is law entire and forbidden Riba' (interest). Although, a bank launched beneficial products and services appeal to the people. However, it is not a guarantee that Muslim people will join with the bank until they are sure the products and services based on Islamic law and got a Halal certificate from a capable institutions' (e.g., Muslim scholar council). This study opposites to the prior studies (Arli *et al*., 2020a; Raggioto *et al*., 2018) which revealed materialism is the most important thing for consumer rather than religion. There are confirmed social identity theory (SIT) can explain the people's behavior toward fulfilling the specific religious products and services, which subsequently influences their preference (Raab *et al*., 2020; Keiningham *et al*., 2015; Rauf *et al*., 2018; Tabrani *et al*., 2018).

This study suggests that Islamic banks need to extend their campaign's duration concerning their products, which needs to be assessed (Fatwa) by an Islamic scholar. Therefore, effectively

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influence the Muslim commitment and materialism. It makes these products more attractive for consumers both in the economic and spiritual context. Moreover, the Islamic bank managers need to employ Islamic scholars and undergraduates as an agent of change to publicize this type of banking system. Similarly, enlightening consumers' and undergraduates by incorporating Fiqh Muamallah tends to strengthen consumers' commitment and loyalty. Subsequently, knowledge acquired from discussions related to businesses effectively influences consumers' preference of Islamic banking practices. These factors contribute to the formation and maintenance of individual and community relationships through a sense of belonging, all of which subsequently influence their decision. The results indicate that the primary motivators of social identify theory (SIT) context are the products and services preference. Specifically engage in groups to discuss and interact with others. Consequently, this behavior paves the way for communities' ultimate success in the maintenance of close relationships between Islamic banks and their consumers.

Both mediators (consumer commitment and consumer materialism) are essential factors encouraging Muslim people to conduct Islamic banks as a too for their financial activities. The findings are consistent with (Arli *et al*., 2020b; Shukla *et al*., 2016) suggested that commitment and materialism allow consumers to feel more comfortable prefer products and services. However, when Islamic bank was initially established and promoted in Indonesia financial industry, it was a new field mostly among Muslim people, and this is probably why an earlier study by (Pepinsky, 2013; Usman *et al*. 2017) could not find a positive relationship between religiosity and consumer preference. However, a recent study has indicated that the Muslim consumers' commitment and prosperous products make people more comfortable with Islamic banks. Moreover, the findings confirm that the research hypothesis that social identity theory (SIT) theory can explain people's motives toward fulfilling their religion for preferring products and services (Forehand and Deshpandé, 2001; Grier and Deshpandé, 2001).

5.2 Conclusions

The obtained of results based on social identity theory (SIT) suggest that the consumer, specifically Indonesian Muslim people, decided to prone Islamic banks through their religiosity level, which mediated their commitment and materialism. Despite religion being an essential culture and psychological construct in the Western context and deep, it needs to be explored more in the Islamic banking and Eastern context. The Islamic marketplace requires specific products and skills due to combining banking and religious aspects. These factors contribute to the formation and maintenance of the relationship between Islamic bank and their consumers not only through material benefit but also offer products and services based on Islamic law and approved Islamic finance and religion scholars toward Halal certificate., all of which subsequently influence the people belief and perception. The social motivation of Muslim people context can be used as a predictor of religiosity level's general use as an essential factor to affect consumer decision. The results indicate that the primary motivators of social identity theory (SIT) in this context are the consumer preference, specifically engage in religious products by individual and social determinations. Consequently, this behavior paves the way for individuals and communities' ultimate success in the maintenance of close relationships between consumers and Islamic banks.

5.3 Theoretical implications

The present study contributes to the various aspects of literature. First, the framework provides a better understanding of Muslim consumer decision process. Past studies have seldom established

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a model that simultaneously explains the religiosity effect (e.g., extrinsic and intrinsic) on consumer preference. This study reveals that religiosity plays a crucial role in effect to consumers' commitment and materialism, which in turn influences consumers' preference. This process describes the close relationship between religiosity, consumers and their banks. Apparently, consumers that are highly aware of this banking system are more likely to be committed, have a sense of belonging. On the other hand, this study extends SIT theory to explain how religion influence the Muslim consumer behaviors on individuals and groups. It provides a theoretical ground for future research. Furthermore, the strength of this study is the mediating role which provided the consumers willing to develop high commitment and reduce materialism need. This is as a consequence of religious activities, knowledge and the experiences acquired by Islamic scholars from dealing with Islamic banks. This suggests that religion, consumer commitment and materialism needs to be developed at the foundational level, this aids in the systematic establishment of consumers' preference. Finally, this study reinforces the proposed social identity theory (SIT) to predict factors (e.g., religiosity) that influences its products and services including consumers' preference. It also strengthens the relationships between them and the Islamic banking system.

5.4 Practical implications

The result of study suggests that academics and Islamic bank managers need to strategically publicize the discussions of essential topics regarding religion, which have a strong relationship with consumers' commitment, materialism, and behavior. Furthermore, religion is also treated as an primary enlightening that allows people to share their expertise and knowledge. This indicates that the individual Muslim people could not prefer Islamic banks without commitment and materialism. This could explain why some Islamic banks promote products and services information on their Muslim people. This finding implies the bank managers must be active in the socialization of the Islamic bank operation principle which has compliant with Islamic law.

Religion is an essential factor by which consumers can exchange their minds and decisions through commitment and materialism. Islamic bank managers must aware and endeavor to identify objective and rational characteristics to increase their consumers and address consumers' concerns toward participating in the interactive activities to discuss Islamic bank products, including plenty of consumers with and timely response to their questions with relevant references. Besides, Islamic bank managers or practitioners should focus on the major dimensions of social identity theory (SIT) theory to maximize their interaction as a tool to discuss contents and processes to foster long-term relationships, create value propositions, and innovative strategies to maintain communication and interaction between Islamic banks and Muslim people. Neverthless, the bank manager must be enhancing the quality of products and services.) Besides, Islamic bank managers should pay particular attention to their employees' knowledge and skill related to Islamic finance principles in order to become agents of change to the Islamic bank.

Most importantly, the role of the shariah supervisory board (SSB) and financial services authority (OJK) serve as regulators to control the banking operations, and to make sure the operation to be compliant with Islamic law which is one of the essential indicators for strengthening the relationship between consumers. In this regard, the regulators are expected to play a pivotal role with clearly established regulation and supervision mechanisms to prove Islamic bank is different from conventional banking. Additionally, a comprehensive mechanism and intensive coordination are essential factors that support Islamic banking's sustainability and its success in competing for both in the local and global markets.

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5.5 Limitations and future research directions

There are some limitations to this research. First, the current study was limited to Indonesian Muslim people; Hence, future study is needed to examine consumer attitude and engagement toward the religious brand (e.g., Islamic brand). It can help practitioners, regulators, and researchers to observe the dynamic behavior and effect of Islamic products on consumers. Second, the convenience sampling technique that was adopted increases the chances of a sample not being a true representative of the population. Future research could use a diverse sampling method that may reflect the population composition is better. Among the consumers' have different minds and perceptions regarding Islamic products. Therefore, future research may investigate the role of education, genders and income on customer preference via quantitative and experimental researches. Third, most participants were Indonesian young people with bachelor's degrees, so they cannot be considered representative of Indonesian Muslim and Islamic bank consumers as a whole. Future studies need to combine across the region of Islamic bank consumers. Finally, it only considered religion's situational factors on consumer commitment and materialism from a marketing perspective. Future research should also investigate internal factors (i.e., institutionalized religion, economics, and exceptional knowledge or community) and external factors (i.e., Islamic bank operation, organizational comparability, and relationships between Islamic banks and consumers) from the perspective of marketing and religiosity.

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Appendix. Scale items

Extrinsic religiosity (Ji and Ibrahim, 2007)

1. My reason to go and join member of Mosque is to establish in the community.
2. Although I am a religious person, I refuse to let religious considerations influence my everyday life.
3. A primary reason for my interest in religion is that my Mosque has congenial social activities.
4. Occasionally I find it necessary to compromise my religious beliefs in order to protect my social and economic interest.
5. The mosque is most important as a place to formulate good social relationship.

Intrinsic religiosity (Ji and Ibrahim, 2007)

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1. I enjoy reading the literatures about my faith and join the Koran study group.
2. I try to carry my religious over into all my other dealing in life.
3. I have been aware of the presence of God or the divine being.
4. My religious beliefs are what rally lie behind my whole approach to life.
5. It is important for me to spend periods of time in private religious thought and medition.

Consumer commitment (Tabrani *et al*., 2017)

1. I commit to stay in a relationship with Islamic banks.
2. I have a strong attachment with Islamic banks.
3. I have a strong sense of belonging with Islamic banks.
4. I remain loyal to IBs due to the high cost to switch to other banks.

Consumer materialism (Usman *et al*., 2017)

1. I choose a bank that benefits me and the society regardless of Islamic law.
2. I choose a bank that refrains from dirty practices that can be detrimental to the public.
3. I choose a IBs because the penalty of the financing is lower than a conventional bank.
4. I choose a IBs because the profit sharing of Islamic bank is higher than a conventional bank.
5. I choose a IBs because the overall of Islamic bank's product and service is better than a conventional bank.

Customer preference *(*Amin *et al*., 2017*)*

1. I consider use Islamic bank as my first choice
2. I feel using Islamic bank is a good idea
3. I am interested to use Islamic banking.
4. I am interested to use banking in the future.
5. I will definitely recommend Islamic banking to others.

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Table I. Respondent demographics

Demographic Items	Frequency	Percentage (%)
Gender		
Male	289	43.9
Female	369	56.1
Age		
Under 26 years old	180	27.4
26~40 years old	288	43.8
Over 40 years old	190	28.9
Education		
Bachelor and below	292	44.4
Master	276	41.9
PhD	90	13.7
Time period of using bank services		
Below 5 years	121	18.4
6~10 years	155	23.6
11~15 years	192	29.2
Over 15 years	190	28.9

Table II. Correlation matrix for measurement scales

Constructs	Mean	SD	ER	IR	CC	CM	CP
ER	6.55	0.86	**0.815**				
IR	6.11	0.82	0.217**	**0.787**			
CC	5.82	1.23	0.137**	0.174**	**0.830**		
CM	5.50	1.33	0.090*	0.105**	0.191**	**0.818**	
CP	5.54	1.16	0.107**	0.100**	0.110**	0.248**	**0.805**

Note: ER: Extrinsic religiosity, IR: Intrinsic religiosity, CC: Consumer commitment, CM: Consumer materialism, CP: Consumer preference

SD: standard Deviation

Diagonal elements are the square roots of the AVE for each construct

Pearson correlations are shown below the diagonal

Significant at *: $p < 0.05$, **: $p < 0.01$, ***: $p < 0.001$

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Table III. Measurement results

Constructs	MLE estimates factor loading/ measurement error		Squared multiple correlation (SMC)	Composite reliability (CR)	Average of variance extracted (AVE)	Cronbach's α
Extrinsic Religiosity				0.908	0.666	0.907
ER1	0.755	0.430	0.570			
ER2	0.830	0.311	0.689			
ER3	0.892	0.204	0.796			
ER4	0.855	0.269	0.731			
ER5	0.737	0.457	0.543			
Intrinsic Religiosity				0.891	0.620	0.887
IR1	0.771	0.406	0.594			
IR2	0.819	0.329	0.671			
IR3	0.757	0.427	0.573			
IR4	0.839	0.296	0.704			
IR5	0.747	0.442	0.558			
Consumer Commitment				0.898	0.689	0.898
CO1	0.790	0.376	0.624			
CO2	0.769	0.409	0.591			
CO3	0.874	0.236	0.764			
CO4	0.882	0.222	0.778			
Consumer Materialism				0.910	0.669	0.895
MA1	0.788	0.379	0.621			
MA2	0.817	0.333	0.667			
MA3	0.846	0.284	0.716			
MA4	0.812	0.341	0.659			
MA5	0.827	0.316	0.684			
Consumer Preference				0.902	0.647	0.898
CP1	0.824	0.321	0.679			
CP2	0.819	0.329	0.671			
CP3	0.818	0.331	0.669			
CP4	0.815	0.336	0.664			
CP5	0.744	0.446	0.554			

Fit statistics (N = 658)

χ^2/df = 4.535, Goodness-of-Fit Index (GFI) = 0.874, Nonnormed fit index (NFI) = 0.897, Comparative Fit Index (CFI) = 0.917, Incremental fit index (IFI) = 0.918, and Root Mean Square Error of Approximation (RMSEA) = 0.073

Table IV. Proposed model results

Hypotheses	Symbol	Path			Coefficients	Test results
H1a	γ_{11}	Extrinsic Religiosity	→	Consumer Commitment	0.143**	Supported
H1b	γ_{21}	Extrinsic Religiosity	→	Consumer Materialism	0.155*	Supported
H2a	γ_{12}	Intrinsic Religiosity	→	Consumer Commitment	0.275***	Supported
H2b	γ_{22}	Intrinsic Religiosity	→	Consumer Materialism	0.259***	Supported
H3a	β_{31}	Consumer Commitment	→	Consumer Preference	0.067*	Supported
H4a	β_{32}	Consumer Materialism	→	Consumer Preference	0.163***	Supported

Note: Significant at *: $p < 0.05$, **: $p < 0.01$, ***: $p < 0.001$

Table V. Mediation effects

IV	M	DV	IV->DV (c)	IV->M (a)	IV+M->DV		Bootstrapping 95% CI	
					IV (c')	M(b)	Percentile method	Bias-corrected
ER	CC	CP	0.127**	0.197***	0.144***	0.091**	[0.013, 0.031]	[0.015, 0.036]
Standard Error			0.053	0.056	0.052	0.037		
ER	CM	CP	0.116***	0.139**	0.144**	0.210***	[0.014, 0.217]	[0.041, 0.248]
Standard Error			0.051	0.060	0.052	0.033		
IR	CC	CP	0.118**	0.260***	0.141***	0.090**	[0.009, 0.033]	[0.227, 0.249]
Standard Error			0.056	0.058	0.054	0.037		
IR	CM	CP	0.105**	0.170**	0.141**	0.210***	[0.001, 0.210]	[0.033, 0.249]
Standard Error			0.053	0.062	0.054	0.033		

Note: ER: Extrinsic religiosity, IR: Intrinsic religiosity, CC: Consumer commitment, CM: Consumer materialism, CP: Consumer preference
Significant at *: $p < 0.05$, **: $p < 0.01$, ***: $p < 0.001$

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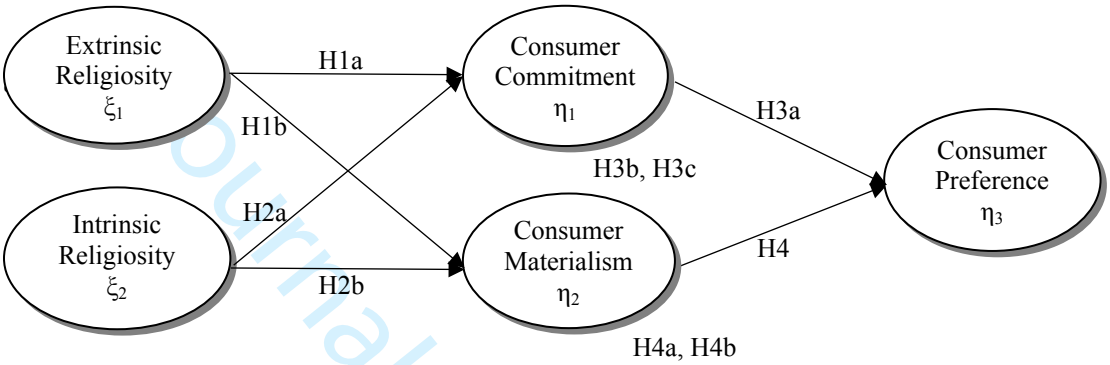

Figure. 1. Proposed research model.

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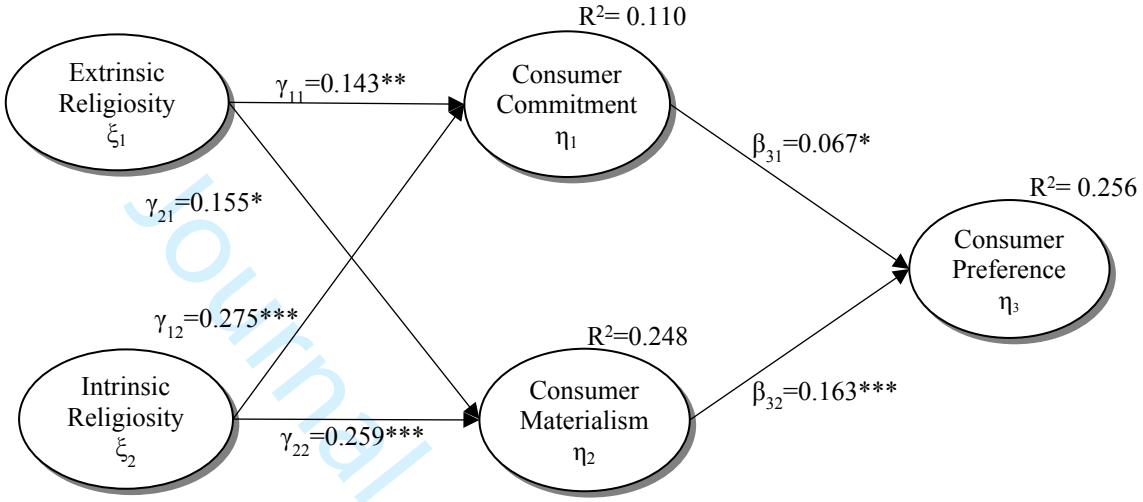

Note: Model fit: χ^2 = 1,170.52, df =246, χ^2/df = 4.758, GFI = 0.866, NFI = 0.890, CFI = 0.911, IFI = 0.911, and RMSEA= 0.076.

Figure. 2. Structural model.

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Title	Dr.	
Name	Junaidi	Junaidi
Job Title	Lecturer	
Organisation	Univesitas Muhammadiyah Palopo	Accounting
Address	Kota Palopo	
Address		
County/State	Palopo	
Country	Indonesia	91911
Telephone		Fax
Email	Junaidi@umpalopo.ac.id	

All author names	Junaidi, Junaidi; Wicaksono, Ready; Hamka, Hamka
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The consumers' commitment and materialism on Islamic banking: the role of religiosity

Junaidi Junaidi, Ready Wicaksono, Hamka Hamka

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Abstract
1. Introduction
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3. Methodology
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Abstract

Purpose

This paper aims to investigate whether and how religiosity (e.g. extrinsic and intrinsic) influences the mediator variables (consumers' commitment and materialism) in the Islamic bank consumers context. It also examines how the mediators should be influence consumers' preferences.

Design/methodology/approach

In total, 658 Muslim people and Islamic bank consumers were recruited for a survey study and structural equation modeling was used to test the research hypotheses.

Findings

The empirical results indicate that religiosity (e.g. extrinsic and intrinsic) has significant and positive effects on consumers' commitment and materialism, whereas intrinsic religiosity has no significant effect on consumers' commitment which subsequently influences consumers' preference. Furthermore, mediator variables (e.g. consumers' commitment and consumers' materialism) have partial mediators between religiosity and consumers' preferences.

Research limitations/implications

The current study was limited to Indonesian Muslim people; there is a future need to study consumers' attitudes and engagement in religious products and services (e.g. Islamic brands).

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The consumers' commitment and materialism on Islamic banking: the role of religiosity

Junaidi Junaidi
Department of Accounting, Univesitas Muhammadiyah Palopo, Palopo, Indonesia

Ready Wicaksono
Department of Accounting, Sekolah Tinggi Ilmu Ekonomi Balikpapan, Balikpapan, Indonesia, and

Hamka Hamka
Department of Psychology, Universitas Muhammadiyah Kalimantan Timur, Samarinda, Indonesia

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Abstract

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Research limitations/implications – The current study was limited to Indonesian Muslim people; there is a future need to study consumers' attitudes and engagement in religious products and services (e.g. Islamic brands). It is can help practitioners, regulators and researchers to observe the dynamic behavior to elaborate on the impact of religion and Islamic products on consumers' preference.

Practical implications – The bank managers and regulators should enhance the information of products and services Islamic banks and the difference principle between conventional banks. Moreover, enlighten the consumers about the principle operation of Islamic banks from the perspective of marketing and religiosity.

Originality/value – This study contributes to consumers' behavior literature and, specifically, for the decision-making process through developing and testing a model of religious determinants toward Islamic bank products, as well as offers new insights into the determinants of religion and consumers' decision process toward Islamic banking.

Keywords Religiosity, Consumer preference, Consumer commitment, Consumer materialism

Paper type Research paper

1. Introduction

In 2030, the population of Muslims will be more than 25% worldwide. Furthermore, more than 10% of people in several European countries and the USA are Muslims (Muhamad and Mizerski, 2013; Solomon, 2018). This phenomenon will directly affect the increase of demand for products and services that appeal to mainstream Islamic law (Usman *et al.*, 2017;

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Sandikci, 2018). Some companies have accommodated this trend in the marketplace (Solomon, 2018). However, compared to materialism (e.g. profit and reputation of the bank), religion is the most crucial factor in affecting consumer decision-making due to the extent of allowing and prohibiting doctrine (Ali *et al.*, 2019; Raab *et al.*, 2020). Nevertheless, the literature which provided this field remains embryonic (Mortimer *et al.*, 2020; Minton *et al.*, 2019), specifically in Islamic bank extrinsic and intrinsic religiosity in the marketing field.

In the financial sector, over a decade, Islamic banks global assets reached US$3.5tn and spread not only in the region with the majority Muslim people such as the Middle East, Gulf district, Southeast Asia and South Asia but also develop in some countries with Muslim' is minority such as Australia, New Zealand, Norway and UK (IMF, 2019). For most Muslim people, religion is an essential conviction and significant factor in their behavior (Raaf *et al.*, 2020; Sharma *et al.*, 2017; Usman *et al.*, 2017). Allport and Ross (1967) introduced two main dimensions of religiosity: Extrinsic and intrinsic religiosity. Those dimensions are a high value to consumers materialism (Arli *et al.*, 2020a; Raggiotto *et al.*, 2018) and consumers commitment (Arli *et al.*, 2020b; Gheitani *et al.*, 2018), which can directly affect consumers want in the form of products and services processes in relational marketing (Keiningham *et al.*, 2015; Mortimer *et al.*, 2020).

Some researchers have launched the concept of consumers' behavior toward religious products and services (Arli *et al.*, 2020b; Minton *et al.*, 2019; Mortimer *et al.*, 2020). However, few studies have examined religion's role on consumer commitment and materialism, which subsequently influence preference for religious products and services (Sandikci, 2018). Arli *et al.* (2020b) and Raggiotto *et al.* (2018) concluded that Muslim consumer commitment and materialism positively correlate with consumer preference. Moreover, these interactions are typically associated with religious issues and a set of beliefs (Tabrani *et al.*, 2018). Therefore, products and services conducted with Islamic law have become one of the essential aspects of consumer-Islamic bank relationships. However, Indonesia is a specific case, with 229 Muslim population, it is the most significant worldwide (IbTimes, 2020), with the market share of Islamic banks is 5.78% (OJK, 2020). This is a signal few Indonesian Muslim people join Islamic banks. Validating the consumer desire and need based on religion is vigorous due to philosophical concept and the rule of the belief system of people have a crucial effect on consumer preferences (Islam and Chandrasekaran, 2019). In the Islamic context, Pepinsky (2013) and Usman *et al.* (2017) examine some factors that effectively influence the Muslim consumer decision. However, their studies are focused on service value (e.g. ATM, location of the office, employee service, etc.) without precise measurement of the participants' level of religiosity. Besides, earlier research studies ignored the effect of religiosity (e.g. extrinsic and intrinsic) on Muslims' consumer preferences.

This study aims to address this gap by examining the dimension of religiosity that consumers prefer among Muslim people in Indonesia. Furthermore, this study will also examine the role of consumer commitment and materialism as a mediator between consumers' religiosity and preference. The low market share of Islamic banking in Indonesia made it essential to understand whether religiosity as the primary factor of Muslim people has a positive and significant effect of influencing their decision. Ali *et al.* (2019) and Arli *et al.* (2020a) revealed that individual religiosity has a positive effect on consumer commitment and materialism. However, prior studies have some limitations such as the more focus on small respondents with a low level of income and did not incorporate the role of consumer commitment and materialism in the relationship between consumers' religiosity and preference. In their study, Islam and Rahman (2017) and Tabrani *et al.* (2018) recommended future research to investigate the relationship between religiosity and consumer preference and the connection these fields with their commitment and

materialism. This can help achieve a holistic view of the relationship between these variables and give insights to the industry players. It can assist in testing the generalizability of the social identity theory (SIT) more comprehensively. Building upon earlier studies discussion on Islamic consumers' behavior across the countries and combining this with insights from the religiosity literature, we aim to provide answers to the following research questions:

RQ1. Does the religious level truly make Muslim people are more committed to Islamic banks and less materialism in Indonesia?

RQ2. Whether religiosity has a positive effect on consumer preferences and mediator variables (consumer commitment and materialism)?

In answering these questions, this study aims to examine religiosity (e.g. extrinsic and intrinsic) on consumer preference with commitment and materialism as mediators. Furthermore, recent research provides several theoretical and practical contributions. First, this study links religiosity and consumers' inclination in a banking context with SIT. Second, prior studies that examine the relationship between religiosity and consumers' preferences have neglected the mediating variable on marketing context (Arli *et al.*, 2020a; Gheitani *et al.*, 2018). In this regard, both mediators and religiosity are related to self-righteousness (Raab *et al.*, 2020; Tabrani *et al.*, 2018). It can help academicians and practitioners better understand the factors that affect consumers' religiosity to their attitudes and awareness, which subsequently influence their decision to adopt Islamic banks. Thus, pretentiousness is an arbiter of responsibility, realism and strictness on consumers' behavior. Third, this study examines the relationship between strictness and customer preferences.

This research is divided into the following sections, namely, literature review, methodology, key findings, conclusion, limitations and directives for future studies. It is also expected to provide more insight into religiosity and SIT for academics and practitioners.

2. Literature review

2.1 Islamic banking and finance

According to Elgari (1990), there are two concepts of Islamic consumers' behavior. First, its primary objective is associated with Muslims; second, products' preference is based on halal and Thayyib (good for everyone in the environment). Khan (1995) emphasized two essential aspects of this concept. First, it is expected of a Muslim consumer to prioritize these products brilliantly. Second, their decisions are dependent on four levels. First, there are two types of spending, explicitly for Allah's (S.W.T) sophisticated needs and cause. Second, future and recent consumption principles need to be based on Islamic law. The third is associated with the importance of Maqasid-Shariah in all aspects of life, while the fourth, brilliant decision is choosing between alternates. Amin (2017) included four other concepts before the Islamic banking context:

- the entire activities of Muslims are referred to as the Tawhid concept;
- the close relationship between religiosity and consumer behavior;
- developed the concept of Maqasid-Shariah and dimension of "Ihsan"; and
- the significance of the religious aspect in Islamic banking.

These viewpoints all tend toward unity and developing a mutual relationship. Therefore, consumer preference is defined as the potential to select Islamic banking products based on the Maqasid-Shariah principle.

In general, Islamic banks are based on four Islamic principles: Mudharaba (trust financing), musharaka (benefits and loss sharing), murabaha (cost-plus financing) and ijara (leasing), where profits and risks are equally shared between community members. Some activities included Riba (interest), gambling, gharar (speculative trading) are prohibited. It makes the operational system quite different from conventional banks. Mudarabah (profit sharing) is a contractual relationship between the bank (Shahibul maal) and Mudarib (borrower) toward a profit-sharing arrangement. Musharakah (profit and loss sharing) is a joint venture partnership where both banks and other partners provide capital and share the profit and loss on an agreed ratio. Most Islamic banks argued Musharakah is the closest Islamic finance alternate to interest-based financing. Murabahah (sale of goods with markup) is a sales-based contract where the buyer (borrower) provides the necessary information to the bank regarding its purchasing requirements (Shome *et al.*, 2018). The bank then purchases the product and sells it to the buyer with a margin for profit. Ijarah is a leasing contract in conventional leasing. However, in Islamic banks, the lender buys a good and leases it to the customer for a given period and a given rent. Hence, the bank does not make money from money in compliance with Islamic law as it converts money into tangible assets to make the transaction.

2.2 Social identity theory

According to Tajfel (1981), social identity is the psychological part of personal beliefs and knowledge in social groups. It has two famous operational levels: personal level (i.e. related to a personal sense of self) and social identity (i.e. related to groups to which a person belongs). The personal and social sense of self has a strong correlation with a social affiliation (group) such as religion, which directly affects people's consumption patterns and behavior. In the marketing context, the social identity impacts personality behavior and commitment (Forehand and Deshpandé, 2001; Grier and Deshpandé, 2001). Meanwhile, in the context of religion, more effective to influence social groups and consumers' preferences. Conceptual social identity in the marketing and religious fields comprises cognitive, affective and evaluative levels (Hogg, 2016).

At the cognitive level, consumers established utilitarian attitudes and commitments toward religious products. An example is that Muslims develop a positive attitude toward halal products, which is Islamic principles. At the affective level, consumers tend to develop a positive desire toward religious products and services, which plays a crucial role in product commitment (Bergami and Bagozzi, 2000). Self-esteem has played a vital role in improving their statuses in community groups (Bergami and Bagozzi, 2000). Using religious products will be enhancing consumers' statuses in the religious groups, which they participated in. Consumers who admire and are strict religious practitioners show positive attitudes and a high level of commitment toward religious products, compared to people who are not serious about their religion. SIT has relevance for this study due to provides a theoretical foundation for discovering religion as an explanatory mechanism that has correlated with more frequent formal religious participation and psychological well-being. SIT suggests more frequent formal religious participation would be associated with closer identification as a member of one's religious group. This aspect of identity, in turn, would account for higher levels of psychological well-being. It is crucial to affect consumer commitment, materialism and the decision-making process to products and services preference (Arli *et al.*, 2020b; Minton *et al.*, 2019).

2.3 Religiosity

According to Md-Ilyas (1992), Islamic law has two primary dimensions that address Muslim life: Theoretical (e.g. faith) and practical. As a central rule, the faith concept comprises knowledge (ma'rifah) described as information concerning Islam (Qur'an and Sunnah), belief (aqidah) possesses five elements of Muslim belief (belief in God, angels, Qur'an, prophets and Muhammad). Other, dimension is practice (amal) includes the expectant behavior of Muslims. Consequence (natijah) is a condition of life that is based on knowledge, belief and practices. It is a different fundamental concept between Western, which recognized religion as a cultural representation to stimuli people's behavior (Stolz and Usunier, 2019). Islamic scripts have been provided on what kinds of rules regarding which products and services are authorized and which are prohibited (Amin, 2020; Nugraha and Widyaningsih, 2021; Shome *et al.*, 2018) to lead the Muslim life with a set of behavioral roles with seld commitment.

In the marketing context, religiosity is referred to as an individual's commitment to belief and practice (Muhamad and Mizerski, 2013; Stolz and Usunier, 2019). It is essential to affect their behavior regarding a specific brand of products and services (Ali *et al.*, 2019). The demand for Islamic banks increases due to the Muslim people accessing financial products and services based on Islamic law. It avoids them interacting with conventional banks which applied interest principles in their system (Islam and Rahman, 2017; Sharma *et al.*, 2017). However, prior studies avoid applying religiosity (e.g. extrinsic and intrinsic) field variables into consideration despite the that many scholars have studied religiosity in the consumer behavior context (Muhamad and Mizerski, 2013).

According to Allport and Ross (1967), extrinsic religiosity motivated people to use their religion and to consider their personal benefit-religion which is as a mean to some forms of utility, either personal or social (e.g. joining a mosque to make business or social connections), whereas intrinsic religiosity motivated individuals' life, their religion and religion treat as an end unto itself regardless of external consequences to reflect the true spirit of their beliefs in their actions (Arli *et al.*, 2020b; Mortimer *et al.*, 2020). Based on the instruments, extrinsic religiosity has two dimensions, namely, social and personal. Social extrinsic religiosity aims to achieve social outcomes such as making friends or gaining acceptance within a community, thus using religion as a means to an end. On the other hand, personal extrinsic religiosity focuses on personal, individual objectives such as happiness, security or enlightenment. The measures of intrinsic, social and personal extrinsic religiosity have been applied successfully across several religious contexts, including Islam (Ji and Ibrahim, 2007).

2.4 Consumer commitment

In the marketing literature, commitment is a crucial construct that explains the relationship between customers and firms (Keiningham *et al.*, 2015; Minton *et al.*, 2019; Morgan and Hunt, 1994), as well as customer's willingness of maintaining a relationship with a specific product (Islam and Rahman, 2017; Tabrani *et al.*, 2018). Researchers can focus on the relationship between religiosity, commitment and preference, which is an exciting phenomenon to appreciate. The relation between religiosity and consumer commitment occurred toward two-dimensional construct, namely, extrinsic religiosity (i.e. more behavioral aspects) and intrinsic religiosity (i.e. more spiritual aspects) (Arli *et al.*, 2020a). Moreover, these dimensions positively affect their commitment in both value-expressive and social-adjustive (Gheitani *et al.*, 2018). Therefore, it is worthy of validating the relationship between religiosity and an individual's commitment.

In the marketing field, commitment has classified into three sub-components, which are effective, calculative and normative (Keiningham *et al.*, 2015). Affective commitment refers to the psychological and emotional advocacy of consumers. It makes the consumers loyal to the firm or brand due to honest attachment and a sense of belonging. This is important to build a relationship with the seller from the personality positive experiences. In Islamic bank consumers, this is crucial as they rely upon experiential positioning and continuously strive to build long-term relationships (Tabrani *et al.*, 2018).

Calculative commitment defined as a constraint-based relationship formed due to the cost an employee would face if they were to leave the firm (Shukla *et al.*, 2016, p. 324). This concept has been examined in business and consumer studies such as consumer behavior (Islam and Rahman, 2017) and consumer preference (Muhamad and Mizerski; Shukla *et al.*, 2016). The negative effect of cognitive commitment will influence the consumer to switch to other products or services (Shukla *et al.*, 2016). The above evidence suggests that consumers may calculate the potential psychological effect due to switching, along with the attractiveness of the available alternates. Given that Islamic bank products and services are marketed as unique products and services due to mentions of religion principle (Muhamad and Mizerski, 2013) and customers are likely to evaluate the products of staying with the brand or switching to a conventional bank, significantly higher than they would do so for non-Islamic bank products. Additionally, as discussed earlier, recent industry reports indicate the low market share of Islamic banks. Therefore, understanding the causes and consequences of the Islamic bank's calculative commitment merits further attention and essential construct in the marketing context. However, past studies have focused on calculative and affective commitment rather than combine the dimensions (Tabrani *et al.*, 2018). Nevertheless, in the Islamic banking context, normative commitment is a significant factor in retaining consumers due to Islamic banks offering religious relationships to stay committed.

Normative commitment is a form of relationship based on subjective norms established over time, where the consumer feels that they ought to stay with the firm (Shukla *et al.*, 2016). This concept is accommodated their perceptions, which can be influenced by the religious level. The relevance of Muslim consumer preference regarding Islamic bank products and services has a strong correlation with consumer commitment and subsequently affects decision-making (Islam and Rahman, 2017; Sharma *et al.*, 2017; Tabrani *et al.*, 2018). The consumers who attached Islamic products and services will demonstrate their sense of belonging to the religious brands to align their feelings with the need to confirm. As Islamic bank products and services have a strong and inherent link to an individual's desire for societal integration (Shukla *et al.*, 2016), normative commitment represents an essential aspect of consumer preference toward Islamic banks. Therefore, this research measures the antecedents of consumer preference and consequences of consumer commitment and materialism toward Islamic bank products and services.

2.5 Materialism

Materialism is an individual's value system that helps acquire long-term possessions of beliefs and goals (Dittmar *et al.*, 2014). It has emerged as the acquisition of value with subjective well-being and psychological tension. Materialism is widely viewed as an essential life of value regarding attitudes, behaviors and beliefs such as hedonic behavior and money (Raggiotto *et al.*, 2018). Commonly, materialism is classified into two types: Instrumental materialism and terminal materialism. Instrumental materialism refers to the acquittance of monetary goals to fulfill individuals' desires, whereas terminal materialism refers to improving individuals' social statuses (Keiningham *et al.*, 2015; Raggiotto *et al.*,

2018). Both are important in attaining life satisfaction. Furthermore, material desire and the degree of satisfaction depend on individuals' religiosity level (Rahman *et al.*, 2017; Rauf *et al.*, 2018).

In the financial context, materialism relates to individuals' approaches and desires to increase their financial status, known as extrinsic materialism. It is related to competitiveness, egoism, envy, jealousy and self-interest (Seuntjens *et al.*, 2015). The level of materialism resulted from different religiosity levels (Arli *et al.*, 2020b; Raggiotto *et al.*, 2018). In other words, materialism can be viewed as the value a consumer places on the acquisition and possession of material objects. However, there are more prone to luxury good and consumption pattern of food. When assessed through a broader array of materialistic goals (e.g. money and consumer value), which are influenced by religious level, materialism potentially mixed predictors of consumer preference and shapes consumer preference. The research framework is shown in Figure 1.

2.6 Hypotheses

2.6.1 The relationship between extrinsic religiosity and consumer commitment/materialism. Scholars used categorical scales to measure individual affiliation to religion (Arli *et al.*, 2020a; Muhamad and Mizerski, 2013). Religious affiliation refers to an individual's adherence to a particular religion, whereas religious commitment is the degree of an individual's belief and behavior regarding the religion (Tabrani *et al.*, 2018). It reflects this individual's involvement and participation in religious activities (Arli *et al.*, 2020b; Tabrani *et al.*, 2018). These perspectives are vital features to the effect of religion on consumer commitment. The instrumental and utilitarian attachments toward the religion of an individual's orientation are based on her/his extrinsic religiosity (Allport and Ross, 1967), which provides scalability, self-justification and spiritual comfort. Extrinsic religiosity is related to peace and intention to worship in the mosque to increase personal and community faith and knowledge to achieve other goals, namely, social and personal (Mortimer *et al.*, 2020; Raggiotto *et al.*, 2018). The consciousness, sense of belonging and loyalty of Muslim people to Islamic bank products and services are affected by their religiosity level and effectively reduce the individual love of money such as subjective well-being toward interaction and income increase. Thus, this study proposes the following hypothesis:

H1. Extrinsic religiosity has a significant and positive effect on (a) consumer commitment and (b) consumer materialism.

2.6.2 The relationship between intrinsic religiosity and consumer commitment/materialism. Intrinsic religiosity, a value-driven by an individual's religious orientation, reflects her/his spiritual and religious belief (Allport and Ross, 1967) and is related to this individual's

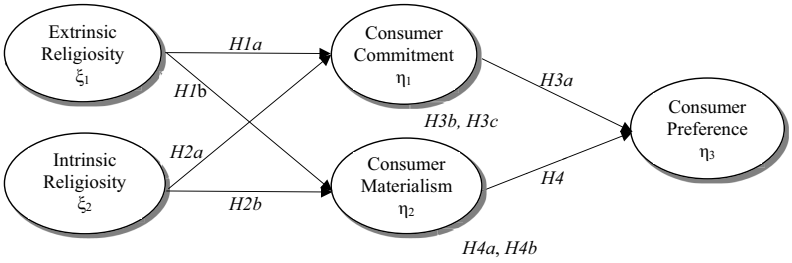

Figure 1. Proposed research model

cognitive belief, attitude, identity and value, which influences her/his commitment (Arli *et al.*, 2020a). It is has become an individual's motivation for harmony life and religious belief to fulfill her/his religious need and value for living guidelines in daily life. The intrinsic dimension leads to inherent and spiritual objectives (i.e. serve for religion or community) for individuals with a strong commitment to religion and directs their behavior to use products and services based on religious principle, as well as a have become a foundation to reduce individual materialism, selfishness and increase to participate in the social-well-being activities. Prior studies concluded that intrinsic religiosity has affected consumer commitment (Mortimer *et al.*, 2020; Tabrani *et al.*, 2018) and consumer materialism (Islam and Rahman, 2017; Raggioto *et al.*, 2018). Hence, this study proposes the following hypothesis:

H2. Intrinsic religiosity has a significant and positive effect on (a) consumer commitment and (b) consumer materialism.

2.6.3 The relationship between consumer commitment and consumer preference. Instrumental, attitudinal and temporal components are the three significant components of commitment. An instrumental component is a form of investment, the attitudinal component is an affective commitment or psychological attachment and a temporal component indicates the time of the development of the relationship (Gheitani *et al.*, 2018; Islam and Chandrasekaran, 2019; Tabrani *et al.*, 2018). From the organizational perspective, consumer commitment maintains a valued relationship and plays an essential role in the relationship-marketing paradigm. Consumer commitment influences their decision on product preference and purchase intention (Keiningham *et al.*, 2015; Shukla *et al.*, 2016). In the banking field, consumers' relationships and sense of belonging influence their preference for Islamic bank products and services (Tabrani *et al.*, 2018). Conventionally, consumers tend to switch to other banks if they perceive that they cannot profit from the relationship with a particular bank. However, in an Islamic banking context, the commitment makes them remain in the relationships with Islamic banks because they believe in an obligation to do so.

This study also considers consumer commitment's mediating role when examining the relationship between religiosity and consumer preferences. The ability to understand this mediating role's effect improves the quality of inferences, facilitates the acquisition of knowledge and offers a substantial contribution to this study (Amin, 2017; Arli *et al.*, 2020a). Preliminary studies discovered that a strong relationship exists between religiosity in Islamic countries and consumer behavior, which influences their preference of the products compliant with the Shariah principle (Tabrani *et al.*, 2018). Thus, this study proposes the following hypothesis:

H3a. Consumer commitment has a significant and positive effect on consumer preference.

H3b. Extrinsic religiosity has a positive effect on consumer preference which is mediated by consumer commitment.

H3c. Intrinsic religiosity has a positive effect on consumer preference which is mediated by consumer commitment.

2.6.4 The relationship between consumer materialism and consumer preference. Materialism is an essential aspect of consumer behavior (Arli *et al.*, 2020b; Raggiotto *et al.*, 2018). It plays a central role in an individual's life and determines her/his satisfaction or

dissatisfaction. It reflects an individual's attitude toward money as the devotion to material needs and desires. Furthermore, this value will influence her/his mind and desire for goods and services preference (Rauf *et al.*, 2018). Commonly the banking sector offered lucrative products and services to attract their consumers. Moreover, Muslim consumers have materialistic desires and preferences toward products according to Islamic law. Thus, it is a good marketing strategy and helps Islamic banks to retain their customers.

Moreover, consumer materialism's mediating role is essential in examining the relationship between religiosity and consumer preference. It improves the quality of study carried out on the Islamic banking system and offers an extensive contribution (Amin, 2017). Furthermore, preliminary studies reported that consumer materialism plays a crucial role between religiosity and consumer preference. Moreover, consumers are committed to products compliant with the Shariah principle and beneficial to them (Amin *et al.*, 2017; Raggiotto *et al.*, 2018; Tabrani *et al.*, 2018). Hence, this study proposes the following hypothesis:

H4a. Consumer materialism has a significant and positive effect on consumer preference.

H4b. Extrinsic religiosity has a positive effect on consumer preference which is mediated by consumer materialism.

H4c. Intrinsic religiosity has a positive effect on consumer preference which is mediated by consumer materialism.

3. Methodology

3.1 Questionnaire design, pretest and pilot study

This study adopts scales with high reliability and validity. It uses multi-item scales for all of the constructs from prior studies in the proposed model about conducting a pretest and pilot test to validate the measurement items' wordings of constructs for the Islamic bank context in Indonesia. It was used to ascertain whether the participants understood each of the questions and revised wordings to prevent single-source bias (Podsakoff *et al.*, 2003). The measurement items of this questionnaire are modified to fit the research context. The measurement items' wordings are reviewed by a professional English-Indonesian translator, master students and 10 Islamic bank consumers. This study conducts 12 independent rounds (3 respondents for each round) to revise wordings based on comments for the pretest. Subsequently, this study conducts a pilot test of the measurement items. It constructs to ensure the final formal survey's final wordings collected 120 samples for a pilot test to examine the reliability, convergent and discriminant validity with the suggested criteria before the formal survey. Hair Jr *et al.* (2019) stated that the pilot test was used to identify various responses, implications, difficulties, attentiveness and kindness of the participants related to the pretest questions. A minimum of 20 participants was recommended for each construct to boost the instruments' quality to avoid ambiguity and wording error in the participants' responses. Subsequently, a pilot test was carried out on 120 samples and this was considered adequate for statistical analyzes.

3.2 Sample and data collection

The Indonesian Islamic banking system consumers were requested to fill out an online survey; besides, a cash prize of 5,000 Indonesia rupiahs (IDR) donated by the Tahfidz School was to be complete every survey to increase their response rate. This online survey was

carried out using Google Forms and this lasted from July 1 to August 31, 2020. Conversely, various control and filter questions were anonymous and random constructs were carried out to avoid bias and ensure the survey is valid. The purpose of the filter questions was to ensure that the respondents fit the two basic restrictions, namely, a minimum age of 18 years, need to have an account(s) with Islamic bank(s) and the respondents need not be forced to participate in the survey. The samples were gathered from random convenience sampling involving 680 consumers of Islamic banks. However, 658 samples were valid and this indicates a completion rate of 96.76%. Table 1 shows the respondents' demographics. Indonesia was selected for data. This study validated the relationship between religion and consumer preference.

3.3 Measures

The items used to measure each of the constructs are presented in the Appendix. Demographics such as gender, age, education and period of using Islamic banks were included in the questionnaire. A seven-point Likert scale anchored between 1 ("strongly disagree") and 7 ("strongly agree") was used for all scale items. Extrinsic religiosity focuses on personal, individual objectives such as happiness, security or enlightenment. For example, a Muslim consumer with high personal extrinsic religiosity may pray in Mosque to comply with religious norms and improve their spirituality. Intrinsic religiosity refers to the frequency of mosque attendance, sense of God are principal influences on the relationship between religiosity and social and psychological well-being adapted from Ji and Ibrahim (2007) due to the instruments applied in prior studies and built from the Indonesian Muslim perspective. All items were used in Islamic banking study to measure consumer commitment, materialism and preference adapted from Tabrani *et al.* (2018), Usman *et al.* (2017) and Amin *et al.* (2017).

3.4 Data analysis

The data were analyzed using two statistical programs, namely, SPSS 22 and AMOS 22 software. Furthermore, hypothesis testing was carried out by applying the structural

Table 1. Respondent demographics

Demographic items	Frequency	Percentage (%)
Gender		
Male	289	43.9
Female	369	56.1
Age		
Under 26 years old	180	27.4
26~40 years old	288	43.8
Over 40 years old	190	28.9
Education		
Bachelor and below	292	44.4
Master	276	41.9
PhD	90	13.7
Time period of using bank services		
Below 5 years	121	18.4
6~10 years	155	23.6
11~15 years	192	29.2
Over 15 years	190	28.9

equation model (SEM). The main advantage of using SEM is because it facilitates the separate use of factor and regression analyzes to test the model. Besides, it is simultaneously used to estimate all the path coefficients. According to Byrne (2016), SEM provides two essential aspects of the procedure. First, it is used to determine the causal effects of the observed variables and the structural relations among variables enable a clear description of the theory examined in this study. The hypothesized model is comprehensively used to validate all the variables to determine consistency with the study.

After that, descriptive statistics using frequency distribution were generated. Pearson correlation coefficient was also used to determine the relationship between predictor (extrinsic and intrinsic religiosity, consumer awareness and attitude) and criterion variables (consumer preferences to adopt Islamic banking). Third, standard method variance (CMV) was adopted as a prevention and post-detection technique. Finally, this study applied a mediation procedure. Baron and Kenny (1986) designed another method besides the statistical test that focuses on determining the mediation effects. Therefore, this study applied the Hayes (2018) bootstrapping method to examine the mediating and indirect effect of consumer awareness and attitude on religiosity and preferences.

4. Results

4.1 Pilot study and descriptive statistic

The Means and standard deviations were adopted in this study to validate the subjective data and compare the variables that were initially observed in the first step (Byrne, 2016; Hair *et al.*, 2019). Table 2 shown the value of mean differences are stated in terms of standard deviations, therefore an effect size greater than 0.5 shows that the mean difference is one-half of the standard deviation. This means that, on the average, Indonesian Muslim tend to adopt Islamic banking products once it is introduced to them. The standard deviation for religiosity, consumer commitment, materialism and preference to adopt the Islamic banking system is small compared to their mean values, hence it is a good fit for the observed data.

4.2 Pearson correlation

The results from the correlation analysis are shown in Table 2. Pearson's correlation coefficient analysis was carried out to determine the relationships among the variables (e.g. extrinsic and intrinsic religiosity, consumer commitment, materialism and preferences). Pearson's correlation coefficient (r) was used because it is a parametric statistic and requires interval data for all variables (Byrne, 2016). As a result, bivariate-correlation analyzes were

Constructs	Mean	SD	ER	IR	CC	CM	CP
ER	6.55	0.86	*0.815*				
IR	6.11	0.82	0.217**	*0.787*			
CC	5.82	1.23	0.137**	0.174**	*0.830*		
CM	5.50	1.33	0.090*	0.105**	0.191**	*0.818*	
CP	5.54	1.16	0.107**	0.100**	0.110**	0.248**	*0.805*

Notes: ER: Extrinsic religiosity, IR: Intrinsic religiosity, CC: Consumer commitment, CM: Consumer materialism, CP: Consumer preference. SD: Standard deviation, diagonal elements are the square roots of the AVE for each construct. Pearson correlations are shown below the diagonal. Significant at $^{*}p < 0.05$; $^{**}p < 0.01$. $^{***}p < 0.001$

Table 2. Correlation matrix for measurement scales

obtained to generate the Pearson correlation coefficients used to measure the direction and size of the relationship between the variables investigated (Hair Jr *et al.*, 2019).

4.3 Common method variance

This study adopted prevention and post-detection procedures to avoid and reduce the issue of CMV. For prevention procedures, this study asked respondents to fill up the survey anonymously, randomized the order of measurement items and obscured the labels for the constructs to reduce respondents' concerns (Podsakoff *et al.*, 2003). For post-detection procedures, this study applied Harman's single-factor test proposed by Eichhorn (2014) and the common latent factor (CLF). The rationale for adopting the CLF is to conduct post-detection which is the inherent weakness of Harman's single factor test to detect the CMV (Eichhorn, 2014). The explained variance of the first factor was 42.50% which is less than 50.00%. Besides, the factor loading of CLF was 0.48 which indicated a 35.67% variance of CMV. The result showed no significant problem of CMV in this study.

4.4 Measurement model

This study conducted the measurement model by adopting the AMOS 22 software with maximum likelihood estimation. Table 3 shows the CFA model reproduces the covariance matrix of the observed variables with an adequate fit (Byrne, 2016; Hair *et al.*, 2019): χ^2/df = 4.535, goodness-of-fit index (GFI) = 0.874, non-normed fit index (NFI) = 0.918, comparative fit index (CFI) = 0.917, incremental fit index (IFI) = 0.918 and root mean square error of approximation (RMSEA) = 0.073. The composite reliability (CR) was above 0.800 with an average of variance extracted (AVE) above 0.600 for each construct. Besides, each item's factor loading and square multiple correlations were larger than 0.700 and Cronbach's α for all constructs was more than 0.800 indicating a good convergent validity and reliability for all measurement items and constructs. Table 3 shows that all the correlation coefficients between each construct and the other constructs which indicating discriminant validity (Hair *et al.*, 2019).

4.2 Structural model

The fit of data to the proposed model was adequate (Byrne, 2016; Hair *et al.*, 2019): χ^2 = 1,170.52, df = 246, χ^2/df = 4.758, GFI = 0.866, NFI = 0.890, CFI = 0.911, IFI = 0.911 and RMSEA= 0.076. This study empirically validates that extrinsic has a significant and positive effect on consumer commitment and consumer materialism (γ_{11} = 0.143, $p < 0.005$) and (γ_{12} = 0.155, $p < 0.010$), respectively, supporting *H1a* and *H2a*, as well as intrinsic religiosity positive and significant effect to support *H2a* and *H2b* (γ_{21} = 0.275, $p < 0.001$) and (γ_{22} = 0.259, $p < 0.001$). This implies that the frequent prayer and interaction among Muslims possibly influences their decision with respect to the economy and financial sector. Specifically, the spiritual aspects are more likely to influence the Muslims' view of Islamic banking.

This study further confirms that consumer commitment and consumer materialism have a significant and positive effect on consumer preference (β_{31} = 0.067, $p < 0.010$, β_{32} = 0.163, $p > 0.001$). *H3a* and *H4a* are supported. This means that the majority of participants believe the Islamic banking system is compliant with the *Shariah* principle. It also offers a solution to the financial sector and that the reasons consumer is compelled to bank with them. The commitment and materialism of this banking system include the support to develop it which is based on profit and loss sharing, interest-free and failure to invest in the prohibited sector (e.g. alcohol, gambling, etc.). This system is quite different from the conventional bank. Table 4 shows the results of the research hypotheses (Figure 2).

Constructs	MLE estimates factor loading/ measurement error		Squared multiple correlations (SMC)	Composite reliability (CR)	Average of variance extracted (AVE)	Cronbach's α
Extrinsic religiosity				0.908	0.666	0.907
ER1	0.755	0.430	0.570			
ER2	0.830	0.311	0.689			
ER3	0.892	0.204	0.796			
ER4	0.855	0.269	0.731			
ER5	0.737	0.457	0.543			
Intrinsic religiosity				0.891	0.620	0.887
IR1	0.771	0.406	0.594			
IR2	0.819	0.329	0.671			
IR3	0.757	0.427	0.573			
IR4	0.839	0.296	0.704			
IR5	0.747	0.442	0.558			
Consumer commitment				0.898	0.689	0.898
CO1	0.790	0.376	0.624			
CO2	0.769	0.409	0.591			
CO3	0.874	0.236	0.764			
CO4	0.882	0.222	0.778			
Consumer materialism				0.910	0.669	0.895
MA1	0.788	0.379	0.621			
MA2	0.817	0.333	0.667			
MA3	0.846	0.284	0.716			
MA4	0.812	0.341	0.659			
MA5	0.827	0.316	0.684			
Consumer preference				0.902	0.647	0.898
CP1	0.824	0.321	0.679			
CP2	0.819	0.329	0.671			
CP3	0.818	0.331	0.669			
CP4	0.815	0.336	0.664			
CP5	0.744	0.446	0.554			

Notes: Fit statistics ($n = 658$). $\chi^2/\text{df} = 4.535$, goodness-of-fit index (GFI) = 0.874, non-normed fit index (NFI) = 0.897, Comparative fit index (CFI) = 0.917, Incremental fit index (IFI) = 0.918 and Root mean square error of approximation (RMSEA) = 0.073

Table 3. Measurement results

4.3 Mediating effect

This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the mediation effects of consumer commitment/materialism between extrinsic/intrinsic religiosity and consumer preference. Bootstrapping is a nonparametric statistical procedure in which the dataset is repeatedly sampled. Mediation analysis showed that the 95% CIs of all tested indirect effects were not including zero. Table 5 shows the partial mediator of

variables (e.g. consumer commitment and consumer materialism) between religiosity (e.g. extrinsic and intrinsic) and consumer preference. The results from the regression show that the entire are partial mediators. It was, therefore, concluded that religiosity (extrinsic and intrinsic) has a significant direct and indirect effect on Islamic bank preference through consumer commitment and materialism. All the aforementioned mentioned conditions were met because *H3b*, *H3c*, *H4b* and *H4c* are supported.

5. Discussion

5.1 Key findings

This study confirms that religiosity (e.g. extrinsic and intrinsic) significantly and positively influences consumer commitment and materialism, which subsequently affects their preference. There are confirms consumers' sense of belonging with Islamic banks have become mediators between consumer religiosity and their inclination to Islamic banks. These are innovative findings that, to our knowledge, have not been revealed by prior studies. Specifically, the findings show that Indonesian Muslim consumers' religiosity is high when they intend to read Koran, discuss related to religious principles and distinguish between conventional and Islamic bank principles in the group or community over their

Table 4. Proposed model results

Hypotheses	Symbol	Path			Coefficients	Test results
H1a	γ_{11}	Extrinsic religiosity	→	Consumer Commitment	0.143^{**}	Supported
H1b	γ_{21}	Extrinsic religiosity	→	Consumer Materialism	0.155^{*}	Supported
H2a	γ_{12}	Intrinsic religiosity	→	Consumer Commitment	0.275^{***}	Supported
H2b	γ_{22}	Intrinsic religiosity	→	Consumer Materialism	0.259^{***}	Supported
H3a	β_{31}	Consumer Commitment	→	Consumer Preference	0.067^{*}	Supported
H4a	β_{32}	Consumer Materialism	→	Consumer Preference	0.163^{***}	Supported

Notes: Significant at $^{*}p < 0.05$; $^{**}p < 0.01$; $^{***}p < 0.001$

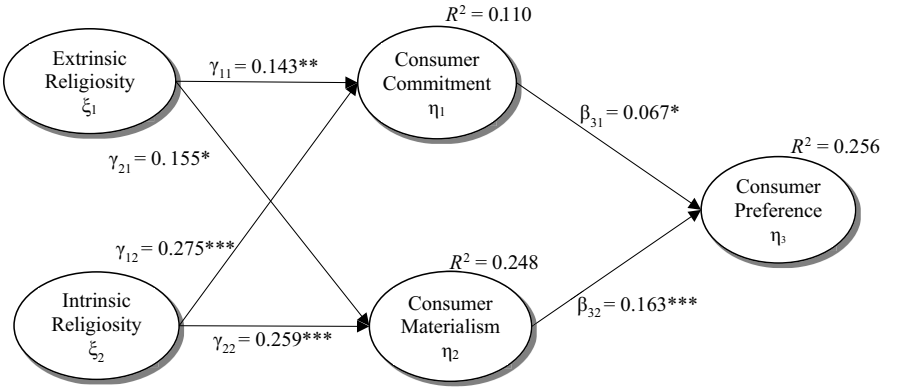

Figure 2. Structural model

Notes: Model fit: $\chi^2 = 1{,}170.52$, df = 246, χ^2/df = 4.758, GFI = 0.866, NFI = 0.890, CFI = 0.911, IFI = 0.911 and RMSEA = 0.076

IV	M	DV	IV->DV (c)	IV->M (a)	IV+M->DV IV (c')	IV+M->DV M(b)	Bootstrapping 95% CI Percentile method	Bootstrapping 95% CI Bias-corrected
ER	CC	CP	0.127**	0.197***	0.144***	0.091**	[0.013, 0.031]	[0.015, 0.036]
Standard error			0.053	0.056	0.052	0.037		
ER	CM	CP	0.116***	0.139**	0.144**	0.210***	[0.014, 0.217]	[0.041, 0.248]
Standard error			0.051	0.060	0.052	0.033		
IR	CC	CP	0.118**	0.260***	0.141***	0.090**	[0.009, 0.033]	[0.227, 0.249]
Standard error			0.056	0.058	0.054	0.037		
IR	CM	CP	0.105**	0.170**	0.141**	0.210***	[0.001, 0.210]	[0.033, 0.249]
Standard error			0.053	0.062	0.054	0.033		

Notes: ER: Extrinsic religiosity, IR: Intrinsic religiosity, CC: Consumer commitment, CM: Consumer materialism, CP: Consumer preference. Significant at $^{*}p < 0.05$; $^{**}p < 0.01$ $^{***}p < 0.001$

Table 5. Mediation effects

activities. It also corroborates that the Mosque has played a pivotal role in bridging people's minds and knowledge about Islamic law's worship and economic principles.

The uniqueness of the high of Muslim people religiosity is recognized with concern to Islamic law, conventional bank applying interest in their operating system which prohibited in Islamic law based on the instruction of Allah (God) in Koran Al-Baqarah: 275 with the meaning trading is law entire and forbidden Riba' (interest). Although, a bank launched beneficial products and services that appeal to the people. However, it is not a guarantee that Muslim people will join with the bank until they are sure the products and services based on Islamic law and got a Halal certificate from a capable institutions' (e.g. Muslim scholar council). This study opposite to the prior studies (Arli *et al.*, 2020a; Raggioto *et al.*, 2018) which revealed materialism is the most important thing for the consumer rather than religion. There are confirmed SIT can explain the people's behavior toward fulfilling the specific religious products and services, which subsequently influences their preference (Raab *et al.*, 2020; Keiningham *et al.*, 2015; Rauf *et al.*, 2018; Tabrani *et al.*, 2018).

This study suggests that Islamic banks need to extend their campaign's duration concerning their products, which needs to be assessed (Fatwa) by an Islamic scholar. Therefore, effectively influence Muslim commitment and materialism. It makes these products more attractive for consumers both in the economic and spiritual context. Moreover, the Islamic bank managers need to use Islamic scholars and undergraduates as an agent of change to publicize this type of banking system. Similarly, enlightening consumers and undergraduates by incorporating Fiqh Muamallah tend to strengthen consumers' commitment and loyalty. Subsequently, knowledge acquired from discussions related to businesses effectively influences consumers' preference of Islamic banking practices. These factors contribute to the formation and maintenance of individual and community relationships through a sense of belonging, all of which subsequently influence their decision. The results indicate that the primary motivators of the social identity theory (SIT) context are the products and services preference. Specifically engage in groups to discuss and interact with others. Consequently, this behavior paves the way for communities' ultimate success in the maintenance of close relationships between Islamic banks and their consumers.

Both mediators (consumer commitment and consumer materialism) are essential factors encouraging Muslim people to conduct Islamic banks as a tool for their financial activities. The findings are consistent with (Arli *et al.*, 2020b; Shukla *et al.*, 2016) suggested that commitment and materialism allow consumers to feel more comfortable prefer products and

services. However, when Islamic bank was initially established and promoted in Indonesia financial industry, it was a new field mostly among Muslim people and this is probably why an earlier study by (Pepinsky, 2013; Usman *et al.*, 2017) could not find a positive relationship between religiosity and consumer preference. However, a recent study has indicated that the Muslim consumers' commitment and prosperous products make people more comfortable with Islamic banks. Moreover, the findings confirm that the research hypothesis that SIT theory can explain people's motives toward fulfilling their religion for preferring products and services (Forehand and Deshpandé, 2001; Grier and Deshpandé, 2001).

5.2 Conclusions

The obtained results based on SIT suggest that the consumer, specifically Indonesian Muslim people, decided to prone Islamic banks through their religiosity level, which mediated their commitment and materialism. Despite religion being an essential culture and psychological construct in the Western context and deep, it needs to be explored more in the Islamic banking and Eastern context. The Islamic marketplace requires specific products and skills due to combining banking and religious aspects. These factors contribute to the formation and maintenance of the relationship between Islamic bank and their consumers not only through material benefit but also offer products and services based on Islamic law and approved Islamic finance and religion scholars toward Halal certificate, all of which subsequently influence the people belief and perception. The social motivation of Muslim people context can be used as a predictor of religiosity level's general use as an essential factor to affect consumer decision. The results indicate that the primary motivators of SIT in this context are consumer preference, specifically engage in religious products by individual and social determinations. Consequently, this behavior paves the way for individuals and communities' ultimate success in the maintenance of close relationships between consumers and Islamic banks.

5.3 Theoretical implications

The present study contributes to the various aspects of literature. First, the framework provides a better understanding of the Muslim consumer decision process. Past studies have seldom established a model that simultaneously explains the religiosity effect (e.g. extrinsic and intrinsic) on consumer preference. This study reveals that religiosity plays a crucial role in effect to consumers' commitment and materialism, which, in turn, influences consumers' preference. This process describes the close relationship between religiosity, consumers and their banks. Apparently, consumers that are highly aware of this banking system are more likely to be committed, have a sense of belonging. On the other hand, this study extends SIT theory to explain how religion influences Muslim consumer behaviors on individuals and groups. It provides a theoretical ground for future research. Furthermore, the strength of this study is the mediating role which provided the consumers willing to develop high commitment and reduce materialism need. This is as a consequence of religious activities, knowledge and the experiences acquired by Islamic scholars from dealing with Islamic banks. This suggests that religion, consumer commitment and materialism need to be developed at the foundational level, this aids in the systematic establishment of consumers' preference. Finally, this study reinforces the proposed SIT to predict factors (e.g. religiosity) that influence its products and services including consumers' preference. It also strengthens the relationships between them and the Islamic banking system.

5.4 Practical implications

The result of the study suggests that academics and Islamic bank managers need to strategically publicize the discussions of essential topics regarding religion, which have a strong relationship with consumers' commitment, materialism and behavior. Furthermore, religion is also treated as a primary enlightening that allows people to share their expertise and knowledge. This indicates that the individual Muslim people could not prefer Islamic banks without commitment and materialism. This could explain why some Islamic banks promote products and services information on their Muslim people. This finding implies the bank managers must be active in the socialization of the Islamic bank operation principle which has compliant with Islamic law.

Religion is an essential factor by which consumers can exchange their minds and decisions through commitment and materialism. Islamic bank managers must aware and endeavor to identify objective and rational characteristics to increase their consumers and address consumers' concerns toward participating in the interactive activities to discuss Islamic bank products, including plenty of consumers with and timely response to their questions with relevant references. Besides, Islamic bank managers or practitioners should focus on the major dimensions of SIT theory to maximize their interaction as a tool to discuss contents and processes to foster long-term relationships, create value propositions and innovative strategies to maintain communication and interaction between Islamic banks and Muslims people. Nevertheless, the bank manager must be enhancing the quality of products and services). Besides, Islamic bank managers should pay particular attention to their employees' knowledge and skill related to Islamic finance principles to become agents of change to the Islamic bank.

Most importantly, the role of the shariah supervisory board and financial services authority (OJK) serve as regulators to control the banking operations and to make sure the operation to be compliant with Islamic law which is one of the essential indicators for strengthening the relationship between consumers. In this regard, the regulators are expected to play a pivotal role with clearly established regulation and supervision mechanisms to prove Islamic bank is different from conventional banking. Additionally, a comprehensive mechanism and intensive coordination are essential factors that support Islamic banking's sustainability and its success in competing for both in the local and global markets.

5.5 Limitations and future research directions

There are some limitations to this research. First, the current study was limited to Indonesian Muslim people; hence, future study is needed to examine consumer attitude and engagement toward the religious brand (e.g. Islamic brand). It can help practitioners, regulators and researchers to observe the dynamic behavior and effect of Islamic products on consumers. Second, the convenience sampling technique that was adopted increases the chances of a sample not being a true representative of the population. Future research could use a diverse sampling method that may reflect the population composition is better. Among the consumers' have different minds and perceptions regarding Islamic products. Therefore, future research may investigate the role of education, genders and income on customer preference via quantitative and experimental research studies. Third, most participants were Indonesian young people with bachelor's degrees, so they cannot be considered representative of Indonesian Muslim and Islamic bank consumers as a whole. Future studies need to combine across the region of Islamic bank consumers. Finally, it only considered religion's situational factors on consumer commitment and materialism from a marketing perspective. Future research should also investigate internal factors (i.e. institutionalized

religion, economics and exceptional knowledge or community) and external factors (i.e. Islamic bank operation, organizational comparability and relationships between Islamic banks and consumers) from the perspective of marketing and religiosity.

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Appendix. Scale items

Extrinsic religiosity (Ji and Ibrahim, 2007)

- My reason to go and join a member of Mosque is to establish in the community.
- Although I am a religious person, I refuse to let religious considerations influence my everyday life.
- A primary reason for my interest in religion is that my Mosque has congenial social activities.
- Occasionally I find it necessary to compromise my religious beliefs to protect my social and economic interest.
- The mosque is most important as a place to formulate good social relationships.

Intrinsic religiosity (Ji and Ibrahim, 2007)

- I enjoy reading the literature about my faith and join the Koran study group.
- I try to carry my religion over into all my other dealing in life.
- I have been aware of the presence of God or the divine being.
- My religious beliefs are what really lie behind my whole approach to life.
- It is important for me to spend periods of time in private religious thought and meditation.

*Consumer commitment (*Tabrani *et al.*, 2017*)*

- I commit to stay in a relationship with Islamic banks.
- I have a strong attachment with Islamic banks.
- I have a strong sense of belonging to Islamic banks.
- I remain loyal to IBs due to the high cost to switch to other banks.

Consumer materialism (Usman et al., 2017)

- I choose a bank that benefits me and society regardless of Islamic law.
- I choose a bank that refrains from dirty practices that can be detrimental to the public.
- I choose IBs because the penalty of the financing is lower than a conventional bank.
- I choose IBs because the profit-sharing of Islamic banks is higher than a conventional bank.
- I choose IBs because the overall Islamic bank's product and service are better than a conventional bank.

*Customer preference (*Amin *et al.*, 2017*)*

- I consider using an Islamic bank as my first choice.
- I feel using an Islamic bank is a good idea.
- I am interested to use Islamic banking.
- I am interested to use banking in the future.
- I will definitely recommend Islamic banking to others.

About the authors

Junaidi Junaidi is a Lecturer in the Department of Accounting, Universitas Muhammadiyah Palopo. He holds Bachelor in STIE Muhammadiyah Palopo and a Master of Accounting in Economic and Business Faculty, the Islamic University of Indonesia which major in Islamic accounting and finance. PhD in Business Administration from the National Dong Hwa University, ROC Taiwan. His research interests include Islamic banking and finance, auditing, corporate social responsibility, consumer behavior, service marketing and social media, especially related to the Islamic perspective. His work has been published in the *International Journal of Islamic and Middle Eastern Finance and Management, International Journal of Communication*. Junaidi Junaidi is the corresponding author and can be contacted at: Junaidi@umpalopo.ac.id

Ready Wicaksono is a Lecturer in the Department of Accounting, STIE Balikpapan, Kalimantan Timur. He holds Bachelor in STIE YKP Yogyakarta and a Master of Accounting in Economic and Business Faculty, the Islamic University of Indonesia which major in Islamic accounting and finance. His research interests include Islamic banking and finance, auditing, corporate social responsibility, Islamic financial accounting and auditing, tax and public finance. His work has been published in the *International Journal of Islamic and Middle Eastern Finance and Management, Jurnal Investasi Universitas Trunojoyo*.

Hamka Hamka is a PhD candidate student at Asia University, ROC, Taiwan and Lecturer in the Department of Psychology, Universitas Muhammadiyah Kalimantan Timur. He holds Bachelor in Universitas Muhammadiyah Malang and a Master of Psychology in Faculty of Psychology, the Islamic University of Indonesia which major in Islamic psychology. His research interests include Islamic psychology which closes the relationship with religiosity study. His work has been published in the *International Journal of Human Rights in Health-Care*.

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