

PRECURSORY EFFECTS ON BUYING ISLĀMIC BANKING PRODUCTS IN PAKISTAN

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Abstract: For the banking industry in Pakistan, the issue of buying Islāmic banking products over the conventional financial products is of great importance. With this backdrop, this paper aims to analyze the precursory effects on the decisions of buying Islāmic banking products in Pakistan. More specifically, the study analyzed the strategic impacts of Islāmic religiosity, service quality, and subjective norms on the purchase intention of Islāmic banking products directly as well as through the mediating effect of trust. For the purpose, a structural equation model involving the survey of academic staff from various universities located in Southern Punjab, Pakistan was employed. The results revealed the significance of both direct and indirect effects of the factors under study. The study holds implications both for academics and the practitioners of Islāmic banking industry. For academics, the findings are manifested in the relationship between Islāmic religiosity and purchase intention of Islāmic banking products while for practitioners, the model provides a guideline to shape the marketing strategy of Islāmic banking products in Pakistan, an economy of two hundred million Muslim consumers.

Keywords: Islāmic Religiosity, Service Quality, Subjective Norms, Purchase Intention, Islāmic Banking in Pakistan

1. Introduction

Islāmic banking is a system which is based on Islāmic Sharia'h principles, a guiding philosophy for promoting Islāmic way of life including trade and

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commerce 1. Allah almighty has allowed sale and trade but prohibited interest, a risk-free gain, because interest engenders debt servicing and redistribution of income problems, consequently, revealed religion including Islām, Judaism, and Christianity have forbidden interest (2). Islāmīc Economics wants equal distribution of wealth and resources among the people and cares about every person of the society whether he is a lender, borrower or a trader (3). Qur’ān says:

وَمَا آتَيْتُم مِّن رِّبَا لِيَرْبُوَ فِي أَمْوَالِ النَّاسِ فَلَا يَرْبُو عِنْدَ اللَّهِ وَمَا آتَيْتُم مِّن زَكَاةٍ تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَٰئِكَ هُمُ الْمُضْعِفُونَ ---

that which you give in usury in order that it may increase on (other) people property has no increase with Allah; but that, which you give in charity, seeking Allah s countenance, has a manifold” (Al- Qur’ān, 30:39).

So interest is prohibited and Allah almighty said to keep off from this even its abundance may fascinate you. Most prominent economists have pointed interest as the kingpin in banking and called it as a historical accident and they condemned birth of money from money (4). Islāmīc finance was followed and adopted in middle ages in occupied territories later on many instrument and techniques were adopted by European markets (5).

Islāmīc banking accounts not only the factors of production and economic behavior of human beings, but also takes into consideration the moral, ethical, religious and social aspect to improve the equality and social justice in society (6). Justice to the distribution of wealth, and the factors of production, the role of the state is an important parameter to run Islāmīc finance (7). Investment reserves and the equity backed by risk sharing basis finance are certainly important building blocks of Islāmīc finance (8). The popularity of Islāmīc banking is not limited to Muslim countries but also it is attracting to conventional banks in non-Muslim countries (9).

Islāmīc banking has proved as banking of productivity and entrepreneurship. It brings equity and risk sharing between lender and enterprise (10). As such, it is becoming an alternative to conventional banking (11). Islāmīc Banking is chosen 70% due to Islāmīc religiosity and 30% remaining are to the managerial performance of banking (12). Every 4th person in the world is Muslim (13), a good reason for the growth of Islāmīc banking due to the size of population which considers adopting

Islāmic banking as a matter of worship and religious obligation. Practically it was started in 1960 in Egypt, and now effectively practicing in 75 countries with 15% annual growth rate (14).

Despite the growing literature on Islāmic banking, little research has been conducted on the factors affecting the choice of Islāmic banking products. The purpose of this paper is to investigate what if any precursory effects can be understood to know why people will prefer to buy Islāmic banking products over conventional banking products. A few studies have been conducted in Malaysia (15), Jordan (16), and Indonesia (17). However, fewer insights are available from Pakistani perspective (18). Given this backdrop, this study will explore the nexus of relationships between Islāmic religiosity, perceived quality, subjective norms and trust to explain the purchase intention of Islāmic banking products. This paper contributes to existing body knowledge by addressing the following specific research questions:

1. To determine the impact of Islāmic religiosity on purchasing Islāmic banking products by Pakistani consumers.
2. To determine the impact of perceived quality of Islāmic banking products on purchasing Islāmic banking products by Pakistani consumers.
3. To determine the impact of norms and culture on purchasing Islāmic banking products by Pakistani consumers.

The remainder of this research is organized as follows. The next section describes the literature review starting from a snapshot of commonly offered Islāmic banking products followed by factors influencing buying behavior for such products. Then, in the following two sections, methods for data collection and analysis and results are reported. Finally, the research presents main implications of findings and draws some conclusions.

2. Literature Review

In the modern economy, banks can provide value-enhancing services with halal financial intermediation specifically in Islāmic countries (19). According to Qur'ān:

إِنَّمَا الْمَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْمَيْعَ وَحَرَّمَ الرِّبَا

“---Trading is only like Usury, whereas God has permitted trading and forbidden Usury” (Al-Baqarah, 2:275).

Since interest and usury is prohibited in Islām, a number of halal financial

products has been introduced in the light of Islāmic finance principles in the global financial system to attract the market of approximately one billion muslims worldwide (20). It is important to note that Islāmic banking is not much different from conventional merchant banking in terms of operations, offerings, marketing, and underlying enterprising and asset principles except explicit interest earnings and elimination of making money with money (21).

Shari’ah principles, the fundamental bedrock for Islāmic way of human conduct, govern business and financial matters in three forms: 1) loan contracts for sales and repurchase agreements 2) lease contracts for buying back agreement or financial lease with purchase obligation 3) equity based profit sharing contracts (22). From Shari’ah view, contract is used as a foundation to develop different Islāmic banking products instead commercial orientation and each banking product is associated with either asset or enterprising (23). As such, the purpose is to eliminate forbidden things including riba, gharar, and maisir from banking and finance.

A number of current different Islāmic banking products being proposed to be free from interest, riba, and uncertainty is given in the following Table 1.

Table 1: Selected Islāmic Banking products

Foundation used	Islāmic Banking product	Target Market
Waa’d	Current account	Savers
Muadarabah	Saving account	
Tawarruq	Credit cards	Creditors
Murabaha	House loans	Financers
Deffered payment sale	Transport loans	
Qard-al-hassan	Staff loans	
Wakalah	Trade Financing	Businesses/Corporate
Ijarah	Asset Based Financing	
Musharakah	Corporate Investment	

Source: Adapted from 24

In addition to the afore-said commonly used Islāmic banking products, there are many other products such as Hawala, Istisna, Kafala, Sukuk, and Iqtina etc. Given the ethos of Islām

“O you who believe, enter Islām completely” (Al-Baqarah, 2:208)
 Muslims tend to behave and act according to the will of God in all aspects of

life. To gain insights into choice for buying Islāmic banking products is an important component of purchasing decision for buying banking products. Thus, factors influencing the growth of demand for Islāmic banking products are explored and discussed further in this section of literature review.

Islāmic Religiosity

Eligiosity is expected to have a significant influence on a customer's ethical beliefs and this in turn will be reflected in his attitude, values, and behaviors(25). Religiosity has a greater influence on daily purchasing and practices (26). Many Qur'anic verses reinforces the continuing relationship between faith (Iman) and conduct (Amal) (Al-Nur: 37; Al-Al-Qaṣaṣ: 77). Therefore, Muslims adhere to Islāmic religiosity, values, beliefs, and practices.

Islāmic religiosity is critical for Muslims because religious affiliation has an impact on their social choice, living, and consumption. Muslim are a monotheist, follow the order of God and, acting upon Holy Qur'ān (27). According to Qur'ān:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

O you who believe devour not usury, doubling and quadrupling (the sum lent), but fear Allah, that you may be successful” (Al-Qur'ān, 3:130).

Islāmic Religiosity is one of the major causes to choose Islāmic banking. As interest and usury are forbidden by Islām, Islāmic banking is no longer a business entity operated but also fulfill the religious obligations of Muslims community (28). More significantly, it is striving to fulfill the needs and demands of new customers as well as Islāmic banking has potential to perform all banking activity (29). Rustam argued that majority of them perceived both Islāmic Religiosity and Economics as the patronage factors in Islāmic banking selection (30).

Allah (SWT) permits trade and forbids usury in Qur'ān:

قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ

That is because they say: Trade is just like usury; Allah permits trading and forbids usury, he to whom an admonition from his Lord comes, and (he) refrains (in obedience thereto), he shall

keep (the profits of) that which is past, and his case rests with Allah (SWT)” (Al-Qur’ān, 2:275).

Further, Allah said that he wipes out usury and nourishes acts of charity:

يَمْحَقُ اللَّهُ الرِّبَا وَيُرِي الصَّدَقَاتِ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ ،

“Allah has blighted usury and made almsgiving fruitful. Allah loves (likes) not the impious and guilty” (Al-Qur’ān, 2:276).

All the afore-mentioned verses clearly refrain Muslims from interest-based banking so Islāmic banking provides them the facility to hold their financial activity by avoiding interest and usury. It is the main reason why Islāmic banking exists; it is the economics of nature to avoid from interest. All Religions prohibit the interest as Islām, Judaism, and Christianity (31).

However, risk sharing is crucial for finance system. Riba is prohibited because it is deemed an illicit gain and is applied to both trader and brokers. Islāmic finance system assumes borrowed money, a potential instrument for enterprising and it must be returned from real assets rather prefixed amount as a return. Islām financial system stresses to carrying contractual obligations and secret information on the honest basis and does not account for gambling, speculation, and hoarding (32).

Conventional banking is interest based and part of the system which promotes capitalism (33). Capitalism brings disequilibrium in the distribution of wealth among society (34). Islām gives a complete solution for economic and banking activity which gives stable, equity-based, and more liquid and risk sharing banking package of products and services (35). Thus, due to a matter of Islāmic religiosity trade is only financial system for Muslims.

Scholars investigated selection factor of Islāmic banking and confirmed religion as most important criteria for selection of Islāmic banking (36). For choosing Islāmic banking in Muslim countries, Islāmic Religiosity is most important factor in the selection of Islāmic banking in Muslim countries rather non-Muslim countries (37). In addition, scholars examined the elements of knowledge, understanding of Islāmic banking concepts, conflict with religious beliefs and attractiveness of Islāmic banking as an important factor to choose Islāmic banking (38). The scholars also posited that student of Islāmic studies are more religious than other because they have a deeper knowledge of Islām, but every Muslim try to follow Islāmic rule in every

activity up to his knowledge (39).

Given the afore-said arguments, it was posited that Islāmic religiosity is an important determinant to predict intention to purchase Islāmic banking products. Thus, it is reasonable to state;

H1: Islāmic Religiosity positively influences intention to purchase Islāmic banking products.

H1a: Islāmic Religiosity positively influences intention to purchase Islāmic banking products with mediating effect of Trust in Islāmic banking products.

Perceived Service Quality

Perceived quality of services is a strategy for the success and survival for the deliverance of quality of service to the customer 40. One of the main reasons for the choice of Islāmic banking is improving the ways products and service offered, KFH found positivity in perceived service quality, satisfaction, and service encounter examined the positive relationship between service quality and customer satisfaction with respect to Islāmic banking products and services (41).

In banking industry, competition is rife in improving the service quality because customers are well aware of financial products of different banks so they prefer high service quality, friendly and innovative human resource, quick and strong technology based network infrastructure (42). Customer switch quickly and retention of the customer have even harder due to perceived service quality, so success and failure depend highly on service quality (43). It is the customer satisfaction which determines the customer loyalty, failure, and success. Service quality is a very wide variable which includes physical structure, technology structure, friendly, polite and skilled human resource and a wide variety of products for diverse customers (44).

Thus, service quality is found to be a significant issue in the banking industry, particularly for Islāmic banking (45). It is necessary for Islāmic bankers to distinguish Islāmic banking service quality in competition because researchers in some other culture have found a positive relationship between service quality, financial performance and market share 46. An organization can build a good reputation by matching the customer expectation for quality of services and performance because the customer is also a sole judge for giving a response.

Perceived service quality and risk-sharing provision of Islāmic banking are a comprehensive reason to choose Islāmic banking because risk sharing is the unique quality of Islāmic banking and benefit of human being are also first priority of Islāmic finance (47). Muslims and non-Muslims customers have contributed towards the growth of Islāmic banking because of competitive advantage of services of Islāmic banking. Thus, perceived quality is crucial for banking customer satisfaction in line with contemporary marketing thoughts (48).

Customer satisfaction is very essential for Islāmic banks as it has an impact on the organization's profit (49). Many other studies had identified direct and strong relationship between customer loyalty and profitability in Islāmic banking and also found that long-term growth and profitability of Islāmic banks relies on their ability to attract and retain loyal customers (50).

Based on the aforementioned arguments, it can be hypothesized that:

H2: Perceived service quality of Islāmic banking products positively influences intention to purchase Islāmic banking products.

H2a: Perceived service quality of Islāmic banking products positively influences Intention to purchase Islāmic banking products with the mediating effect of Trust on Islāmic banking products.

Subjective Norms

Subjective norms constitute the most interesting make-up of attitude-behaviour model (51). Subjective norms are one's perceptions or assumptions about others' expectations of certain behaviors that one will or will not perform (52). Subjective norms can influence intention towards adoption of Islāmic banking. As such, the presumption is that subjective norms explain social influence when certain specific behaviors are performed (53).

Few existing studies have concentrated the influence of subjective norms on the purchase intention (54). Ajzen's model refers subjective norms to the perceived social pressure when performing certain behaviour (55). Since this perception is very subjective in nature, this dimension is referred to as subjective norms. Similar attitudes towards behavior, subjective norms are also influenced by beliefs (56).

Subjective norms capture the positive perception of the customers of the

extent to which their social circle (family, friends, co-workers etc.) influence their behaviour towards adopting Islāmic banking 57. As such, the more strongly this pressure is experienced, the greater the adoption of Islāmic banking and, indirectly, the probability that this behavior will be realized.

Positive perception of the customer is crucial, particularly for non-Muslims customers, it leads to growth and sustainability of customers due to the trust development on Islāmic banking products. Scholars observed the perception of employees in both Islāmic banks and conventional banks and revealed that Islāmic banking had positive perception and human resource has enough training and knowledge of Islāmic banking (58). It was posited that adoption of Islāmic banking could increase by Religiosity, improved product quality, and effective marketing strategy. Here, subjective norms can become effective in developing good image and reputation, which leads to trust development over Islāmic banking. Subjective norm could be due to counseling and acceptance from religious bases and also sometimes due to the quality of service and emerging banking network. Subjective norm is acceptance and companionship of someone who has already experience and he is satisfied with products package and facilities available. Good image and perception lead to positive intention to choose Islāmic banking products and services. It is helpful that subjective norms lead to developing positive intention and selection of products and services which are persuaded by friends, relatives, and other affecting peoples (59).

Thus, it can be posited that purchase intention for Islāmic banking is driven by perceptions that outcome is desirable and supported by subjective norms.

Therefore:

H3: Subjective norms of Islāmic banking products positively influences intention to purchase Islāmic banking products.

H3a: Subjective norms of Islāmic banking positively influences intention to purchase Islāmic banking products with the mediating effect of trust in Islāmic banking products.

Trust

In spite of recent proliferation of Islāmic banking, customers have a tendency to be reluctant to shift towards it until unless they see real difference 60. Further, non-Muslims feel more uncomfortable considering the money might be utilized for terrorism. As such, customer's concern

reduce his/her trust in Islāmic banking and thus it is one the major obstacles to the growth of Islāmic banking.

Trust refers to the belief that the promise of another can be relied upon and that, in unforeseen circumstances 61. In literature, trust has been explained as dispositional trust, situational trust, trusting belief, and trusting intention 62. Dispositional trust is the extent to which one displays a consistent tendency to be willing to depend on others. Situational trust is that one believes in situational success. Trusting belief is the belief that the other party has one or more characteristics beneficial to oneself. Trusting intention means that one is willing to depend on, or intends to depend on, the other party even though one cannot control the other party's behaviour (63).

Recent work on Islāmic banking suggests that future research should explore trust more specifically trustworthiness and measuring the role of trust considering the uncertainty, integrating trust with acceptance of Islāmic banking. Hence, the link between trust and intention to use Islāmic banking seems one of the promising issue that has been explored in this paper. Some scholars have examined the relationship between trust and intention to purchase Islāmic banking products (64). Trust develops loyalty and intention to purchase Islāmic banking products and it is generally found that Muslims tend to be loyal towards buying Islāmic banking.

A few other studies also found that customers in Islāmic countries have positive attitude and intention towards Islāmic banking (65) and concluded that trust is highly significant in interest-free banking as Islāmic religious compliance, competitive services, credibility and reliability increases the trust of the customer (66). As such, when a bank is satisfying customer need that creates value and then due to sensitive nature of financial transactions, trust becomes a significant factor for the growth of banking industry. Further, the research conducted by (67) point out trust in Islāmic banking as a key variable in relationship to Islāmic banking products.

To gain a deeper understanding of how trust operates, the literature suggested the distinction between trust and trustworthiness. It is argued that trustworthiness is a belief about a trustee that the trustor's behaviour depends upon, whereas trusting intention is a behavioural component to engage in a behaviour that depends on the trustee (68). The concept of trusting beliefs in Islāmic banking means that potential customers believe

that Islāmic banking is benevolent, competent, honest, or predictable, while trusting intention means that a potential customer is willing to expose him/herself to the possibility of loss and transact with the Islāmic banking.

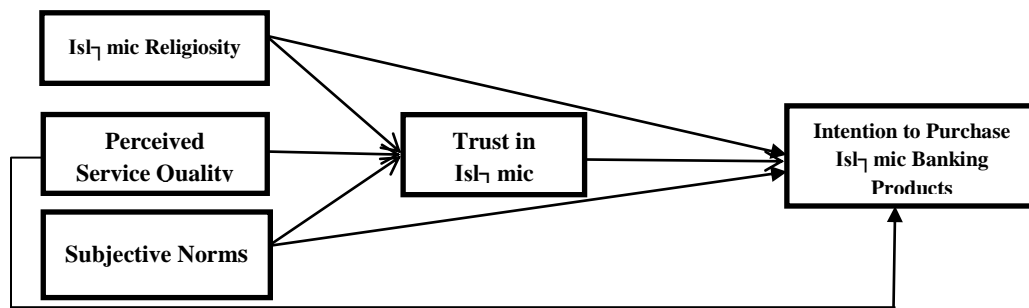
Given this background, this study measures trusting beliefs and trusting intentions as two separate constructs and place trust (trusting intention) as a mediator in the relationship between precursory effects of Islāmic religiosity, perceived service quality, subjective norms and purchase intention.

Based on the above, it is hypothesized that:

H4: Trust in Islāmic Banking Positively Influence Intentions to Purchase Islāmic Banking Products.

Figure 1 depicts the research framework for this study derived from the literature review;

Figure 1: Conceptual Framework



3. Research Methodology

This study was conducted with twofold objectives. First, we wanted to assess the precursory factors of purchasing Islāmic banking products in the context of Pakistan. Second, we intended to illustrate predictive validity of the precursory factors with knowing how strong the impact is?

Sample

The target population of the current study was academic staff of public and private universities of Southern Punjab, Pakistan. Such a target population was considered important due to education and income for choosing Islāmic banking. Data can be collected more quickly from the homogenous target population. Stratified random sampling technique was adopted to draw the

sample consisting of 300 academic staff of public and private universities of Southern Punjab. The sample was taken from the 8 universities named; BZU, ISP, NUML (Multan campus), Air University, Women University, University of Education, NCBAE, Nawaz Sharif Agriculture university.

Instrument

The questionnaire contained 30 items measured on a five point Likert scale with end points of “strongly agree” and “strongly disagree”. The latent variables in the model were operationalized with reflective measures and these were adapted from prior studies.

Islāmic Religiosity

Religiosity is defined as “A belief in one God accompanied by a commitment to follow principles believed to be set forth by God” (69). Islāmic Religiosity is a comprehensive sociological term used to refer the numerous aspects of religious activity, dedication, and belief. The measures of Islāmic religiosity were adopted from previous studies (70). This scale comprises of 6-items.

Perceived Service Quality

Perceived service quality has been described as a form of attitude that results from the comparison of expectations with performance (71). The measures of perceived service quality were adopted from (72). This is 6-dimension and 30-items scale.

Subjective Norms

“Subjective norms are group-held belief about how a member should behave in a given context”. The measures of scale for subjective norm were adopted from (73). This is 5-items scale.

Trust in Islāmic Banking

Trust is one from a group of factor affecting customer’s loyalty (74). Trust has been conceptualized in the literature as a willingness to rely on an exchange partner in whom one has confidence. The measures of Trust were adopted from inventory of measuring conditions of trust (75).

Intention to Purchase Islāmic Banking Products

The intention is a significant power of attitude towards usage and adoption of different products and services. The favorable and unfavorable feeling of a

person concerning a psychological issue is the most recent description of attitude leads to intention (76). The measures of intention were adopted from (77). This is unidimensional 5-items scale.

Results and Analysis

A two-step structural equation modelling approach was used to validate the proposed model (78). This approach was chosen because of its ability to evaluate the measurement model, a priori structural model and then testing the causal relationships among constructs (79). LISREL 8.12 was used to perform the analysis 80. We tested the overall model fit of the path model. The overall model fit evaluates the correspondence of the actual or observed input matrix with the predicted from the research model.

Table 2 shows the summary of the overall fit indices of the proposed model:

Table 2: Model Fit Indices with Accepted Value

Level of Model Fit	Overall Model Fit				
	Model Fit		Model Comparison		
Fit Measures	CMIN/DF	RMSEA	IFI	TLI	CFI
Further analysis is Required	> 2	> .1	< .90	< .90	< .90
Acceptable Scale for Good Model Fit	≤ 2	< .08 (Accepted up to .1)	≥ .90	≥ .90	≥ .90

Measurement Model

Composite reliability (CR), convergent validity of the measurement items, and the average variance extracted (AVE) is used to assess psychometric properties of the proposed model (81). Composite reliability depicts the degree to which the items indicate the common construct (82). The variance extracted reflects the amount of variance in the items captured by the construct (83). Discriminant validity is used to examine the extent one independent variable is exceptionally different from others in measuring the change independent variable, whereas convergent validity informs about variance proportion for all factors (84).

To access the model validity, the correlation value and standardized regression weights were processed. The results showed that two out of four constructs have AVE value above the threshold value of 0.5 and remaining two constructs have values slightly less than 0.5. In case, AVE is less than 0.5 but greater than 0.3, the value of CR should be greater than 0.60 to accept

the measurement properties of the model (85).

Table 3 shows the values of construct validity:

Table 3: Construct Validity

	CR	AVE	MSV	ASV	PSQRMN	IRNM	F1
PSQRMN	0.591	0.486	0.884	0.563	0.697		
IRNM	0.698	0.393	0.090	0.041	0.300	0.541	
F1	0.887	0.664	0.407	0.102	-0.638	0.022	
TIBM	0.851	0.589	0.884	0.230	0.940	0.188	
IPIP	0.860	0.552	0.870	0.228	0.933	0.199	0.815

* $p < .01$ (sig. at 2 tail); Pearson correlation is followed by AVE and square root of AVE

Hypotheses Testing

Bootstrapping can be used to test the study hypotheses for accepting or otherwise. It is often used as an alternative to statistical inference based on the assumption of a parametric model when that assumption is in doubt, or where parametric inference is impossible or requires complicated formulas for the calculation of standard errors (86).

It can also be used as a practice of estimating properties of an estimator (such as its variance) by measuring those properties when sampling from an approximating distribution. One standard choice for an approximating distribution is the empirical distribution function of the observed data (87). In the case where a set of observations can be assumed to be from an independent and identically distributed population, this can be implemented by constructing a number of resamples with replacement, of the observed dataset (and of equal size to the observed dataset) (88).

Direct and Indirect Effects

The direct and indirect relationships are calculated between independent, dependent variables and the mediating variable. The independent variables are Islāmic religiosity, perceived service quality, and subjective norms. The mediating variable is trust in Islāmic banking and the dependent variable is purchase intention for buying Islāmic banking products. The results represented that both paths with and without mediating paths are significant.

Furthermore, other paths such as independent variables (Islāmic religiosity, perceived service quality and subjective norms) having an influence on dependent variable (intention to purchase Islāmic banking products) is also significant along with mediating variable (Trust in Islāmic banking products). The mediator (Trust in Islāmic banking) also exhibits a significant path with the dependent variable of the current study. All relations are significant at $p < .05$. Relations are shown in the table below.

Islāmic religiosity have a significant effect on intention to purchase Islāmic banking p-value is .03 and beta value is .004. Islāmic religiosity has a significant effect on intention to purchase Islāmic banking p-value is .041 beta value is .0041. Islāmic religiosity has significant affect over intention to purchase Islāmic banking p-value is .010 and beta value .0080

Islāmic religiosity has a significant effect on intention to purchase Islāmic banking with mediating effect trust in Islāmic banking, P-value is .025 and beta value is .005. Perceived service quality has a significant effect on intention to purchase Islāmic banking with the mediating effect of trust in Islāmic banking, p-value is .000 and beta value is .263. Subjective norms have a significant effect on intention to purchase Islāmic banking with the mediating effect of trust in Islāmic banking, p-value is .000 and beta value is .362.

Table 4: Direct Effects

	IR_C	SN_C	PSQR_C	TIB_C
TIB_C	.034	.000	.000	...
IPIP_C	.003	.041	.010	.000

Table 5: Indirect Effects

	IR_C	SN_C	PSQR_C	TIB_C
TIB_C
IPIP_C	.025	.000	.000	...

4. Discussion and Conclusion

We found a significant relationship between Islāmic religiosity and purchase intention for buying Islāmic banking products. The p-value is .003, hence hypothesis 1 is sustained which states that Islāmic religiosity has impacted

over the intention to purchase Islāmic banking products. Islāmic religiosity has shown influences choosing Islāmic banking products, beta value 0.004. The analysis provides support to previous studies done in a different culture and different countries but due to Islāmic religiosity factor have a positive relationship between these two variables. This is in line with the previous scholarly work that religiosity has a greater influence on consumer behavior towards consumption (89). Islāmic religiosity is most important part of the life (90). Religion is important for Muslims and their behavior towards different life aspects are unique from other religions, particularly consumer behavior. They follow Islām to find the will of Allah. According to Islāmic Religiosity interest is prohibited, due to this principle of Islām Muslims avoid interest-based banking and they prefer Islāmic banking due to the non-interest based banking (91).

Scholars argued that majority of Muslims perceived both Islāmic Religiosity and Economics as the patronage factors in Islāmic banking selection (92). These all studies prove the significant relationship of Islāmic religiosity and intention to purchase Islāmic banking products. This study was observing the consumer behavior with respect to Islāmic banking in Egypt and explore that there is a positive relationship between Islāmic banking choice consumer behavior and Islāmic religiosity (93).

Perceived service quality has a positive impact on intention to purchase Islāmic banking products. The p-value is .041 hypothesis 2 is accepted and provide sufficient results to prove perceived service quality impact on intention to purchase Islāmic banking products. Service quality is good reason to choose Islāmic banking. Beta value is (0.0041). Previous studies were performed in different culture and different countries and perceived service quality is found universal to capture the customers and increase the business(94). According to the current and previous studies, there is a significant relationship between these two variables. The level of customer satisfaction depends on perceived service quality of Islāmic banking products.

Subjective norms sustain a positive impact on intention to purchase Islāmic banking services in direct relationship P-value is .010, hypothesis 3 is accepted thereby having a significant relationship between subjective norms and intention to purchase Islāmic banking products. Beta value is (0.0080). Current analysis on the basis of data collected provides sufficient support

previous studies that subjective norms are 3rd most important variable for selection and determinant for selection of Islāmic banking. Similarly, in the previous studies, there is a positive relationship between subjective norms and intention to purchase Islāmic banking products.

Islāmic religiosity has a significant relationship with intention to purchase Islāmic banking products with the mediating effect of trust in Islāmic banking services. P-value is .025 and Beta value is (0.005). It has a positive and significant relationship with the mediating effect of trust in Islāmic banking products. Previous studies also support Islāmic religiosity impact on intention to purchase Islāmic banking products with the mediating effect of trust in Islāmic banking. Trust can be argued as the most relevant and important for retention of the customer with Islāmic banking.

Perceived service quality has a significant relationship with intention to purchase Islāmic banking services. The p-value is .000 and beta value is (.263) and the 4th hypothesis is accepted. Positive and significant relationship support previous studies. Perceived service quality is the customer's impression of the service provider efficiency and it is significantly related to customer satisfaction and customer trust which ultimately leads to customer intention to purchase Islāmic banking. Previous studies found the positive relationship of trust in Islāmic banking and intention to choose Islāmic banking products.

Subjective norms have been found a good reason to choose Islāmic banking products. Subjective norms have P-value of .000 and beta value is .362. It was found that subjective norms as a significant determinant for buying of Islāmic banking services and intention to purchase Islāmic banking products and services. Particularly advanced technology and banking customer adoption have a positive relationship. Subjective norms and values were examined 2nd after the service quality for intention to purchase Islāmic banking products.

5. Research Implications

Based on the findings of this study, several implications can be drawn for the industry and academia who wish to make their efforts more productive and effective to promote Islāmic banking in Pakistan. Since the purchase intention is reflected in customer judgment and progressive thinking towards adopting Islāmic banking products, to this end, the study

contributed by explaining that Islāmic religiosity is the most appropriate factor to alter the thinking of customers who are currently buying conventional banking products.

As noted, perceived service quality and cultural norms are the leading cause to develop trust in purchasing Islāmic banking. The implication is that Islāmic banks should offer products different from conventional products by moving away from commercial banking and promote entrepreneurial financing for small and medium sized businesses in Pakistan. Further, norms can contribute if customers realize that Islāmic banking products are leaner towards flexible earning potential.

The combination of the variables under study is rare with mediating effect of trust in Islāmic banking. As such, the main contribution of this study is to knowing the integrated effect of these variables in Pakistan to contribute to developing indigenous promotion policy for Islāmic banking products particularly in Pakistan.

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