

## CHAPTER 3

### THEORETICAL BACKGROUND ON CUSTOMERS (DEMAND-SIDE) & HYPOTHESES DEVELOPMENT

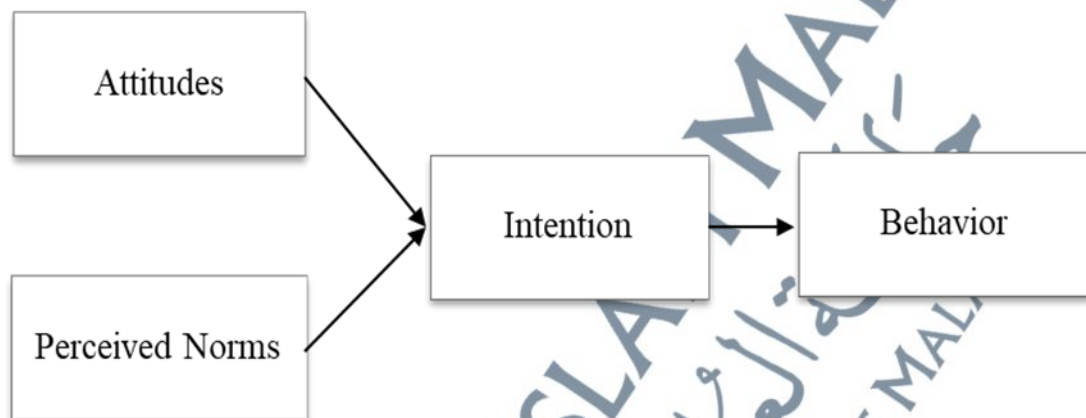
#### 3.1 Overview

This chapter discusses theoretical background and buying behavior studies in Islamic banking, starting with an overview of chapter in section one. Section two discusses the underpinning theories of intention. Section three discusses about meta-analysis. Section four presents the attitude and intention (ATT-INT) models which deliberates on its concepts. Section five deliberates on operationalization the impacts of ATT which includes of Normative Beliefs (NB), and Efficacy Beliefs (EB). Section six discusses the additional impacts of ATT which includes of Religiosity beliefs (RB), Knowledge (KW), Awareness (AW) and Understanding (UD). Section seven presents the operationalization of INT. section eight presents the additional impacts of INT. Then section nine discusses the mediating effects of ATT and INT. Lastly, section ten concludes this chapter.

#### 3.2 Underpinning Theories of Intention (INT)

The two major theories in INT literature are: Theory of Reason Action (Fishbein & Ajzen, 1967) and Theory of Planned Behavior (Ajzen, 1985). The historical development of these two closely associated theories was such that they are best described here together, rather than sequentially. The Theory of Reasoned Action (TRA) in some respects aims to explain the relationship between attitudes and

behaviors within human action. It is mainly used to predict how individuals will behave based on their pre-existing attitudes and behavioral intentions. An individual's decision to engage in a particular behavior is based on the outcomes the individual expects will come as a result of performing the behavior.



Source: Fishbein & Ajzen (1967)

**Figure 3.1:** Theory of Reasoned Action (TRA)

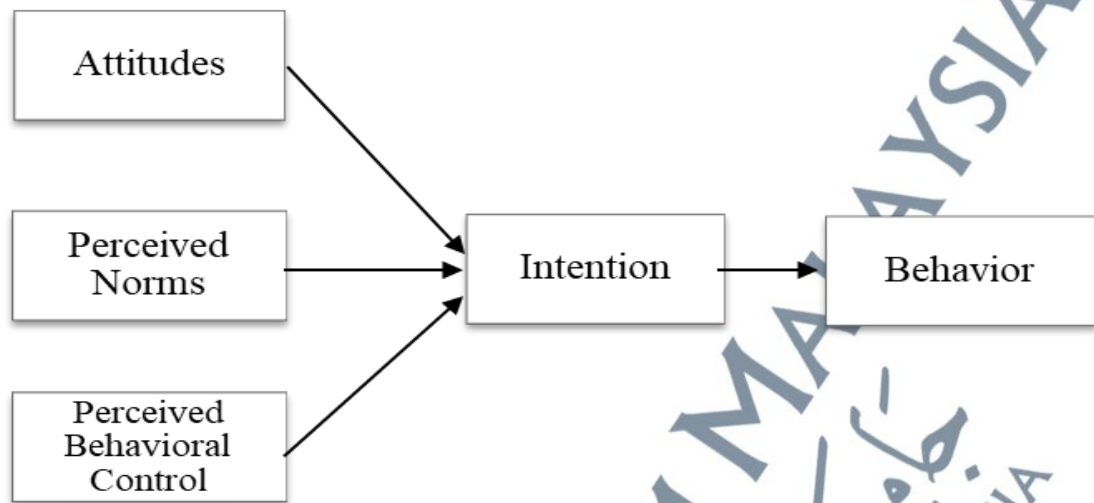
TRA (see Figure 3.1) combines two sets of belief variables, described under the headings of 'behavioral attitudes' and 'the subjective norm'. The TRA model tries to predict a person's behavioral intention based upon his attitude and norms. The theory relies on an assumption that motives, values and attitudes are key components of any individual's decision-making process. This is due to the basic proposition held in the TRA which states that behavioral intention determines actual behavior.

The TRA's strength lies in its ability to understand an individual's behavior by examining the underlying basic motivation to perform an action. TRA states that a person's intention to perform a behavior is the main predictor of whether or not they

actually perform that behavior. Additionally, the perceived norms also contribute to whether or not the person will actually perform the behavior.

According to the theory, intention to perform a certain behavior precedes the actual behavior. This intention is known as behavioral intention and comes as a result of a belief that performing the behavior will lead to a specific outcome. Behavioral intention is important to the theory because these intentions “are determined by attitudes and perceived norms”. The TRA suggests that stronger intentions lead to increased effort to perform the behavior, which also increases the likelihood for the behavior to be performed. Even though the TRA has been used successfully to identify key elements of consumer decision making, it has been criticized on the basis that it ignores the social nature of human action.

Theory of Planned Behavior (TPB) is a theory that links one's beliefs and behavior. It states that attitude toward behavior, subjective norms, and perceived behavioral control, together shape an individual's behavioral intentions and behaviors. The concept was proposed by Ajzen (1985) to improve on the predictive power of the TRA by including perceived behavioral control.



Source: Ajzen (1985)

**Figure 3.2:** Theory of Planned Behavior (TPB)

Below are terms and concepts of variables according to Ajzen:-

**Perceived Norms:** An individual's perception of social normative pressures, or particular behavior which is influenced by the judgment of significant others or relevant others' beliefs that they should or should not perform such behavior.

**Perceived Behavioral Control:** Individual's beliefs about the presence of factors that may hinder performance of the behavior and perceived ease or difficulty to perform behaviors. The concept of perceived behavioral control is conceptually related to efficacy beliefs.

**Intention:** an indication of an individual's readiness to perform a given behavior. It is assumed to be an immediate antecedent of behavior. It is based on attitude toward the behavior, subjective norm, and perceived behavioral control, with each predictor weighted for its importance in relation to the behavior and population of interest.

**Behavior:** an individual's observable response in a given situation with respect to a given target. Ajzen said a behavior is a function of compatible intentions and

perceptions of behavioral control in that perceived behavioral control is expected to moderate the effect of intention on behavior, such that a favorable intention produces the behavior only when perceived behavioral control is strong.

### 3.3 Meta-analysis

Using the TRA and TPB as the basis investigation of meta-analysis, this section focuses on which variables gives bigger effect size on intention. Because one of our goals is to provide the greatest predictive power, we include attitude, perceived norms and perceived behavioral control.

Meta-analysis provides a means to compare, contrast, integrate, and synthesize the results of many studies in pursuit of developing fact. Having a larger pool of data—many studies vs. one—allows for a greater body of evidence and, hence, more robust conclusions. Individual studies, in essence, become data points in the meta-analytic review of the aggregate of a collection of studies. Meta-analysis helps researchers to average studies as though they were one study; some scholars suggest that such analysis is particularly beneficial to the Islamic banking research community.

Hunter and Schmidt (2004), the developers of the method used for this study, emphasize that every study has inherent in it at least two weaknesses: sampling error and measurement error. Although Hunter and Schmidt (2004) describe several more potential study artifacts, this study use their bare-bones meta-analysis as the basis. In a bare-bones meta-analysis, this study correct for sampling error and combine the effect size across studies.

In terms of literature search criteria, this study carefully selected studies to use for meta-analysis based on strict inclusion and exclusion criteria. We sought to include research that not only answered the calls from previous studies, but also examined acceptance of an Islamic banking artifact. As such, this study performed a search in the *Mendeley* database.

This study chose *Mendeley* for collection of database because of its demonstrated ability in indexing not just journal articles, but also conference proceedings, dissertations, and additional research. By having access to these additional works, this study sought to mitigate the file-drawer problem, a problem in which studies of non-significant results are not published in journals, thus leading to an overrepresentation of significant results in the published literature.

To gather the first list of references, referred to as the full candidate list, this study identified full candidate list of 964 articles, books, presentations, and reports. After a thorough table of contents, keyword, and abstract search of the 594 referenced items, this study reduced the list to 347 based on inclusion criteria.

**Table 3.1:** Exclusion Criteria in Meta-analysis

<b>Items</b>	<b>Criteria</b>
<b>Definition/ Concept</b>	The reference must use reasonable representations of the variable definitions based on theory
<b>Language</b>	English
<b>Area of Interest</b>	The artifact of the investigation must be Islamic banking and finance related
<b>Data</b>	Excluded studies with no empirical data (for example: conceptual)
<b>Correlation</b>	This study excludes the article which does not provide the correlation values between the independent and dependent variables.

During the exclusion phase, this study read and analyzed each of the articles remaining on the reduced list—after the inclusion phase—filtering them against exclusion criteria in Table 3.1 above. First, because this study operationalized variables using definitions provided by Ajzen as foundation, this study excluded references that did not hold to the original intent. For an article to be retained, the variable definitions used must be a reasonable facsimile of the definitions are developed.

Then, as the next step of the exclusion phase, this study chose to omit articles written in a language other than English. Based on this study focus on Islamic banking and finance related, this study then excluded articles in which the artifact under investigation. Because a meta-analytic method requires quantitative data, the decision to remove articles that were not empirically-based (e.g., theoretical, conceptual, etc.) was clear; more specifically, however, this study also excluded those articles in which the authors did not provide the correlation values between the independent and dependent variable. Upon completion of the exclusion treatment, the efforts in this study produced 50 usable references for further analysis.

**Table 3.2:** Characteristics of Studies used in Meta-analysis

Studies	Area of Interests	Study Sample Size	Correlations with Intention		
			Attitude	Perceived Norms	Perceived Behavioral Control
Abduh & Razak (2012)	Islamic Home Partnership Financing	504	.43	.66	
Alam et al. (2012)	Islamic Home Financing	300	.35	.07	.16
Albashir et al. (2018)	Islamic Banking	293	-.07	.19	.13
Ali & Athambawa (2013)	Islamic Financing	100	.02	.56	
Ali & Puah (2017)	Islamic Banking	540	.71		
Ali et al. (2017)	Islamic Home Financing	375	.89	.04	.10
Aloulou (2016)	Entrepreneurship	177	.32	.47	.21
Ambat & Damit (2016)	Entrepreneurship	351	.67		.26
Amin (2013)	Islamic Credit Card Financing	257	.57	.27	-.11
Amin et al. (2010)	Islamic financing (Qard Hassan)	214	.31	.49	
Amin et al. (2011)	Islamic Personal Financing	136	.79		
Amin et al. (2012)	Islamic Home Financing	168	.72	.50	.19
Amin et al. (2013)	Islamic Home Financing	237	.63	.60	.16
Amin et al. (2014)	Islamic Home Financing	278	.55	.54	.28
Badaj & Radi (2018)	PLS Financing among SMEs Entrepreneurs	153	.40	.04	-.32
Balushi et al. (2018)	Islamic microfinance	385	.57	.31	.32
Bizri et al. (2018)	Financing Family Firms: Islamic vs Conventional	115	.83	.08	-.06
Echchabi & Aziz (2012)	Islamic Banking	146	.84	.13	.09
Farah (2017)	Banks Consolidation	515	.27	.17	-.04
Fini et al. (2009)	Entrepreneurship	200	.42	-.03	.25
Hoffmann et al. (2012)	Fee-based Advisory Model for Retail Banking	245	.67		
Ibrahim et al. (2017)	Islamic Home Financing	389	.29	.25	.39
Jaafar & Musa (2016)	Islamic financing among Non-Users	205	.24	.46	.47
Jamshidi & Hussin (2018)	Islamic Credit Card	286	.14		

Johan et al. (2017)	Islamic Credit Card	100	.44	.18	.30
Kaabachi & Obeid (2016)	Islamic banking	239	.73		
Lajuni et al. (2017)	Islamic Banking	131	.53		
Latip et al. (2017)	Islamic Banking	477	.68		
Luc (2018)	Entrepreneurship	193	.23		.28
Lujja et al. (2016)	Islamic banking	300	.89		
Mansour et al. (2016)	Internet Banking	132	.84		
Maulana et al. (2018)	Islamic Microfinance	405	.08	.10	.19
Mbawuni & Nimako (2017)	Islamic Banking	975	0.43		
Md-Nor & Zainal (2009)	Internet Banking	742	0.53	0.14	0.13
Md-Nor et al. (2010)	Internet Banking	326	.72		
Nasri, & Charfeddine (2012)	Internet Banking	284	.90	.50	.77
Obeid & Kaabachi (2016)	Islamic Banking	239	.81		
Pitchay et al. (2015)	Cash Waqf	380	.67	.23	
Reni & Ahmad (2016)	Islamic Banking	275	.27	.09	
Reni (2015)	Islamic Banking	275	.39	.09	
Reza et al. (2014)	Islamic Banking	364	.31	.21	.23
Sabirzyanov (2016)	Islamic Banking	517	.65		
Setyobudi et al. (2015)	Deposit in Islamic Banking	423	.07		
Sharma et al. (2016)	Islamic Financing	1263	0.44		
Shih & Fang (2004)	Internet Banking	125	.82	.11	.05
Taib et al. (2008)	Diminishing partnership home financing	300	.74	.76	
Wahyuni et al. (2013)	Islamic Banking	240	.21	.35	
Yahaya et al. (2016)	Islamic Banking	94	.57		
Zabri & Mohammed (2018)	Cash Waqf	382	.32	.06	.26
Zinser (2018)	Retail Islamic Banking and Financial Services	250	.63	.06	.21

A meta-analysis is performed of the 50 articles using the methods prescribed by Hunter and Schmidt (2004) for a bare-bones meta-analysis. Characteristics of these studies can be found in Table 3.2. Hunter and Schmidt assert that the two artifacts contained in every study are sampling error and measurement error. Indeed, one chief

purpose of meta-analysis is to “estimate the true magnitude of correlations, as though all studies examined had been conducted without methodological flaws or limitations”.

From the 50 articles used, the correlation values were collected between each of independent variables: attitude, perceived norm and perceived behavioral control, and dependent variable: intention propensity. To correct for sampling error, this study calculated the population correlation coefficient of the relationship between each independent variable and intention propensity by calculating a weighted mean, where the weight is the sample size in the study (Hunter and Schmidt, 2004) (this and subsequent meta-analysis equations can be found in the Appendix).

Additionally, a frequency-weighted average squared error calculation was performed to determine the variance across studies. To evaluate results, 80 percent credibility intervals and 95 percent confidence Intervals is performed. Credibility intervals differ from confidence intervals in that a confidence interval provides an estimate of the variance around the estimated mean correlation and is formed using the standard error of the weighted mean, whereas the credibility interval refers to the parameter values distribution and is formed with the standard deviation of the population effect sizes.

Hunter and Schmidt (2004) interpret the credibility interval as the percentage of the values in the parameter correlation distribution that lies in the given interval.

Although Hunter and Schmidt encourage reporting the credibility intervals, others recommend reporting both credibility intervals and confidence intervals because each represent different information.

**Table 3.3: Meta-analysis Results**

Meta-analysis Results																					
Islamic Banking & Finance								Physical Activity	Information System	Eating Behavior											
Perceived Behaviors	Perceived Norms	Attitudes	Correlations with Intention				Characteristics		Hagger et al. (2002)	Weigel et al. (2014)	Riebl et al. (2015)										
			PB	PN	ATT	Keywords	k	N				r	ρ	SDρ	CI LL	CI UL	CV LL	CV UL	k	ρ-value	k
26	31	44																			
7389	9033	14166																			
.19	.26	.48																			
.20	.26	.47																			
.19	.21	.23																			
.12	.19	.40																			
.27	.34	.53																			
-.04	-.01	.17																			
.43	.53	.76																			
49	65	70																			
.44	.25	.48																			
2	8	8																			
.41	.33	.53																			
21	21	21																			
.96	.39	.43																			

Notes:

k = number of correlations

N = combined sample size

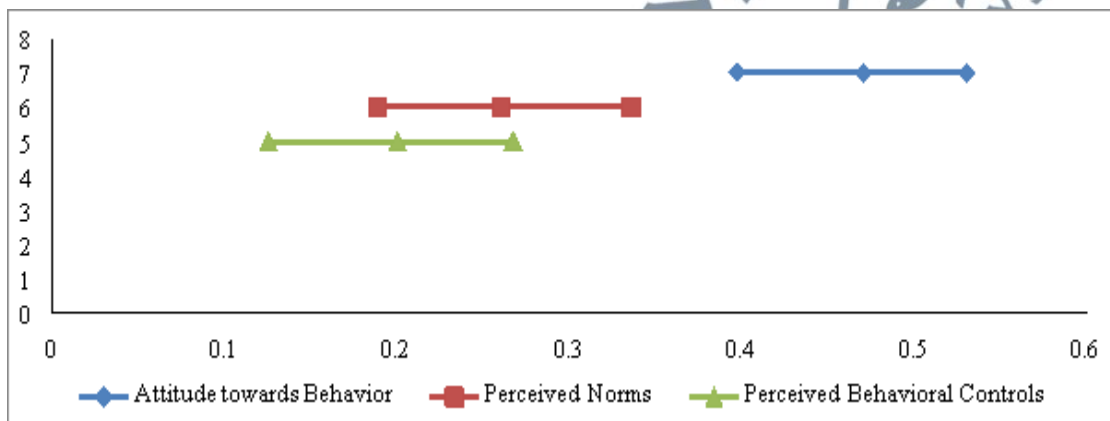
ρ = weighted mean corrected correlation

SDρ = standard deviation of the estimated true score correlation

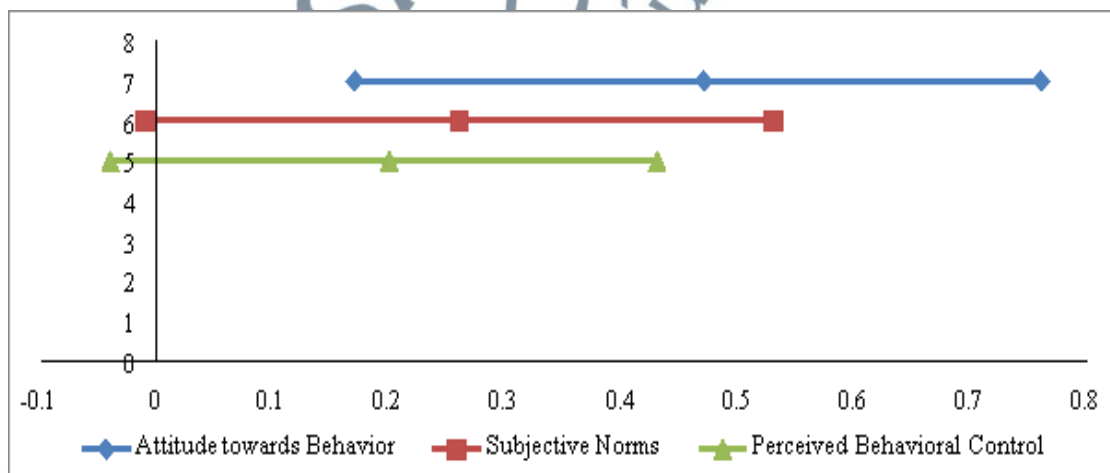
CI = confidence interval

CV = credibility interval

Table 3.3 includes the results of the meta-analyses of the relationships between each of the antecedents and intention propensity. Attitude toward behavior, one of the three Theory of Planned Behavior variables, was the strongest correlate of intention propensity, yielding a “large” effect size ( $\rho = .47$ ) (Cohen, 1988). Following are the correlates with “medium” effects: perceived norms ( $\rho = .26$ ) and perceived behavioral control ( $\rho = .20$ ). As such, all of the proposed antecedents were found to have a positive and significant correlation with intention propensity.



**Figure 3.3: Forest Plot 95% Confidence Interval**



**Figure 3.4: Forest Plot 80% Credibility Interval**

Confidence intervals and credibility intervals aid in providing the best estimate of the true nature of the relationship between variables. The confidence interval generated using the standard error can provide information about the accuracy of the mean correlation. As shown in figure 3.3, using the forest plot of 95% shows that attitudes are the larger value compared other variables. Then, the credibility interval generated using the corrected standard deviation can provide information about the operation of moderators. As shown in figure 3.4, using the forest plot of 80 % shows that attitudes also are the larger value compared other variables.

For comparison the results of current meta-analysis, three different areas of studies has been showed in table 3.3. The results of investigation of the relationships in the TPB support the findings from Hagger et al. (2002), Weigel et al. (2014) and Riebl et al. (2015) as such they provided a foundation for further examining intention propensity. Attitude toward behavior indicated the largest correlation with intention propensity.

As shown in this study, the variable of attitudes addressed herein is powerful predictors of intention propensity, which should motivate to continued use and give confidence to select to use it. In light of this study, the next section focus on developing further refinements of the Attitude-Intention (ATT-INT) framework by identifying additional antecedents to the ATT- INT propensity that may elucidate the relationships within the model. For instance, it is found that over more than 500 studies catalogued on Google Scholar as citing the Tri-component Attitude Model which may have also used Kaus's (1995) study as the basis of investigation. Although the theory has been modified, critiqued, and updated several times (Makanyeza, 2014;

Thomas, 2017), the theory and its core constructs may provide a different lens in which to view research objectives, thus providing an opportunity for this study.

### **3.4 Attitudes-Intention Model in Review**

Solomon (2002) describes an attitude as a lasting, general evaluation of an object. An object may refer to people or issues. Arnould et al. (2002) submit that an attitude is a summary of consumer thoughts, feelings and actions. Blackwell et al. (2006) view an attitude as a global evaluative judgement of products or brands—a favorable attitude towards a product denotes that the person likes the product or brand while an unfavorable attitude denotes that the person does not like it.

In the context of consumer behavior, Assael (2004) and Schiffman & Kanuk (2004) view an attitude as a favorable or unfavorable tendency that directs the behavior of consumers towards certain objects. In the consumer-oriented definition, Schiffman and Kanuk (2004) assert that the word object refers to something specific in consumer behavior such as a product, product category, brand, and an advertisement.

Thus marketers tend to be object-specific when conducting marketing research. In that case, it is difficult to observe attitudes directly. Therefore, attitudes must be inferred from the actions of the consumers or from what they say (Schiffman & Kanuk, 2004). Schiffman and Kanuk (2004) identify three characteristics of attitudes that emerge from the definitions of attitude.

First, attitudes are a learned disposition. The implication of this is that attitudes are learned. Consumer attitude towards a product is formed as a result of the

consumer's direct experience with the product, exposure to the marketer's communications and word-of-mouth information. An element of motivation is present in attitudes i.e. consumer attitudes may propel or repel the consumer from a particular product (Schiffman & Kanuk, 2004).

Second, attitudes are relatively consistent with the behavior that they reflect. However, Schiffman and Kanuk (2004) argue that this does not mean that attitudes are permanent. Attitudes may change with time.

Third, attitudes occur within a situation. It is possible for an individual to have various attitudes toward a product or brand based on different situations. Therefore, when measuring attitude, the marketer should pay particular attention to the situation in which behavior is taking place, otherwise a misinterpretation of the relationship between attitude and behavior may result (Schiffman & Kanuk, 2004).

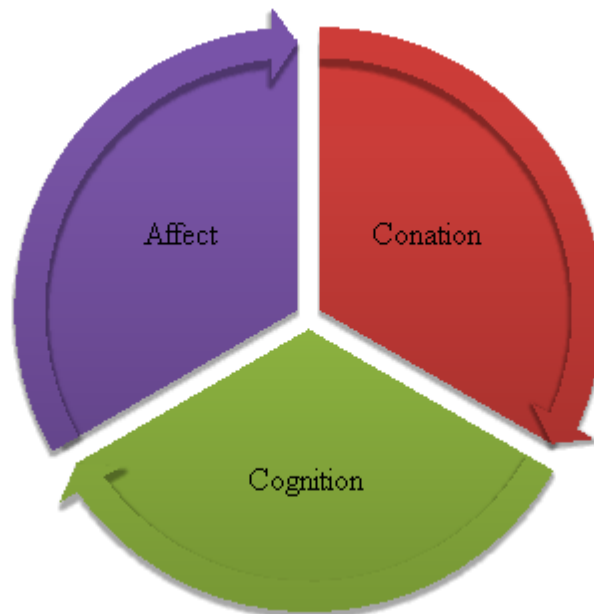
The concept of consumer attitude has been given wide attention in marketing literature. An understanding of consumer attitudes is important in that it enables marketers to influence how consumers behave toward products or brands (Argyriou & Melewar, 2011). More so, attitudes play an important part in developing marketing strategy. Attitudes help marketers to identify benefit segments, develop new products, and formulate and evaluate promotional strategies (Assael, 2004).

The desire to understand consumer attitudes and their relationship with consumer buying behavior has motivated psychologists to come up with models or theories that capture the underlying dimensions of attitudes (Schiffman & Kanuk, 2004).

As noted by Arnould et al. (2002), attitude models explain how a consumer processes information that influence the choice processes. Included in the consumer

information process are cognitions and emotions. Prominent consumer attitude models or theories discussed in literature include the Tri-component attitude model, hierarchy of effects model, attitude toward object model, attitude toward behavior model, theory of reasoned action and the theory of planned behavior.

These models provide different perspectives on the attitude components and how these components are related. However, the Tri-component attitude model is the basic model of consumer attitude (Blythe, 2008; Assael, 2004; Schiffman & Kanuk, 2004; Arnould et al., 2002; Solomon, 2002).



**Figure 3.5:** Tri-component Attitude Model

The concept of the Tri-component attitude model is that the three components of attitudes: affect, conation and cognition are interconnected (as shown in figure 3.5). It describes the need that in order to understand the attitude of a consumer as to try

and predict their behavior, all three components of the consumers attitude need to be investigated, (Schiffman & Kanuk 2004).

A person's cognitions (beliefs) represent the first part of the tri-component attitude model. Cognitions refer to the knowledge and perceptions that are acquired by consumers by way of a combination of direct experience with the attitude object as well as related information from various sources (Schiffman & Kanuk, 2004). Assael (2004) and Schiffman and Kanuk (2004) agree that consumers hold beliefs about products or brands. Also, thinking, knowledge, awareness, understanding and/or intellectual dimension and consist of cognitions, or the manner in which the attitude object (AO) is perceived (Schiffman & Kanuk, 2004). Dali et al. (2019) stated that religious also play an important roles in cognitive measures as it reflects the degree of beliefs towards the values and principles that affecting attitude object (AO).

For example, they may believe that the product or brand has certain attributes. They may also believe that specific behavior will result in a particular outcome. Because of this, the cognitive component is understood to consist of consumer beliefs. Consumer beliefs represent "subjective judgements about the relationship between two or more things". That is, consumer beliefs about a particular product are the characteristics that they ascribe to it (Blackwell et al., 2006). The role of the marketer is to develop a vocabulary of product attributes and benefits and then use it to develop questions used to solicit consumer data that will lead to a sound understanding of the beliefs of consumers (Assael, 2004).

Assael (2004), Schiffman and Kanuk (2004) and Solomon (2002) concur that the affective component is described as the feelings of consumers about a particular product or brand. It also relates to evaluations of feelings, emotions, and moods

regarding either an attitude object (AO) or its performance on specific criteria. They also view this component as the overall brand evaluation i.e. of the three components, only the affective component—brand evaluation—is central to the study of attitudes because it summarizes the consumer's predisposition.

They argue that beliefs are relevant only to the extent that they influence brand evaluations, which are the primary determinants of intended behavior. While the consumer's beliefs about a particular product or brand are multi-dimensional because they represent the brand attributes consumers perceive, the affective component is one-dimensional. Therefore,

the overall consumer brand or product evaluation can be measured by rating the brand from 'poor' to 'excellent', from 'prefer least' to 'prefer most', from 'good' to 'bad', or from 'favorable' to 'unfavorable' (Assael, 2004; Schiffman & Kanuk, 2004). Brand evaluations are a product of brand beliefs i.e. affect-laden experiences manifest themselves in the form of emotionally charged states such as surprise or happiness, etc. (Schiffman & Kanuk, 2004).

The conative component is concerned with the intention to buy, which is also known as behavioral intention (Assael, 2004; Schiffman & Kanuk, 2004). The conative component is the consumer's tendency to act towards a particular product or brand. In some interpretations, conation may refer to the behaviour itself (Schiffman & Kanuk, 2004). As such, it concerns people's behavioral intentions as their attitude toward the behavior or how likely they are to act upon their knowledge or feelings and directly concerns the overt behavior, i.e. whether they act on their attitudes and intentions or not (Schiffman & Kanuk, 2004).

However, Assael (2004) opposes this view. He argues that sometimes beliefs and evaluations of a particular product do not have to change for consumers to establish an intention to buy particularly if the economic inducement is large enough, for example, a sharp reduction in price. It is important to measure the behavioral intention when developing marketing strategy. The behavioral intention can be used by marketers as the closest substitute of the actual buying behavior (Assael, 2004).

In measuring attitudes, it has been studied and measured in many different ways as reported in literature (Bruner II et al., 2005; Assael, 2004; Schiffman & Kanuk, 2004). In most cases consumer attitude has been measured based on the three components of attitudes, namely beliefs, feelings and intentions to buy derived from the Tri-component attitude model. These components have been measured individually or in combination (Bruner II et al., 2005; Assael, 2004; Schiffman & Kanuk, 2004; Solomon, 2002).

### **3.5 Operationalization the Impacts of Attitudes (ATT)**

This section gives special attention to specific models- normative beliefs (NB) and efficacy beliefs (EB) that applied by the study into a single comprehensive customer ATT-INT model for the Islamic banking industry in general and the Islamic financing industry in particular. The model takes into account factors that affect customer attitude.

This study operationalizes attitudes and customer intention based on what it is supposed to measure from a consumer perspective. The concepts are divided into NB and EB as each of which will be explained in the following sub-sections.

### 3.5.1 Normative Beliefs

Normative beliefs (NB) are individuals' beliefs about the extent to which other people who are important to them think they should or should not perform particular behaviors. In general, researchers who measure NB also measure motivations to comply—how much individuals wish to behave consistently with the prescriptions of important others. Each NB about an important other is multiplied by the person's motivation to comply with that important other and the products are summed across all of the person's important others to result in a general measure that predicts subjective norms.

NB has been an important concept in social psychology for at least a century. For example, LeBon (1895) documented an effect he called contagion—that people in a crowd are strongly affected by the beliefs, emotions, and behaviors of others in that crowd.

However, the specific concept of NB did not gain prominence until the advent of Fishbein's theory of reasoned action (see Fishbein, 1980; Fishbein & Ajzen, 1975 for reviews).

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for NB. This is supported by empirical evidences reported by many studies. For example, positive significant results were found (Fang et al., 2017; Ang et al., 2017; Kim, 2018). Therefore, the hypotheses are derived:

## **Hypothesis 1**

- (a) Normative Beliefs (NB) positively affects attitudes towards current financing among users.
- (b) Normative Beliefs (NB) positively affects attitudes towards EBF among users.
- (c) Normative Beliefs (NB) positively affects attitudes towards EBF among non-users.

### **3.5.2 Efficacy Beliefs**

An individual's belief about the presence of factors that may facilitate or hinder performance of the behavior is known as control beliefs. The concept of perceived behavioral control is conceptually related to efficacy beliefs (EB). Meanwhile, it is assumed that perceived behavioral control is determined by the total set of accessible control beliefs.

As Ajzen (1991) stated in the theory of planned behavior (TPB), knowledge of the role of perceived behavioral control came from Bandura's concept of self-efficacy. More recently, Fishbein and Cappella stated that EB is the same as perceived behavioral control in his integrative model, which is also measured by items of EB in a previous study.

The concept of EB is rooted in Bandura's social cognitive theory. It refers to the conviction that one can successfully execute the behavior required to produce the outcome. The concept of EB is used as perceived behavioral control, which means the perception of the ease or difficulty of the particular behavior. It is linked to control beliefs, which refers to beliefs about the presence of factors that may facilitate or impede performance of the behavior.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for EB. This is supported by empirical evidences reported by many studies. For example, positive significant results were found (Kurbanoglu, 2003; Erdem, 2015; Badiozaman et al., 2019). Therefore, the hypotheses are derived:

### **Hypothesis 2**

- (a) Efficacy Beliefs (EB) positively affects attitudes towards current financing among users.
- (b) Efficacy Beliefs (EB) positively affects attitudes towards EBF among users.
- (c) Efficacy Beliefs (EB) positively affects attitudes towards EBF among non-users.

### **3.6 Additional Impacts of Attitudes**

This section gives special attention to six (6) specific models that integrated by the study into current customer ATT-INT model for the Islamic banking industry in general and the Islamic financing industry in particular. The integrated model takes into account factors that affect customer attitudes.

Most crucially, the model will also include a dimension that often receives little attention from researchers in the banking and marketing literature but which has a nexus with attitudes and their intention.

This study operationalizes ATT-INT model based on what it is supposed to measure from a consumer perspective. The concepts are divided into religiosity beliefs

(RB), knowledge (KW), awareness (AW) and understanding (UD) as each of which will be explained in the following sub-sections.

### **3.6.1 Religiosity Beliefs**

Religiosity Beliefs (RB) is the belief in the reality of the mythological, supernatural, or spiritual aspects of a religion. RB is distinct from religious practice or religious behaviors with some believers' not practicing religion and some practitioners' not believing religion. RB are being derived from ideas that are exclusive to religion, often relate to the existence, characteristics and worship of a deity or deities, divine intervention in the universe and human life, or the deontological explanations for the values and practices centered on the teachings of a spiritual leader or group. In contrast to other belief systems, religious beliefs are usually codified.

In addition, RB is an important cultural factor because it is one of the most universal and influential social institutions that has a significant influence on people's attitudes, values, and behaviors at both individual and societal levels.

However, past studies do not agree whether religion or religiosity is one-dimensional, bi-dimensional or multidimensional (Batson & Ventis, 1982; Sandage, 1999). Despite this disagreement, the literature concurs that RB is one of the most significant dimensions reflecting individuals' religiosity, and affecting their attitudes and behaviors, particularly in Muslim countries (Al-Ajmi et al., 2009; Souiden and Marzouki, 2014).

Noland (2007) argues that, whatever a person's religion, his RB tend to affect his behavior. According to Mokhlis (2006), the effects of RB on consumer behavior

come from two main sources: the obligations that people who belong to certain religions must respect and, in contemporary society, the behaviors of individuals as forged around a culture, norms, attitudes and values, which are themselves influenced by religion.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for RB. This is supported by empirical evidences reported by many studies. For example, positive significant results were found (Souiden & Jabeur, 2015; Graafland, 2015). Therefore, the hypotheses are derived:

### **Hypothesis 3**

- (a) Religiosity Beliefs (RB) positively affects attitudes towards current financing among users.
- (b) Religiosity Beliefs (RB) positively affects attitudes towards EBF among users.
- (c) Religiosity Beliefs (RB) positively affects attitudes towards EBF among non-users.

### **3.6.2 Knowledge**

With respect to Bloom's taxonomy, the cognitive domain of learning is concerned with knowledge and understanding. Within a domain, knowledge embodies all information that a person possesses or accrues related to a particular field of study (Alexander & Jetton, 2000). From a cognitive perspective as founded by Ajzen, this study integrates this scaling technique to assess the affective domain in Bloom's taxonomies of knowledge in measuring attitudes.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for KW. This is supported by empirical

evidences reported by many studies. For example, positive significant results were found (Lim et al., 2013; Ozturk et al., 2017). Therefore, the hypotheses are derived:

#### **Hypothesis 4**

- (a) Knowledge (KW) on basic principles and objectives of IB positively affects attitudes towards current financing among users.
- (b) Knowledge (KW) on basic principles and objectives of IB positively affects attitudes towards EBF among users.
- (c) Knowledge (KW) on basic principles and objectives of IB positively affects attitudes towards EBF among non-users.

#### **3.6.3 Awareness**

Awareness is the state or condition of having knowledge of consciousness. The Oxford dictionary defines awareness as “knowledge or perception of a situation or fact.” Merriam-Webster defines awareness as knowing, feeling, experiencing, or noticing a situation, condition, problem, sound, sensation, or emotion. According to these definitions, awareness can be focused on an internal state such as a feeling or emotion, or on external events by way of sensory perception.

Awareness can also refer to a common knowledge or understanding about a social, scientific, or political issue. For example, programs such as autism awareness and breast cancer awareness aim to improve the general knowledge of people about these conditions. However, awareness is not the same as knowledge. Awareness merely refers to an understanding of general information facts.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for AW. This is supported by empirical

evidences reported by many studies. For example, positive significant results were found (Malandrino et al., 2013; Ayub et al., 2016; Akhtar et al., 2016; Lujja et al., 2018). Therefore, the hypotheses are derived:

### **Hypothesis 5**

- (a) Awareness (AW) on financial instruments of IB positively affects attitudes towards current financing among users.
- (b) Awareness (AW) on financial instruments of IB positively affects attitudes towards EBF among users.
- (c) Awareness (AW) on financial instruments of IB positively affects attitudes towards EBF among non-users.

### **3.6.5 Understanding**

Understanding (UD) is a psychological process related to an abstract or physical object, such as a person, situation, or message whereby one is able to think about it and use concepts to deal adequately with that object. UD is a relation between the knower and an object of understanding. UD implies abilities and dispositions with respect to an object of knowledge that are sufficient to support intelligent behavior.

UD is often, though not always, related to learning concepts, and sometimes also the theory or theories associated with those concepts. However, a person may have a good ability to predict the behavior of an object, animal or system—and therefore may, in some sense, understand it—without necessarily being familiar with the concepts or theories associated with that object, animal or system in their culture.

They may have developed their own distinct concepts and theories, which may be equivalent, better or worse than the recognized standard concepts and theories of their culture. Thus, UD is correlated with the ability to make inferences.

There is different between knowledge (KW), awareness (AW) and understanding (UD). KW is the information based on facts and skills gained through experience or experimentation and learning by a person and relates to the theoretical understanding of the field. AW means individuals' perceive the fact of something. UD has the definition of the ability of a person to understand something, to comprehend a complicated matter and mastery of a difficult task.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for UD. This is supported by empirical evidences reported by many studies. For example, positive significant results were found (Chu et al., 2013; Hasani et al., 2016). Therefore, the hypotheses are derived:

#### **Hypothesis 6**

- (a) Understanding (UD) on EBF positively affects attitudes towards current financing among users.
- (b) Understanding (UD) on EBF positively affects attitudes towards EBF among users.
- (c) Understanding (UD) on EBF positively affects attitudes towards EBF among non-users.

### **3.7 Operationalization the Impacts of Intention (INT)**

As refer to previous section on theories, attitude (ATT) refers to the tendency of perception to make the behavior satisfactory or unsatisfactory for a certain thing (Schiffman and Kanuk, 1994).

The cognitive component is beliefs resulting from perceptions of information and experiences, which directly influence attitudes. That is, if a person possesses knowledge and believe that it is good, he/she will have positive attitudes towards it.

The affective component reflects the consumer's emotions or feeling toward a certain thing, which will be evaluated using the criteria of good or bad, and like or not like.

The behavioral (conative) component reflects the probability or tendency consumers might express through certain behaviors that are the outcome of their attitudes toward the thing. In marketing, this refers to consumers' intention (INT) to buy.

#### **3.7.1 Normative Beliefs**

In measuring intention (INT), normative beliefs (NB) are the most important value cited in theoretical development. It is because NB not only works as a strong antecedent to attitudes, but also impact on the INT. NB represents ones perceived beliefs regarding the INT. That is, this belief represents how a person perceives that their action regarding something will bring about a certain result.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for NB. This is supported by empirical evidences reported by many studies (Abduh & Razak, 2012; Badaj & Radi, 2018; Kim et al.,

2018). For example, positive significant results were found. Therefore, the hypotheses are derived:

### **Hypothesis 7**

- (a) Normative Beliefs (NB) positively affects Intention (INT) to purchase EBF among users.
- (b) Normative Beliefs (NB) positively affects Intention (INT) to purchase EBF among non-users.

### **3.7.2 Efficacy Beliefs**

In measuring intention (INT), efficacy beliefs (EB) are the most important value cited in theoretical development. It is because EB not only works as a strong antecedent to attitudes, but also impact on the INT. EB represents ones perceived beliefs regarding the INT. That is, this belief represents how a person perceives that their action regarding something will bring about a certain result.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for EB. This is supported by empirical evidences reported by many studies (Jaafar & Musa, 2016; Luc, 2018; Zinser, 2018). For example, positive significant results were found. Therefore, the hypotheses are derived:

### **Hypothesis 8**

- (a) Efficacy Beliefs (EB) positively affects Intention (INT) to purchase EBF among users.
- (b) Efficacy Beliefs (EB) positively affects Intention (INT) to purchase EBF among non-users.

### **3.7.4 Attitudes**

In measuring intention (INT), attitudes (ATT) are the most important value cited in theoretical development. ATT represents ones perceived beliefs regarding the INT. That is, this belief represents how a person perceives that their action regarding something will bring about a certain result.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for ATT towards INT. This is supported by empirical evidences reported by many studies. For example, positive significant results were found (Amin et al., 2014; Jaafar & Musa, 2014; Ali et al., 2017; Badaj & Radi, 2018; Bizri et al., 2018). Therefore, the hypotheses are derived:

### **Hypothesis 13**

- (a) Attitudes towards current financing (ATT1) positively affects Intention (INT) to purchase EBF among users.
- (b) Attitudes towards EBF (ATT2) positively affect Intention (INT) to purchase EBF among users.

- (c) Attitudes towards EBF (ATT2) positively affect Intention (INT) to purchase EBF among non-users.

### **3.8 Additional Impacts of Intention**

This section gives special attention to six (6) specific models that integrated by the study into current customer ATT-INT model for the Islamic banking industry in general and the Islamic financing industry in particular. The integrated model takes into account factors that affect not only the customers' attitudes (ATT) but also their intention (INT) to purchase EBF.

Most crucially, the model will also include a dimension that often receives little attention from researchers in the banking and marketing literature but which has a nexus with not only the ATT as per discussed in previous section, but also towards their INT.

This study operationalizes ATT-INT model based on what it is supposed to measure from a consumer perspective. The concepts are divided into religiosity beliefs (RB), knowledge (KW), awareness (AW) and understanding (UD) as each of which will be explained in the following sub-sections.

#### **3.8.1 Religiosity Beliefs (RB)**

In measuring intention (INT), religiosity beliefs (RB) are the most important value cited in theoretical development. It is because RB not only works as a strong antecedent to attitudes, but also impact on the INT. RB represents ones perceived beliefs which entails the experiential, ritualistic, ideological, intellectual,

consequential, creedal, communal, doctrinal, moral, and cultural dimensions. That is, this beliefs represents the people's sense of belonging and it not congruent with an individual's actual religious beliefs since there is much diversity in how one can be religious or not.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for RB (Alam et al., 2012; Dennis et al., 2018; Al-Harethi, 2019). This is supported by empirical evidences reported by many studies. For example, positive significant results were found. Therefore, the hypotheses are derived:

#### **Hypothesis 9**

- (a) Religiosity Beliefs (RB) positively affects Intention (INT) to purchase EBF among users.
- (b) Religiosity Beliefs (RB) positively affects Intention (INT) to purchase EBF among non-users.

#### **3.8.2 Knowledge**

In measuring intention (INT), knowledge (KW) is the most important value cited in theoretical development. It is because KW not only works as a strong antecedent to attitudes, but also impact on the INT. KW represents the facts, information, and skills acquired through experience or education as it is the theoretical or practical understanding of a subject.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for KW (Martono et al., 2019). This is supported

by empirical evidences reported by many studies. For example, positive significant results were found. Therefore, the hypotheses are derived:

### **Hypothesis 10**

- (a) Knowledge (KW) on basic principles and objectives of IB positively affects Intention (INT) to purchase EBF among users.
- (b) Knowledge (KW) on basic principles and objectives of IB positively affects Intention (INT) to purchase EBF among non-users.

### **3.8.3 Awareness**

In measuring intention (INT), awareness (AW) is the most important value cited in theoretical development. It is because AW not only works as a strong antecedent to attitudes, but also impact on the INT. AW represents individuals' concern about and well-informed interest in a particular situation or development.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for AW (Ibrahim et al., 2017). This is supported by empirical evidences reported by many studies. For example, positive significant results were found. Therefore, the hypotheses are derived:

### **Hypothesis 11**

- (a) Awareness (AW) on financial instruments of IB positively affects Intention (INT) to purchase EBF among users.
- (b) Awareness (AW) on financial instruments of IB positively affects Intention (INT) to purchase EBF among non-users.

### **3.8.4 Understanding**

In measuring intention (INT), understanding (UD) is the most important value stated in the interviews results. It is because UD not only works as a strong antecedent to attitudes, but also impact on the INT. UD represents ones perception regarding the INT since it called as having insight or judgmental value of individuality. That is, this construct represents how a person perceives that their ability to understand something or comprehension.

Since this is new construct for this study to be tested from the results interviews, the hypotheses are derived for this study:

### **Hypothesis 12**

- (a) Understanding (UD) on EBF positively affects Intention (INT) to purchase EBF among users.
- (b) Understanding (UD) on EBF positively affects Intention (INT) to purchase EBF among non-users.

### **3.9 The Mediating Effects of Attitudes (ATT) and Intention (INT)**

This section gives special attention to eight (8) specific models that integrated by the study into current customer ATT-INT model for the Islamic banking industry in general and the Islamic financing industry in particular. The integrated model takes into account factors that act as mediating effects within customers' attitudes (ATT) and their intention (INT) to purchase EBF.

Most crucially, the model will also include a dimension that often receives little attention from researchers in the banking and marketing literature in measuring the mediating effects.

This study operationalizes ATT-INT model based on what it is supposed to measure from a consumer perspective. The concepts are divided into normative beliefs (NB), efficacy beliefs (EB), religiosity beliefs (RB), knowledge (KW), awareness (AW) and understanding (UD) as each of which will be explained in the following sub-sections.

#### **3.9.1 Normative Beliefs**

In measuring intention (INT), normative beliefs (NB) are the most important value cited in theoretical development. It is because NB not only works as a strong antecedent to ATT and INT, but also as mediating effects among them since it is a function of beliefs. NB also play important roles in forming the mediating effects within ATT-INT of customers.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for NB (Altawallbeh et al., 2015; Chu, 2018).

This is supported by empirical evidences reported by many studies. For example, positive significant results were found. Therefore, the hypotheses are derived:

#### **Hypothesis 14**

- (a) Attitudes towards current financing (ATT1) mediates the relationship between Normative Beliefs (NB) and Intention (INT) to purchase EBF among users.
- (b) Attitudes towards EBF (ATT2) mediate the relationship between Normative Beliefs (NB) and Intention (INT) to purchase EBF among users.
- (c) Attitudes towards EBF (ATT2) mediate the relationship between Normative Beliefs (NB) and Intention (INT) to purchase EBF among non-users.

#### **3.9.2 Efficacy Beliefs**

In measuring intention (INT), efficacy beliefs (EB) are the most important value cited in theoretical development. It is because EB not only works as a strong antecedent to ATT and INT, but also as mediating effects among them.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for EB (Al-Mamun et al., 2018). For example, positive significant results were found. Therefore, the hypotheses are derived:

#### **Hypothesis 15**

- (a) Attitudes towards current financing (ATT1) mediates the relationship between Efficacy Beliefs (EB) and Intention (INT) to purchase EBF among users.

- (b) Attitudes towards EBF (ATT2) mediate the relationship between Efficacy Beliefs (EB) and Intention (INT) to purchase EBF among users.
- (c) Attitudes towards EBF (ATT2) mediate the relationship between Efficacy Beliefs (EB) and Intention (INT) to purchase EBF among non-users.

### 3.9.3 Religiosity Beliefs

In measuring intention (INT), religiosity beliefs (RB) are the most important value cited in theoretical development. It is because RB not only works as a strong antecedent to ATT and INT, but also as mediating effects among them.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for RB. This is supported by empirical evidences reported by many studies (Souiden & Rani, 2015; Nora & Minarti, 2016). For example, positive significant results were found. Therefore, the hypotheses are derived:

#### Hypothesis 16

- (a) Attitudes towards current financing (ATT1) mediates the relationship between Religiosity Beliefs (RB) and Intention (INT) to purchase EBF among users.
- (b) Attitudes towards EBF (ATT2) mediate the relationship between Religiosity Beliefs (RB) and Intention (INT) to purchase EBF among users.
- (c) Attitudes towards EBF (ATT2) mediate the relationship between Religiosity Beliefs (RB) and Intention (INT) to purchase EBF among non-users.

### 3.9.5 Knowledge

In measuring intention (INT), knowledge (KW) is the most important value cited in theoretical development. It is because KW not only works as a strong antecedent to ATT and INT, but also as mediating effects among them.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for KW (Juharsah & Hartini, 2014; Wulandari et al., 2015). This is supported by empirical evidences reported by many studies. For example, positive significant results were found. Therefore, the hypotheses are derived:

#### Hypothesis 17

- (a) Attitudes towards current financing (ATT1) mediates the relationship between Knowledge (KW) on basic principles and objectives of IB and Intention (INT) to purchase EBF among users.
- (b) Attitudes towards EBF (ATT2) mediate the relationship between Knowledge (KW) on basic principles and objectives of IB and Intention (INT) to purchase EBF among users.
- (c) Attitudes towards EBF (ATT2) mediate the relationship between Knowledge (KW) on basic principles and objectives of IB and Intention (INT) to purchase EBF among non-users.

### 3.9.6 Awareness

In measuring intention (INT), awareness (AW) is the most important value cited in theoretical development. It is because AW not only works as a strong antecedent to ATT and INT, but also as mediating effects among them.

A review of the direction of relationships of beta coefficients revealed that almost all the reported  $\beta$  are positive for AW (Chi, 2009; Zadawa et al., 2018). This is supported by empirical evidences reported by many studies. For example, positive significant results were found. Therefore, the hypotheses are derived:

#### Hypothesis 18

- (a) Attitudes towards current financing (ATT1) mediates the relationship between Awareness (AW) on financial instruments of IB and Intention (INT) to purchase EBF among users.
- (b) Attitudes towards EBF (ATT2) mediate the relationship between Awareness (AW) on financial instruments of IB and Intention (INT) to purchase EBF among users.
- (c) Attitudes towards EBF (ATT2) mediate the relationship between Awareness (AW) on financial instruments of IB and Intention (INT) to purchase EBF among non-users.

### 3.9.7 Understanding

In measuring intention (INT), understanding (UD) is the most important value stated in the interviews results. It is because UD not only works as a strong antecedent to attitudes, but also impact on the INT. UD represents ones perception regarding the INT since it called as having insight or judgmental value of individuality. That is, this construct represents how a person perceives that their ability to understand something or comprehension.

Since this is new construct for this study to be tested from the results interviews, the hypotheses are derived for this study:

#### Hypothesis 19

- (a) Attitudes towards current financing (ATT1) mediates the relationship between Understanding (UD) on EBF and Intention (INT) to purchase EBF among users.
- (b) Attitudes towards EBF (ATT2) mediate the relationship between Understanding (UD) on EBF and Intention (INT) to purchase EBF among users.
- (c) Attitudes towards EBF (ATT2) mediate the relationship between Understanding (UD) on EBF and Intention (INT) to purchase EBF among non-users.

### 3.10 Conclusion

This chapter discussed theoretical background and buying behavior studies in Islamic banking, starting with an overview of chapter in section one. Section two discussed the underpinning theories of intention. Section three discussed about meta-analysis. Section four presented the attitude and intention (ATT-INT) models which deliberates on its concepts. Section five deliberated on operationalization the impacts of ATT which includes of Normative Beliefs (NB), and Efficacy Beliefs (EB). Section six discussed the additional impacts of ATT which includes of Religiosity beliefs (RB), Knowledge (KW), Awareness (AW) and Understanding (UD). Section seven presented the operationalization of INT. section eight presented the additional impacts of INT. Then section nine discussed the mediating effects of ATT and INT.