

The awareness and attitude of Muslim consumer preference: the role of religiosity

Attitude of Muslim consumer preference

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Abstract

Purpose – This research investigates how religiosity (e.g. extrinsic and intrinsic) influences consumers' awareness and attitudes, which subsequently influences consumers' preferences for Muslims in the context of Islamic bank.

Design/methodology/approach – A total of 480 Islamic bank consumers were recruited for online survey study. Structural equation modeling was used to test the research hypotheses.

Findings – Extrinsic religiosity has crucial role on consumers' awareness and consumer attitudes. However, intrinsic religiosity has less effect on consumer attitudes, whereas consumer awareness plays an important role on consumer attitudes. Furthermore, mediator variables, such as consumers' awareness and attitudes, have partial role to mediate religiosity and consumers' preference.

Research limitations/implications – The recent study was limited to core of one region, therefore, future studies are needed to analyze consumers' attitude and engagement in religious products and services such as Islamic brands image.

Practical implications – The stakeholders need to collaborate action to promote Islamic banks and the varying standard between their counterparts from the perspective of business and marketing.

Originality/value – The result of this study contributes to literature which has correlation with testing religion role toward Islamic bank. It also develops a new views into the determinants factor to influence consumers' preferences.

Keywords Consumer preference, Religiosity, Consumer attitude, Consumer awareness

Paper type Research paper

1. Introduction

Irrespective of the economic downturn, the Islamic banking system recorded a growth of approximately 11.4% per annum (Islamic Financial Services Board [IFSB], 2020). Furthermore, consumers and investors worldwide require safe and sustainable Islamic financial products (Junaidi *et al.*, 2021; Usman *et al.*, 2017). The utilization of profit and loss sharing, a method adopted by Islamic banking to comply with the prohibit interest, has become highly critical for economic growth. Operations based on Islamic law and the profitability of a given business undertaking are the essential standards to adopt the banking system (Amin, 2017; Bananuka *et al.*, 2019; Kamiyama and Kashiwagi, 2019; Sandikci, 2018). However, one critical challenge is the need to develop consumers' awareness and attitudes compliant with the Shariah principle. Moreover, this banking system is based

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on Shariah rules (Akin and Okumuş, 2020; Amin *et al.*, 2013; Kaakeh *et al.*, 2019). In the context of Islamic law, *Riba* (interest), gambling, *Gharar* (speculative trading), alcohol, smoking and unethical actions regarded as non-halal activities are prohibited. Its operational system distinguishes it from conventional banks.

Generally, in operation system, Islamic bank has four principles, namely, *Mudharaba*, *musharaka*, *murabaha* and *ijara*, and the profits and loss sharing among the participants of the group (Islam and Rahman, 2017; Tabrani *et al.*, 2018). *Mudharaba* (trust financing) is an agreement between a *bank or lender* and consumers (borrower). *Musharaka* defined as a partnership where all the partners provide the capital. *Murabahah* is a sales-purchasing agreement between the seller and buyer (Amin, 2020; Alhazmi, 2019). However, in Islamic banks, a lender purchases a property and leases it to the consumers for a given period. Therefore, the bank makes no profit, which complies with Islamic law; furthermore, the money is converted into tangible assets before the transaction occurs. This is an alternative solution to support the *Fiqh Muamallah* related to financial transactions. However, it is a lucrative business which appeals to Muslim needs, as well as their belief. Initially, this was regarded as a crucial aspect of Muslim awareness and attitude toward this banking system based on Islamic law (Kaakeh *et al.*, 2019; Souiden and Rani, 2015).

Religion plays an essential role in maintaining consumers' awareness and attitudes toward Islamic banking, which possibly influences their preferences. Junaidi *et al.* (2021) concluded the consumers' decision based on two important reasons. First, religiosity and Islamic banking are inseparable components in the financial sector. This suggests that individuals with a higher level of religiosity possibly have greater awareness and attitude. Second, religiosity is a crucial factor in determining consumers' preferences. Muslims are attracted to this banking system due to the essence of Islamic business models, presumed to be God-fearing and are affected by consumer awareness and attitude. Therefore, there is a need to carry out a study to determine the role of religion on consumers (Amin *et al.*, 2014; Kaakeh *et al.*, 2019; Muchlisah *et al.*, 2019). Moreover, it is essential to understand the reasons behind consumer preferences.

Preliminary studies concluded religiosity has a positive effect on consumer awareness and attitudes (Islam and Rahman, 2017; Ireland, 2018; Kamiyama and Kashiwagi, 2019; Souiden and Rani (2015) in Tunisia, Rahman *et al.* (2015) in Malaysia, Bananuka *et al.* (2019) in Uganda). Furthermore, these mediator variables directly have a positive effect on consumer preference (Abou-Youssef *et al.*, 2015) in Egypt, (Kaakeh *et al.*, 2019) UAE, (Islam and Rahman, 2017) India (Alhazmi, 2019) Saudi Arabia and (Bananuka *et al.*, 2020) in Uganda. It also affected consumer behavior (Sharma *et al.*, 2017) in Bangladesh, (Abou-Youssef *et al.*, 2015) Egypt, (Kamiyama and Kashiwagi, 2019) Jordan, (Alhazmi, 2019) Saudi Arabia and (Banakuka *et al.*, 2019; 2020) Uganda. However, prior empirical studies are reluctant to comprehensively examine the role of extrinsic and intrinsic religiosity on consumer behavior. Hence, the specific religiosity dimension that has a dominant effect on consumer awareness and attitudes is unclear and worthy of validation.

Irrespective of the fact that Indonesia has the most Muslims worldwide, and a majority of them are reluctant to use Islamic banking, and they prefer to use the conventional ones (Wilson *et al.*, 2013). The market share of the Islamic banking system is relatively less than 10% (Islamic Financial Services Board [IFSB], 2020). On the contrary, few of them use the Muslim-prone Islamic bank. However, the weakness of the prior study in this context is that the participants are not Islamic bank consumers (Pepinsky, 2013). In addition, the factors that affect their decisions, as well as level of religiosity was not concisely examined (Usman *et al.*, 2017). The contradictory results obtained from different countries and scholars have highlighted the practical and theoretical relevance of the relationship between religiosity

and consumer preference in the Indonesian context. [Alhazmi \(2019\)](#), [Bananuka et al. \(2020\)](#), [Islam and Rahman \(2017\)](#), [Kaakeh et al. \(2019\)](#) and [Amin \(2020\)](#) recommended the need for future studies to investigate the effect of religiosity on consumer preference.

The recent study examines the correlation between the dimensions of religiosity and consumers' preference toward Islamic banking' based on theory of Islamic consumer behavior (TiCB). It has two essential aspects. First, *Maqasid al-Shariah*, which has three objectives: educating the individual, establishing justice and promoting welfare. Second, this theory aims to accommodate Muslim and non-Muslim in the consumer behavior context ([Amin et al., 2014](#)). Moreover, consumer awareness and attitude that serve as mediator variables between religiosity and preference were also investigated. The low market share led to the need to understand the role and influence of religiosity on consumers' decisions. This helps stakeholders achieve a holistic view of the relationship between the variables and offers insights into the financial sector. Hence, we propose the following research questions:

RQ1. Whether religiosity has a positive effect on consumer awareness and attitude?

RQ2. Is there a possibility that consumer awareness influences their attitude?

RQ3. Whether religiosity has a positive effect on consumer preferences and mediator variables (consumer awareness and attitude)?

2. Literature review

2.1 Theory of Islamic consumer behavior

Some scholar applied the theory of planned behavior and theory of reasoned action TRA to validate the influence religiosity on consumer awareness, attitude (e.g. cognitive, affective and conative) and subjective norm which was subsequently discovered to have a positive effect on consumers' intention to adopt Islamic bank ([Abou-Youssef et al., 2015](#); [Bananuka et al., 2019](#); [Kaakeh et al., 2019](#); [Kamiyama and Kashiwagi, 2019](#); [Tabrani et al., 2018](#)). However, the weakness of preliminary studies focuses on identifying attitude, subjective norms, moral obligations and self-control. In addition, [Amin \(2017\)](#) and [Amin et al. \(2013\)](#) proposed TiCB to be able to predict the factors (e.g. religiosity and attitude) which influence consumers' preferences based on the *Maqasid al-Shariah* principles. Its ethics is to establish harmony as well as create a balance between individuals and society. Furthermore, this theory helps to protect the people, religion, intellect, property and lineage based on Islamic law and the blessings of Allah (SWT). Three essential points were not discovered in the conventional theory. First, the elements of Maqasid are applicable in the lives of Muslims; second, products that have mutual and direct effects on others; third, every activity carried out by Muslims is a manifestation of *Tawhid* and *Ibadah* in accordance with *Mardhatillah* (i.e. the blessings of Allah SWT).

In the marketing sector, TiCB provides a clearer justification for the inclusion of predictors regarding the awareness and attitude of group members (Islam), which serves as a mediator between religiosity and consumer preference in Malaysia ([Amin et al., 2017](#)). The Muslims have specific needs of the products which need to be compliant with Islamic principle ([Amin, 2020](#); [Amin et al., 2014](#)). This refers to the consumer preference of *Halal* products, which is the primary objective for proposing the theory. There are three main concepts of Islamic consumerism behavior theory. First, the Muslim consumers' pattern refers to products and processes in accordance with Islamic law (*Halal*). Second, a Muslim consumer is more concerned with the insatiability of every commodity due to the quality of products and services. Third, the specific need of Muslim consumers has a direct implication

on others. Islamic laws have specific rules regarding products that are authorized and those that are prohibited. Furthermore, TiCB is relevant in this study because it serves as a theoretical foundation for discovering that religiosity (e.g. extrinsic and intrinsic) is an explanatory mechanism for determining the effect of the decision-making process on consumer awareness and attitude (Amin, 2017, 2020; Amin *et al.*, 2013).

2.2 Consumer preference

Preliminary studies carried out on consumer awareness and attitude reported that these variables are consistent with the Shariah law. On the contrary, the principle of consumer behavior on Islamic and conventional banking systems is quite different. Commonly, Islamic consumers' behavior has two essential concepts. It is associated with Muslims and their preference for products (Elgari, 1990). Furthermore, Khan (1995) highlighted two important aspects of this notion: expecting the consumer to prioritize these products and services more. Second, their judgments depend on the types of spending, explicitly for sophisticated needs and cause of Allah (S.W.T), consumption principles, *Maqasid-Shariah* and brilliant decision-making alternatives. Amin (2017) revealed four different concepts of Islamic banking:

- the entire Muslims daily activities are referred to 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.

Therefore, consumer preference is defined as the potential to select Islamic banking products based on the *Maqasid-Shariah* principle.

Consumer preference is a crucial aspect of this study because it offers an indispensable insight into ways to enhance and forecast consumer demand by bank managers, government and policymakers. However, the motives of this study have demonstrated that it is worthy of exploring this indicator. Moreover, understanding the level of religiosity, consumer awareness and attitude toward Islamic products serves as a useful measure of competitiveness. The products are expected to be compliant with the Shariah principles and specific needs of the consumers to make a sound judgment or decision. Therefore, exploring this indicator needs to be considered in plans for successful Islamic bank products. It is understood that failure to analyze this issue diverts consumers' preference from Islamic to conventional banks.

2.3 Religiosity

In the Western context, religion is regarded as a cultural symbol that influences peoples' behavior. Meanwhile, in the Islamic context, it is based on two important dimensions, namely, theoretical (e.g. faith) and practical guidelines for Muslims; however, there needs to be harmony and balance between both of them (Md-Ilyas, 1992). Furthermore, faith is a fundamental principle that comprises knowledge (*ma'rifah*) as information regarding Islam (*Qur'an* and Sunnah), belief (*aqidah*) (e.g. belief in God, angels, *Qur'an*, prophets and Muhammad), practice (*amal*) includes the expectant behavior of Muslims. Consequence (*natijah*) is a condition of life that is based on knowledge, belief and practices performed either individually or socially. Realization (*ihsan*) is described as a moral action that reflects loyalty to God (Allah), and it is developed from knowledge, belief and practice.

Presently, religion comprises several elements: attitude, beliefs, commitment, experience, knowledge, practices, trust and values (Abou-Youssef *et al.*, 2015). It has become a trend

among marketers because religion plays a crucial role in consumers' attitude, habits and behavior (Amin, 2020; Bananuka *et al.*, 2020; Muchlisah *et al.*, 2019). It encompasses two common aspects. The first is the spiritual aspect which focuses on promoting care, harmony, love, peace and patience. Second, the rules and regulations serve as a moral code of conduct that governs peoples' behavior. These two aspects are important guidelines both in individual and social life. Therefore, the relationship between marketing and religion is inseparable (Kaakeh *et al.*, 2019; Tabrani *et al.*, 2018). Religious scriptures provided guidelines with regard to which products and services are approved and which are forbidden (Amin, 2020). Prior studies stated that it is a two-dimensional construct, namely, intrinsic (i.e. more spiritual aspects) and extrinsic religiosities (i.e. more behavioral aspects) (Junaidi *et al.*, 2021; Mortimer *et al.*, 2020).

3. HH3.1 Relationship between extrinsic religiosity and consumer awareness/attitude

Historically, extrinsic religiosity has been conceptualized as a one-dimensional construct toward a categorical measure of individual religious affiliation. It is regarded as the adherence of an individual to a particular spiritual practice which influences all aspects of the person's life. Subsequently, peoples' beliefs are strongly related to their religion, either directly (through sacred texts) or indirectly (because of their awareness and attitude). Allport and Ross (1967) stated extrinsic religiosity is always accompanied with instrumental and utilitarianism of individual orientation. It provides spiritual security and comfort, sociability and distraction or self-justification regardless of external consequences. In other words, extrinsic religiosity is purely a social settlement that reflects individual and utilitarian stimuli (Junaidi *et al.*, 2021; Mortimer *et al.*, 2020). Although, in the Islamic context, it does not involve beliefs and spirituality (Md-Ilyas, 1992), rather it is more concerned with an individual's religion, thereby confirming the recognized performs and way of life to boost an individual's sense of belonging, acceptance and social status. However, this concept is quite different from the Islamic banking perspective. In this context, extrinsic religiosity is defined as a method of using religion for self-justification such as security, solace and sociability to adopt Islamic banking products and services.

Besides, few literatures stated that a significant relationship exists between religiosity and consumer awareness and attitude are prone to specific products and services based on this concept. Tabrani *et al.* (2018) reported that consumers' belief that the system is compliant with Shariah principles has a significant effect on their awareness of using the Islamic banking system in some cities. Furthermore, a similar pattern was discovered in Saudi Arabia (Alhazmi, 2019). Bananuka *et al.* (2019) stated that religiosity is strongly correlated to consumer attitude toward the Islamic financial sector in Uganda and Egypt (Abou-Youssef *et al.*, 2015). Conversely, both extrinsic and intrinsic religiosity has a potential effect and is used to illustrate consumers' awareness (Islam and Rahman, 2017; Kaakeh *et al.*, 2019; Mortimer *et al.*, 2020) and attitude (Amin, 2020; Bananuka *et al.*, 2019). Based on these considerations, the following hypothesis was proposed:

- H1. Extrinsic religiosity has a positive effect on consumer awareness.
- H2. Extrinsic religiosity has a positive effect on consumer attitude.

3.2 Relationship between intrinsic religiosity and consumer awareness/attitude

According to Madni *et al.* (2016), intrinsic religiosity is defined as a certain level of cognition where individuals can control their attitude, beliefs, identities, value and awareness. It is a

complete framework, motivated with regard to internalized beliefs where people tend to develop a harmonious life based on their religious doctrines. This is also a shadow of the behavioral aspect of personal affiliation in religious activities, which influences their way of life. These perspectives are vital religious effects on consumer behavior (Islam and Rahman, 2017; Muchlisah *et al.*, 2019). On the contrary, it is motivated by an individual's internal and religious beliefs, doctrines and prescriptions (Allport and Ross, 1967). It has more impact on believers in respect to all aspects of their lives.

Briefly, intrinsic religiosity is described as a meaningful-endowing framework that examines all aspects of life. In contrast, extrinsic religiosity is a social convention and self-serving instrumental method shaped to suit oneself. Meanwhile, intrinsic religiosity tends to motivate people based on their religion and when carrying out financial transactions. These views perceived religion as a way of life-based onset behavioral roles according to awareness and attitude regarding Islamic banking products (Amin, 2020; Islam and Rahman, 2017; Souiden and Rani, 2015; Tabrani *et al.*, 2018; Vitell *et al.*, 2005). Given these considerations, the hypothesis was proposed as follows:

H3. Intrinsic religiosity has a positive effect on consumer awareness.

H4. Intrinsic religiosity has a positive effect on consumer attitude.

3.3 Relationship between consumer awareness and consumer preference

Awareness is the ability to feel and perceive these products and services. It has been hypothesized to an essential role in determining the Muslim consumers' decision (Islam and Rahman, 2017; Kaakeh *et al.*, 2019). Generally, several people believe that the primary difference between Islamic and conventional banks is the prohibition of *Riba* (interest). Therefore, positive values to promote Islamic banking offer a fair system, namely, profit and loss sharing, include mutual risk. Speculative trading (Gharar) and transactions containing gambling elements (Maisir), alcohol, pig trade and cigarette activities are prohibited in Islamic law. Furthermore, the business and trading Islamic banking system based on the principle of justice legalizes profit, payment of zakat, working together for social purposes and prohibits monopolistic practices (Amin, 2020; Tabrani *et al.*, 2018; Usman *et al.*, 2017). Consumer awareness positively affects attitude (Islam and Rahman, 2017; Kaakeh *et al.*, 2019). It also impacts their preference for Halal products (Akin and Okumus, 2020; Mumuni *et al.*, 2018).

All communities probably accept the procedures applied in Islamic banking system. Moreover, supposing Muslims are aware of the positive values of these products. Indeed, they are certainly bound to be prone to this banking system. This implies consumers' awareness of the Islamic concept that causes them to be conscious of which products and processes are compliant and non-compliant. However, when consumers are aware of these products and services, the majority becomes interested in using the Islamic method of financial transaction (Amin, 2020; Islam and Rahman, 2017; Muchlisah *et al.*, 2019). The concept as mentioned earlier, indicates that people or consumers aware of halal tend to exhibit their religious belief in all aspects of their lives. They ensure that the halal products are consumed. Therefore, this study is an effort to validate Muslims' awareness, attitude and preferences toward Islamic banking, and it also offers superficial ideas regarding their potential customer base:

H5. Consumer awareness have a positive effect on consumer attitudes.

H6. Consumer awareness have a positive effect on consumer preference.

3.4 Relationship between consumer attitudes and consumer preference

Attitude is an evaluative effect of positive or negative feelings displayed by an individual toward a particular object (Fishbein and Ajzen, 1975). The views of people or consumers regarding the principles and importance of compliance with Islamic law define consumer attitude (Kamiyama and Kashiwagi, 2019). According to Islam, which comprises all aspects of human life such as consumer behavior and preference, attitude is inseparable from an individual (Amin, 2017; Md-Ilyas, 1992). In the Islamic banking context, it is defined as the degree to which a person favorably exhibits specific behavior regarding Islamic law. People exhibit positive attitudes toward certain circumstances or objects, strongly believed to be beneficial to them either materially or spiritually. It influences consumer preference, which serves both as a predictor and a mediator (Abou-Youssef *et al.*, 2015; Amin *et al.*, 2017; Bananuka *et al.*, 2019; Kaakeh *et al.*, 2019; Kamiyama and Kashiwagi, 2019). However, preliminary studies on consumer attitudes from an Islamic perspective, briefly uncovered the spiritual aspect of extrinsic and intrinsic religiosity. This study tries to explain why some Muslims exhibit a positive attitudes toward a particular banking system, while others feel less concerned. This decisive action taken by the individual is referred to as attitudes. It is also described as the tendency of consumers to prefer certain products. A person's opinion and perception of Halal (lawful) products and services directly affect and predict consumer preference (Amin, 2017, 2020; Mumumi *et al.*, 2018). The following consideration led to the proposed hypothesis:

H7. Consumer attitudes have a positive effect on Islamic banking preference.

3.5 Relationship between religiosity and consumer attitudes/awareness/preference

This study also considers the mediating role of consumer awareness when examining the relationship between religiosity and consumer attitudes and their inclinations to adopt Islamic banks. The capability to elaborate the influence of mediator variables to improve the quality of inferences, eases the achievement of knowledge, and offers a significant contribution in the recent study (Amin *et al.*, 2017; Junaidi *et al.*, 2021). Prior studies revealed that a high correlation between religiosity and consumer behavior in a region with a majority Muslim which influences their preference and awareness of the products compliant with *Islamic law* (Bananuka *et al.*, 2020; Junaidi *et al.*, 2021; Kaakeh *et al.*, 2019; Tabrani *et al.*, 2018).

Moreover, the mediating role played by consumer attitudes is important in investigating the correlation between religiosity and consumer preference. It expands the worth of studies on the Islamic banking system and enhances an extensive contribution (Amin *et al.*, 2017; Bananuka *et al.*, 2019). Furthermore, early studies concluded that consumer attitudes plays an essential role in addressing the relationship between religiosity and consumer preference. Moreover, consumers are committed to products that appeal to the *Islamic* principle (Amin *et al.*, 2017; Kaakeh *et al.*, 2019; Bananuka *et al.*, 2020; Mortimer *et al.*, 2020; Tabrani *et al.*, 2018). Accordingly, the following hypotheses were proposed:

H8. Extrinsic and intrinsic religiosity has a positive effect on consumer attitudes which is mediated by consumer awareness.

H9. Intrinsic religiosity has a positive effect on consumer attitudes which is mediated by consumer awareness.

H10. Extrinsic religiosity has a positive effect on consumer preference which is mediated by consumer awareness.

- H11.* Intrinsic religiosity has positive effect on consumer preference which is mediated by consumer awareness.
- H12.* Extrinsic religiosity has a positive effect on consumer preference which is mediated by consumer attitudes.
- H13.* Intrinsic religiosity has a positive effect on consumer preference which is mediated by consumer attitudes.

4. Methodology

4.1 Questionnaire design, pretest and pilot test

This study used highly reliable and valid multi-item scales for all the constructs adopted from preliminary studies. A pretest was carried out based on the following method, anonymous respondents and randomization sequence of the measurement items. Furthermore, pilot test was applied to discover the participants understood the questions and revised dictions to avoid single source bias (Podsakoff *et al.*, 2003). An English-Indonesian translator reviewed the wordings. All the respondents are Islamic bank consumers. They completed the questionnaires, which were used to determine the factors that influenced their decision to adopt this banking system. The pre-testing suggested the deletion and modification of specific statements to assure that it was completely understood in the Indonesian context. Subsequently, a pilot test was carried out to confirm the final wordings of the formal investigation. The pilot test aims to identify various responses and implications of the participants related to the questions in the pre-test. Hair *et al.* (2019) stated 20 participants were recommended for each construct to increase the quality of the instruments. Subsequently, pilot test was implemented on 120 participants. It was acceptable for further statistical analyses and formal study (Hair *et al.*, 2019).

4.2 Sample and data collection

The participants in this study are consumers of Indonesian Islamic banking who requested to fill out the survey. For every complete survey, we provide a cash prize of 5,000 Indonesia rupiahs (IDR) donated by the Tahfidz School. This process of collecting data was carried out using Google Forms. Conversely, control was anonymous, and a random construct was carried out to avoid bias and enhance the validity. The purpose of this approach was to ensure that the participants fit the two basic constraints, namely over 17 years old, need to have an account(s) with Islamic bank(s). The samples were gathered from purposeful sampling, including 480 consumers of Islamic banks, which got it from pilot test results. However, 462 samples were valid. This indicates a completion rate of 96.25%. It can be seen in Table 1 the respondents' demographics. Indonesia was selected for data collection because it is the largest Muslim country worldwide, with 257 million (Statista, 2020).

4.3 Measures

The items used during measurement are stated in the Appendix. The respondents' demographics, including age, education, gender, and period of using Islamic bank was also measured. The questionnaire, encompasses a seven-point Likert scale anchored between 1 ("strongly disagree") and 7 ("strongly agree") for all scale items. Extrinsic and intrinsic religiosity adapted from Ji and Ibrahim (2007), consumer attitudes (Amin *et al.*, 2011), consumer awareness (Islam and Rahman, 2017) and consumer preference adapted from Amin *et al.* (2011).

Demographic Items	Frequency	Percentile (%)
<i>Gender</i>		
Male	180	39
Female	282	61
<i>Age</i>		
18–26 years old	310	67
26~40 years old	112	24
Over 40 years old	40	9
<i>Education</i>		
Bachelor and Below	320	69
Master	134	29
PhD	8	2
<i>Time period of using bank product</i>		
Below 5 years	212	46
6~10 years	134	29
11~15 years	48	10
Over 15 years	68	15

927**Table 1.**
Respondent
demographics

4.4 Common method variance

The recent study adopted the anticipation and post-detection procedures to reduce certain issues associated with the common method variance (CMV) (Podsakoff *et al.*, 2003) Eichhorn(2014) offered Harman's single-factor analysis to validate the common latent factor (CLF) for post-detection to carry out post-detection to detect the CMV. The result of the first factor was 41.50% which is less than 50.00%.. Besides, the factor loading of CLF was 0.48, which implies a 35.67% variance of CMV. The result showed that no significant problem was associated with the CMV. Therefore, the use of CFA and hypotheses tests is justified.

4.5 Data analysis

AMOS 22 and SPSS 22 statistical software programs are used to analyze data. Structural Equation Modeling (SEM) was used to test the proposed model and the research hypotheses. The distinct factor and regression analyses to examine the model are the main benefit of using SEM to simultaneously estimate all the path coefficients. SEM provides two crucial features of the method. 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 investigation.

Second, descriptive analysis is using valid frequency distribution. Pearson correlation coefficient was also applied to determine the correlation between predictor (extrinsic and intrinsic religiosity, consumer awareness and attitudes) and criterion variables (consumer preferences to adopt Islamic banking). Third, common method variance (CMV) was adopted as an anticipation and post-detection procedure. Finally, this study also used the Hayes (2018) bootstrapping method to examine the mediating and indirect effect of consumer awareness and attitudes on religiosity and preferences. This approach is more efficient than other methods, such as Baron and Kenny (1986), which focuses on determining the mediation effects.

5. Results

5.1 Pilot study and descriptive statistic

The pilot study was adopted to ascertain the validity of the content and identity of the respondents moreover, the consistency of the measurement item was calculated using the Cronbach alpha and fit indices (Hair Jr *et al.*, 2019). The results of the observed variables with adequate fit include $\chi^2/df = 1.997$, goodness-of-fit index (GFI) = 0.740, nonnormed fit index (NFI) = 0.877, comparative fit index (CFI) = 0.934, incremental fit index (IFI) = 0.935, root mean square error of approximation (RMSEA) = 0.092. Furthermore, Cronbach's α and factor loading for all constructs were obtained to be greater than 0.700, demonstrating good reliability for all measurement items.

The means and standard deviations were implemented in the recent study to confirm the subjective data and equal the variables primarily observed in the first step (Byrne, 2016; Hair Jr *et al.*, 2019). Mean differences are indicated in standard deviations. Therefore an effect size greater than 0.5 shows that the mean difference is one-half of the standard deviation. The mean score for the dependent variable (consumer preferences) is 5.84, while the standard deviation is 1.06. This means that, on the average, Indonesian Muslim tend to adopt Islamic banking products once it is introduced to them. The mean and standard deviation for extrinsic and intrinsic religiosities are 6.31, 1.19 and 6.40, 1.05, respectively. On the contrary, the mean and standard deviation for consumer awareness is 5.72, 0.55 and 5.76, 1.15, respectively. The standard deviation for religiosity, consumer awareness and attitudes to adopt the Islamic banking system are small compared to their mean values. Hence it is a good fit for the observed data. The highest and lowest mean values for extrinsic religiosity and consumer awareness are 6.40 and 5.72, respectively (Table 2).

5.2 Pearson correlation

The results from the Pearson correlation analysis are shown in Table 2. It was carried out to determine the relationships among the variables observed (e.g. extrinsic, intrinsic religiosity, consumer awareness, attitudes and preferences). This method was used because it is a parametric statistic and requires interval data for all variables (Byrne, 2016). As a result, bivariate-correlation analyses were obtained to generate the Pearson correlation coefficients used to measure the direction and size of the relationship between the variables investigated (Hair *et al.*, 2019).

5.3 Measurement model

The SEM was used to test the proposed model and the research hypothesis. A two-stage approach designed by Byrne (2016) and Hair *et al.* (2018) was used in this study. First, the

Constructs	Mean	SD	ERD	IRD	CAW	CAT	CPR
ERD	6.31	1.19	0.906				
IRD	6.40	1.05	0.777**	0.903			
CAW	5.72	0.55	0.610**	0.548**	0.812		
CAT	5.76	1.15	0.610**	0.548**	0.661**	0.836	
CPR	5.84	1.06	0.671**	0.615**	0.674**	0.754**	0.777

Table 2.
Correlation matrix
for measurement
scales

Notes: ERD: Extrinsic religiosity, IRD: Intrinsic religiosity, CAW: Consumer awareness, CAT: Consumer attitude, CPR: 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: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

measurement model was probably based on the confirmatory factor analysis (CFA) to examine the reliabilities and validities of the research constructs. The structural model was used to test the strength and direction of the proposed relationships among the constructs. The results from the CFA variables ER2, ER7 and IR6 are categorized in the low factor loading. The dimension reduction technique seeks to detect items with a shared variance. Therefore, it is suitable to remove any item with score less than 0.5 (Hair Jr *et al.*, 2019). The CFA results of the remaining 24 items showed the data had a good fit. The covariance matrix of the variables with an adequate fit (Hair *et al.*, 219; Byrne, 2016) include $\chi^2/df = 3.488$, goodness-of-fit index (GFI) = 0.860, nonnormed fit index (NFI) = 0.923, comparative fit index (CFI) = 0.943, incremental fit index (IFI) = 0.944, root mean square error of approximation (RMSEA) = 0.073, composite reliabilities (CR) and average of variance extracted (AVE) for each construct are greater than 0.900 and 0.700. In addition, each item's factor loading and multiple square correlations were greater than 0.750 and 0.250. Furthermore, the Cronbach's α for all constructs was obtained to be greater than 0.900, good representative reliability for all measurement items (Table 3), constructs, and convergent validity (Byrne, 2016; Hair Jr *et al.*, 2019). The results from the analysis explain the use of the CFA as all the criteria well surpassed the hypotheses testing (Figure 1).

5.4 Structural model

The model fit for the data was adequate $\chi^2 = 958.75$, $df = 268$, $\chi^2/df = 3.577$, GFI = 0.860, NFI = 0.925, CFI = 0.945, IFI = 0.945 and RMSEA = 0.075. The summary in Table 4 shows a strong correlation between the level of extrinsic religiosity and consumer awareness and attitudes toward the Islamic banking system (0.291; $p < 0.01$, 0.221; $p < 0.01$), which supports *H1* and *H2*. This indicates that the numerous prayer and communication among Muslims feasibly influences their views of the Islamic banking system regarding the economy and financial sector. Similarly, *H3* is supported, indicating a positive correlation between intrinsic religiosity and consumers' awareness (0.103; $p < 0.10$). Meanwhile, *H4* is unsupported, which means the relationship between intrinsic religiosity and consumer attitudes is weak (0.032; $p = 0.57$). This implies that the spiritual features are less likely to affect the Muslims' view of Islamic banking.

The relationship between awareness and consumer attitudes and preferences is significant (0.389; $p < 0.01$ and 0.383; $p < 0.01$, respectively), where *H5* and *H6* are supported. This means that the Islamic banking operational system is compliant with the Shariah principle. It also clarifies the financial sector and that the motives consumer is compelled to bank with them. The awareness 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. Similarly, consumer attitudes positively contribute to consumer preferences (0.294; $p < 0.01$), where *H7* is supported. This shows that their attitudes are significantly associated with consumer inclination to adopt this banking system. It also includes the feeling and knowledge of the products and services rendered such as commitment and a sense of belonging. This simply implies that a positive attitudes possibly leads to a change of mind concerning this banking system. Figure 2 shows the structural model adopted in this study.

5.5 Mediation effect

To test the mediation effects of consumer attitudes and awareness on religiosity (e.g. extrinsic and intrinsic) consumer preference, this study adopted a confidence interval bootstrapping method with 5,000 simulations. Bootstrapping is a nonparametric statistical process in which the data set is repeatedly sampled (Hayes, 2018). All the aforementioned mentioned conditions were met because from *H8* to *H13* are supported. Table 5 shows that

Constructs	MLE estimates factor loading/ measurement error		Squared multiple correlation	Composite reliability	Average of variance extracted (AVE)	Cronbach's α
Extrinsic Religiosity				0.958	0.822	0.955
ER1	0.864	0.254	0.746			
ER2 (removed)	0.419	0.824	0.176			
ER3	0.973	0.053	0.947			
ER4	0.947	0.103	0.897			
ER5	0.961	0.076	0.924			
ER6	0.771	0.406	0.594			
ER7 (removed)	0.318	0.899	0.101			
Intrinsic Religiosity				0.957	0.816	0.956
IR1	0.875	0.234	0.766			
IR2	0.908	0.176	0.824			
IR3	0.916	0.161	0.839			
IR4	0.942	0.113	0.887			
IR5	0.873	0.238	0.762			
IR6 (removed)	0.407	0.834	0.166			
Consumer Awareness				0.906	0.660	0.910
CR1	0.899	0.192	0.808			
CR2	0.911	0.170	0.830			
CR3	0.712	0.493	0.507			
CR4	0.733	0.463	0.537			
CR5	0.786	0.382	0.618			
Consumer Attitude				0.920	0.698	0.925
CA1	0.820	0.328	0.672			
CA2	0.735	0.460	0.540			
CA3	0.927	0.141	0.859			
CA4	0.882	0.222	0.778			
CA5	0.800	0.360	0.640			
Consumer Preference				0.883	0.603	0.892
CP1	0.702	0.507	0.493			
CP2	0.802	0.357	0.643			
CP3	0.823	0.323	0.677			
CP4	0.843	0.289	0.711			
CP5	0.701	0.509	0.491			

Table 3. Measurement results
Notes: Fit statistics (N = 462) $\chi^2/df = 3.488$, Goodness-of-Fit Index (GFI) = 0.860, Nonnormed fit index (NFI) = 0.923, Comparative Fit Index (CFI) = 0.943, Incremental fit index (IFI) = 0.944, and Root Mean Square Error of Approximation (RMSEA) = 0.073

all the confidence intervals for the percentile method and bias-corrected excluded zero, indicating that all mediation effects are significant. The results show the entire are partial mediators. Therefore, religiosity (extrinsic and intrinsic) positively affects Islamic bank preference through consumer awareness and attitudes.

6. Discussion

6.1 Key findings

This research uncovers specific factors that determine consumers' preference of Islamic bank products and services. It is critical and relevant for competitive advantage in the financial sector. The consumers' extrinsic religiosity plays a vital role, thereby influencing consumer awareness and attitudes. Interestingly, intrinsic religiosity has a significant effect on consumer awareness. Conversely, it has a positive impact on consumer attitudes. Therefore, this result is consistent with the preliminary studies carried out by Islam and Rahman (2017) and Ireland (2018), which stated that the social discourse concerning Islamic principles and frequent prayers is probably crucial in changing a Muslim's belief and views. Besides, this outcome is also consistent with the prior studies carried out by Bananuka *et al.* (2019), Junaidi *et al.* (2021), Mumuni *et al.* (2018) and Rahman *et al.* (2015), which reported that religiosity has a positive effect on consumer attitudes and preference. The recent study suggests that Islamic banks need to spread the duration of their campaign regarding their products, which needs to be surveillance (Fatwa) by an Islamic scholar. Therefore, creating awareness makes these products more attractive for consumers in economic, social and spiritual contexts. To ascertain whether the framework is workable, the managers need to use Islamic scholars and undergraduates as marketers to publicize this type of banking system. In addition, the use of flyers and advertisement on television also aids in creating awareness and toward the importance of Islamic principles regarding the banking principle. Similarly, illuminating Muslims by incorporating *Fiqh Muamallah* tends to strengthen consumers' awareness and attitudes. Subsequently, knowledge developed from discussions

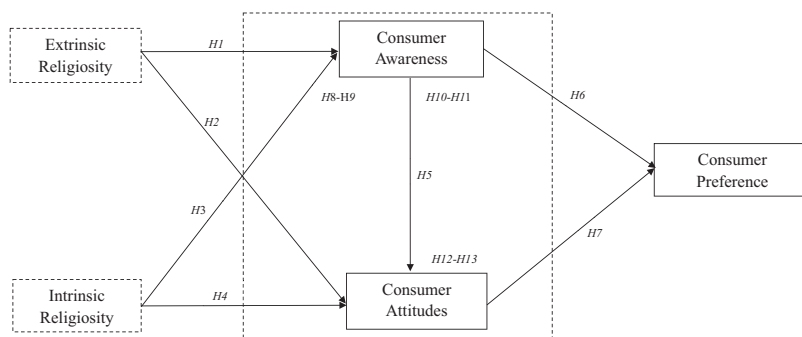


Figure 1.
Proposed research
model

Regression path	Path coefficients	Hypotheses	Test results
γ_{11} Extrinsic Religiosity → Consumer Awareness	0.291 ^{***}	H1	Supported
γ_{21} Extrinsic Religiosity → Consumer Attitude	0.221S ^{***}	H2	Supported
γ_{12} Intrinsic Religiosity → Consumer Awareness	0.103 [*]	H3	Supported
γ_{22} Intrinsic Religiosity → Consumer Attitude	0.032	H4	Unsupported
β_{21} Consumer Awareness → Consumer Attitude	0.389 ^{***}	H5	Supported
β_{31} Consumer Awareness → Consumer Preference	0.383 ^{***}	H6	Supported
β_{32} Consumer Attitudes → Consumer Preference	0.294 ^{***}	H7	Supported

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

Table 4.
Proposed model
results

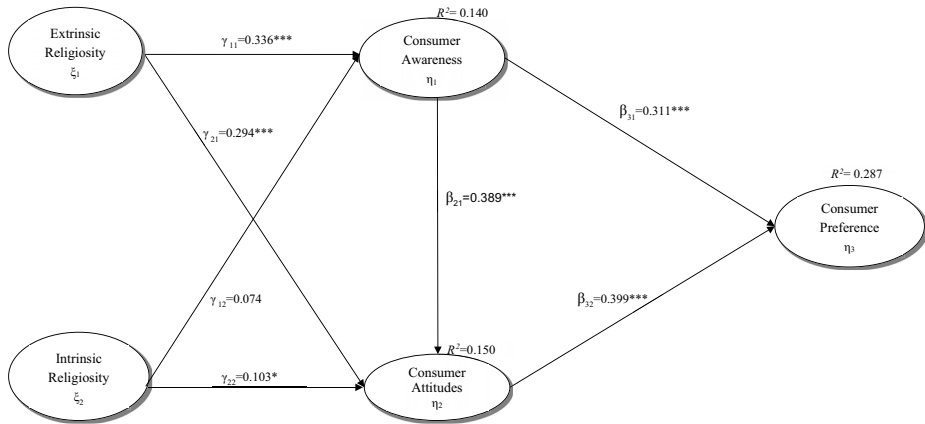


Figure 2.
Structural model

Note: Model fit: $\chi^2 = 958.75$, $df = 268$, $\chi^2/df = 3.577$, $GFI = 0.860$, $NFI = 0.925$, $CFI = 0.945$, $IFI = 0.945$ and $RMSEA = 0.075$

IV	M	DV	IV->DV (c)	IV->M (a)	IV+M->DV		Bootstrapping 95% CI	
					IV (c)	M(b)	Percentile method	Bias-corrected
ERD	CAW	CPR	0.584***	0.487***	0.379***	0.421***	[0.147, 0.247]	[0.170, 0.293]
		Standard Error (SE)	0.031	0.040	0.030	0.031		
ERD	CAW	CPR	0.516***	0.450***	0.336***	0.336***	[0.210, 0.251]	[0.323, 0.385]
		Standard Error (SE)	0.058	0.053	0.058	0.058		
ERD	CAT	CPR	0.584***	0.589***	0.283***	0.511***	[0.223, 0.351]	[0.255, 0.422]
		Standard Error (SE)	0.031	0.036	0.032	0.033		
IRD	CAW	CPR	0.616***	0.445***	0.408***	0.468***	[0.141, 0.263]	[0.143, 0.269]
		Standard Error (SE)	0.037	0.048	0.033	0.029		
IRD	CAW	CPR	0.513***	0.468***	0.448***	0.303***	[0.190, 0.321]	[0.169, 0.285]
		Standard Error (SE)	0.080	0.073	0.047	0.077		
IRD	CAW	CPR	0.616***	0.603***	0.285***	0.548***	[0.248, 0.381]	[0.248, 0.401]
		Standard Error (SE)	0.037	0.043	0.035	0.032		

Table 5.
Mediation effects

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

associated with businesses effectively influences consumers' preference of Islamic banking practices. Furthermore, consumer awareness plays an essential role in influencing consumer attitudes. This implies that Islamic bank managers need to be more active in religious events and brilliantly publicize the role of Shariah principle in their system. It tends to change their views, including influencing their sense of belonging.

The crucial role of awareness and attitudes, as well as its effect on consumer preferences, strengthens preliminary studies carried out by [Abou-Youssef et al. \(2015\)](#), [Kaakeh et al. \(2019\)](#), [Islam and Rahman \(2017\)](#), [Alhazmi \(2019\)](#) and [Bananuka et al. \(2020\)](#). This study suggests that bank managers need to create consumer awareness and attitudes prior to adoption by improving and promoting effective communication. In response to this, they are expected to sell products that comply with the bank policy as stated in the *Quran* and

Hadith and indulge in the active sponsorships of religious events. This aids in facilitating a smart partnership with both Muslims and the universities. The university possibly provides experts, while Islamic banks offer the financial grant necessary to conduct the socialization of these products. This effort helps to strengthen the interchange between them and consumers.

This research also confirms that consumer awareness and attitudes are reliable mediators between religiosity and preferences, consisting of the prior study carried out by [Amin *et al.* \(2017\)](#) and [Banakuka *et al.* \(2019\)](#). This also shows that consumer awareness and attitudes are best described as benchmarks to recognize consumers' preferences. An individual's inclination toward Islamic banks tends to be much when awareness and attitudes are greater or positive. Therefore, Islamic banks are required to map out consumer awareness and attitudes in their future plans for promotion. In addition, cultivating their products continuously with respect to consumers' needs is important to create positive awareness and attitudes. It was also recommended that they do not merely act as explanatory variables but rather as mediators, consistent with previous studies ([Amin *et al.*, 2017](#); [Islam and Rahman, 2017](#); [Mortimer *et al.*, 2020](#)).

6.2 Theoretical implications

The current study contributes to some aspects of the literature. First, it provides a better knowledge of specific concepts of religiosity (e.g. extrinsic and intrinsic), consumer awareness, attitudes and preferences in the Islamic banking context. This study discloses that religiosity has an essential role in developing consumers' awareness and attitudes, influencing consumers' decisions. This process designates the strong correlation between religiosity, consumers and their banks. Consumers who are highly aware of this banking system are more likely to be committed and have a sense of belonging and trust. Second, it was reported that awareness and attitudes play a mediating role in the relationship between religiosity and customer preferences. Although previous studies have reported the role of religiosity, consumer awareness and attitudes, which serves as an antecedent of consumer preferences ([Abou-Youssef *et al.*, 2015](#); [Amin *et al.*, 2017](#); [Amin, 2020](#); [Bananuka *et al.*, 2019](#); [Islam and Rahman, 2017](#); [Kaakeh *et al.*, 2019](#); [Muchlisah *et al.*, 2019](#); [Mumuni *et al.*, 2018](#)). There were examined separately, and it was indicated that consumers' awareness and attitudes are considered the most important mediators between religiosity and consumer preferences'. The strength of the mediating role shows that consumers are willing to develop high awareness, a sense of belonging and trust. This is as a significance of religious actions, knowledge and the experiences attained by Islamic scholars from dealing with Islamic banks. This suggests that religion, consumer awareness and attitudes need to be developed at the foundational level, this aids in the systematic establishment of consumers' preference. Finally, this study reinforces the proposed TiCB used to predict factors (e.g. religiosity and attitudes) that influences its products and services, including consumers' preference based on the *Maqasid al-Shariah* principle. It also strengthens the connection between consumers and the Islamic banking system.

6.3 Managerial implications

The current suggests that scholars, government and Islamic bank managers must strategically publicize the discussions of essential topics regarding religion, attitudes, awareness and behavior. This needs to be 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 permit the analysis of specific cases such as failed products and low market share of Islamic banks (e.g. consumer

dissatisfaction, lack of employee knowledge and performance). Furthermore, religion is also treated as an enlightening media that permits people to exchange (e.g. seek and share). It need not only provide religious value. However, it also needs to encourage the teaching of one another.

The findings offer several managerial implications, such as religion and awareness, thereby developing consumer attitudes and strengthening their preferences. Therefore, the more the consumers' knowledge and trust that Islamic bank products are compliant with Shariah principles, the more they tend to have a sense of belonging, thereby engaging in the preferences process. However, consumer awareness and attitudes are not the only variables. Trust and a sense of belonging also play a crucial role in increasing consumers' preferences. The role of awareness and consumers' attitudes as mediators between religiosity and preferences shows that the consumers are aware and agree with the wealthy Islamic banking system and prefer to maintain their relationship with them. In other words, a high level of consumers' religiosity reinforces their confidence, awareness and attitudes, which intimate their relationships with Islamic banks. Amin (2020) and Mumuni *et al.* (2018) reported that religiosity causes the banks to act according to Shariah compliance and consumers' expectations. Religion possibly influences a Muslim's view of Islamic bank. This result indicates that a higher level of religiosity is consistent with consumers' awareness and attitudes that Islamic banks need to act accordingly. Specifically, the interaction of Muslims with Islamic bank scholars is influenced by their religious identity, and this method has a positive impact on their preferences (Akn and Okumus, 2020; Alhazmi, 2019; Amin *et al.*, 2017). Therefore, Islamic banks need to train their employees, particularly in areas related to the banking system. They need to ensure that their staff are knowledgeable and understand that their products and services are compliant with Shariah laws. On the other hand, consumers need to be aware of Islamic products and vice versa. Similarly, consumers with less awareness tend to quickly terminate their relationships with Islamic banking. This decision tends to create a serious problem, thereby causing them to compete with conventional banks.

The role of regulators, including the Shariah supervisory board and financial services authority (OJK) to control the banking processes that have to be compliant with Islamic law is essential for strengthening the correlation between consumers and this banking system. In this regard, the regulators are expected to play a pivotal role with clearly established regulation and supervision mechanisms different from conventional banking. Additionally, a comprehensive mechanism and intensive coordination are essential factors that support the sustainability of Islamic banking and its success to compete for both in the local and global market.

6.4 Limitations and future research directions

There are some limitations to this research. First, this study was carried out in the Islamic banking consumers' field; therefore, the results need not be generalized. Future studies need to include non-Muslim, more sample sizes, other regions and geographical areas to encourage a better conclusion. Second, it only considered the situational factors of consumer decisions. Future research also needs to investigate internal (i.e. institutionalized religion, economics, and special knowledge of the community) and external factors (Islamic banking operation, organizational comparability and their relationships with consumers) from the perspective of marketing and religiosity. Finally, although most of the hypotheses proposed in this research were supported, it was restricted to consumer religion, awareness, attitudes, preferences and interrelationships with preliminary studies. Future studies also need to comprehensively focus on the relationship between religiosity and consumer preferences. In

addition, there is a need to ascertain whether Islamic bank managers understand the importance of this relationship, because, it aids in establishing when consumers' are comfortable and feel more confident.

6.5 Conclusion

Religion is a significant cultural and psychological construct that needs to be explored more frequently in accordance with studies on Islamic banking. This is because the Islamic marketplace requires a combination of specific religious and banking skills to obtain optimal performance. Hence, this study provides one of the first investigations into the extrinsic and intrinsic religious dimensions of Islamic banking to differentially influence peoples' attitudes and awareness in response of holy products. The study shows that extrinsic and intrinsic religious people are more aware of Islamic bank products and religiosity affiliation analysis, such as Islam to influence peoples' decisions. Therefore, Islamic banking managers need to collaborate with Islamic scholars to educate Muslims in Islamic finance and differentiate the system from a conventional bank, which directly creates consumer awareness and attitudes regarding their compliance to Halal products.

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Appendix. Scale items

Extrinsic religiosity (Ji and Ibrahim, 2007)

- I go to mosque because it provides me with the opportunity to make friends, acquire knowledge and relationship.
- Even though I believe in Islam, I strongly feel there are many more important things in my life.
- I pray mainly to gain relief and protection.
- Religion offers comfort in times of trouble and sorrow.
- Prayer is for peace and happiness.
- I go to mosque because I enjoy seeing people I know there.
- What I believe on does not matter, as long as I leave a moral life.

Intrinsic religiosity (Ji and Ibrahim, 2007)

- I enjoy reading *Qur'an*.
- It is important for me to spend some private time in deep thought and prayers.
- I sometimes have a strong feeling of Allah's presence.
- My whole life is based on Islam.
- Although I believe in my religion, some other things are more important in my life.
- It is important for me to spend some private time meditating.

Consumer attitude (Amin et al., 2011)

- Islamic bank is advantageous to both the lender and borrower.

- Financial matters and religion are inseparable.
- IBs provide solutions to contemporary financial problems.
- I am committed to staying in a relationship with Islamic banks.
- I have a strong sense of belonging with Islamic banks.

Consumer awareness (Islam and Rahman, 2017)

- I am aware of Islamic banking and its products.
- Islamic banking is based on Islamic law.
- Islamic banking practice is different from conventional bank.
- Islamic bank do not invest in prohibited ventures like Alcohol, gambling, etc.
- Islamic bank is strictly based on profit and risk sharing.

Consumer preference (Amin et al., 2011)

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

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