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USING THE THEORY OF PLANNED BEHAVIOR AND RELIGION TO ASSESS CUSTOMERS BEHAVIORAL INTENTION TO ADOPT ISLAMIC BANKING SERVICES IN MALAYSIA

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Abstract

Malaysia is a multi-racial country with a highly variegated ethnic mix. The ethnic groups of Malaysia consist mainly of the Malay community, the Chinese community, and the Indian community. This identity contributes to the different perception and acceptance of the Islamic banking system among its citizens. Due to that, the market share of the banking industry in Malaysia is dominated by conventional banking. The latest statistic registered an increase in the total deposit in 2017 and 2018 by 10.3%, amounting to RM640 billion, representing 33.4% of the banking system's total deposits. Notably, 66.6% of the total deposits contributed by the conventional banking system, actively leading the industry, while Islamic banking has taken the backseat, which may not augur well for the future of Islamic banking. The quest to attract customers is a significant challenge for Islamic banking in Malaysia. This study aims to determine Malaysian customers' behavioral intention to adopt Islamic banking services and determine whether religion affects customers' behavioral intention to adopt Islamic banking services in Malaysia. To achieve this, an exAnanned Behavior (TPB) model was tested in this study. The hypothesized path to achieve this in the structural model influencing an individual's intention to adopt Islamic banking and financial services were positive attitude, positive subjective norms, perceived behavioral control and behavioral religion variable on Islamic banking selection among customers. A set of questionnaires was distributed and answered by 149 working respondents. The data were analyzed using IBM SPSS Statistics Version 20. This study showed that attitude and religion demonstrate a significant positive relationship with behavioral intention to adopt Islamic banking services in Malaysia. This reflects that attitude and religion are the most influential factors in selecting Islam selecting customers in Malaysia. The study also showed that attitude is the most significant factor in influencing customers' behavioral intention

Keywords: Islamic Banking, Theory of Planned Behavior, Behavioral Customer Intention & Islamic Banking Service

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INTRODUCTION

Before establishing the Islamic financial system, Muslims had only the conventional financial system to fulfill their financial needs. (Selamat & Kadir, 2012) the resurgence of the Islamic financial system in the 1960s and 1970s initiated the financial system's call allowing Muslims to conduct their banking transactions according to Islamic religious beliefs. Nowadays, Islamic banking emerges as one of the fastest competitive growing industries with conventional banking in Malaysia. The introduction of Islamic banking has revolutionized the banking sector's landscape with the prime objective of ascertaining banking transactions comply with Islamic teachings. Consumer's perception of Islamic banking is pivotal in the Malaysian financial system to maneuver economic development. Understanding the concept of Islamic banking is essential as it influences the adoption and selection of Islamic banking services among customers. Therefore, the purpose of this research is to examine the factors influencing the customer's behavioral intention to adopt Islamic banking by using the Theory of Planned Behavior (TPB) propounded by Ajzen (1991) with a modified additional factor which is religion norm as the variable in this study.

The research findings will be a platform to unravel the belief factors that influence Muslims' behavioral intention to adopt Islamic banking services in Malaysia. In this context, the religion determinant is used to analyze Islamic belief, practice, knowledge, experience, and consequence on Islamic banks' attitudes. Consequently, this research is hoped to support the larger concept of "Sadaqah House" (SH), a concept through which Islamic banking anticipates contributing more to the society, conceivably tackling poverty and inequality, and subsequently play a broader role than regular commercial entities. That to be said, the religion determinant serves as the milestone of affirming that the more a person is religion conscious, the more he/she is inclined towards Islamic banks (New Straits Times, 2020). Philanthropic wealth can be capitalized in Shariah-compliant activities, and the returns can be further utilized for more significant community development (Alam, 2012). This model will ascertain local businesspeople and Islamic investors, a true partnership based on shared risk and profit and with clear development objectives. This study shed light on Planned Behavior (TPB) theory explaining the customer's behavioral intention to adopt Islamic banking services in Malaysia. According to Farah (2017), TPB is a socio-psychological, behavioral theory extended from the earlier theory, the Theory of Reasoned Action. Based on Ajzen (1991), he presumed that their attitudes towards the behavioral influence human intention.

Similarly, regarding the selection of banking services, customers' intention to adopt Islamic banking services is influenced by their Islamic banking attitude. He affirmed that subjective norms are the most decisive factor in TPB in adopting Islamic banking among customers in the same vein. Many previous studies have suggested using TPB to assess human behavioral intention. However, its relationship with the Islamic banking sector is still in scarcity.

LITERATURE REVIEW

Based on the previous study by Zinser (2015), who has studied the determinants of Muslims' intention in the United States to use Islamic retail banking and financial services using the TPB, the researcher intended to investigate the relation between the factors in TPB and the intention to use Islamic retail banking and financial services. The researcher adopted three TPB factors: attitudes, subjective norms, and perceived behavioral control (PBC). Zinser (2015) added two external factors, which are Islamic religiosity and the cost of being Muslim, in his study. The result shows that attitude and Islamic religiosity have a significant favorable influence on behavioral intention. Subjective norms perceived behavioral control (PBC), and the cost of being Muslim demonstrates the insignificant effect on the U.S. Muslims' intention to adopt Islamic banking and financial services.

Further, a study conducted by Al Balushi, Boulanouar, & Locke (2018) focused on adopting the theory of planned behavior (TPB). This research's framework consists of attitude, subjective norms, perceived behavior control, religiosity and awareness as the independent variables and behavioral intention to adopt (IFI) as the dependent variable. The result shows that attitude, subjective norms, perceived behavioral control, and awareness is significant predictors of SMEs intention to adopt IFI. Religiosity showed a significant negative relation and not a predicting factor of SME owner-managers intention to adopt IFI.

A study by Amin, Rahman, & Razak (2014) is conducted to determine the factors influencing the acceptance of Islamic home financing products among Islamic bank consumers by using the TPB. The study results showed that all three factors from the TPB significantly influence the consumer acceptance of Islamic home financing products. In this study, the Islamicity factor was added. From this study, the product's Islamic was the most influential predictor of consumer acceptance of Islamic home financing. This TPB is proven valid and reliable in predicting the consumer acceptance of Islamic home financing products.

Additionally, an empirical study was conducted by Alam, Janor, Zanariah, Wel, & Ahsan (2012) intended to determine whether religiosity is an essential factor in influencing the intention to undertake Islamic home financing in Malaysia. The study framework's four dependent variables are attitude, subjective norm, perceived behavioral control, and the last one is religion. The finding showed that attitude, religiosity, and perceived behavioral control positively influence the behavioral intention to undertake Islamic home financing while subjective norm showed little influence.

RESEARCH METHODOLOGY

This study aims to assess customer behavioral intention in adopting Islamic banking services in Malaysia using the Theory of Planned Behavior and religion. This study focused on three frameworks from the Theory of Planned Behavior (TPB): attitude, subjective norm, and perceived behavioral control (PBC). Further, this study added another religion factor to the framework. The result showed that only attitude and religion affect customer behavioral intention to adopt Islamic banking services in Malaysia. The questionnaire was adopted from the previous studies on TPB and modified to fit this study's need.

Table 1: Variable Measurement

Variables	Items	Reference
Attitudes	I believe using the Islamic banking system and services is good.	Amin H. et al., (2011), Alam et al., (2012)
	I believe using the Islamic banking system and services is beneficial and useful.	
	I believe using the Islamic banking system and services is the right choice.	
Subjective norm	People who are close to me can influence my choice to use Islamic banking services and products.	Amin H. et al., (2011), Alam et al., (2012)
	People who are close to me think the Islamic banking system and services are beneficial.	
	I choose Islamic banking based on the recommendation from friends and relatives.	
Perceived Behavioral Control (PBC)	I am confident that I could use Islamic banking and financial services if I wanted to	Alam et al., (2012), Zinser et al., (2015)
	The decision to use the Islamic banking system and services is beyond my control.	
	I feel the social pressure causes me to resort to the Islamic banking system and financial service.	
Religion	I perform prayer five times a day.	Alam et al., (2012).
	I fast in the month of Ramadhan.	
	I contribute my alms (Zakat Al Fitrah) at the end of Ramadhan	
	I follow the Islamic obligation in all matters of my life.	
	I keep myself away from earning through prohibited means.	
	I regularly recite the Holy Quran.	
Behavioral intention	I intend to choose Islamic banking services and products.	Alam et al., (2012), Amin H. et al., (2011)
	I will choose Islamic banking services and products.	
	I expect to undertake the Islamic banking system and services in the future.	
	I plan to use the Islamic banking system and financial services at some point in time.	

This research population includes all Islamic banking customers in Malaysia, and the sample size in this research is 149 working respondents using Islamic banking services. Survey questions were distributed through a Google Form to be answered by working Islamic banking customers around Malaysia.

FINDINGS AND DISCUSSIONS

Validity test refers to the degree to which empirical evidence and theoretical rationales support the adequacy and appropriateness of interpretations and action based on the test scores. According to Field A. (2013), validity refers to whether an instrument measures what had been designed by comparing the objectives. The validity test can be measured using the value of Kaiser-Meyer-Olkin of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity. Based on a previous study by Kaiser (1974), the KMO test's value must be within 0.5 to ensure the sample size is adequate and suitable for factor analysis. A higher value of KMO is preferred. From this study, the value of the KMO test is 0.767, which is adequate. The value showed that the sample size is satisfying for factor analysis. Next, the standard value of Bartlett's Test of Sphericity is below 0.05. In this study, the value is 0.000 and shows that the test is significant, affirming a relationship between all the variables. After the value of KMO and Barlett's Test was identified, the factor analysis can be conducted to determine the validity.

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.767
Test of Sphericity	
Approx. Chi-Square	345.954
df	10
Sig.	.000

Based on Coakes & Steed (2003), factor analysis is one type of reduction technique used to lessen a large number of variables to smaller specific factors that summarise essential information in variables. Using this technique, the researchers summarized variance into the smaller set containing all variables' critical information.

Table 3: Rotated Component Matrix

Component	1	2	3	4	5
I believe using Islamic banking The system and services are good.	0.984				
I believe using Islamic banking system and services are beneficial and useful.	0.897				
I believe using Islamic banking system and services are the right choices.	0.758				
People who are close to me can influence my choice to use Islamic banking services and products.		0.814			
People who are close to me think Islamic banking system and services are beneficial.		0.772			
I choose Islamic banking based on recommendation from friends and relatives.		0.581			

I am confident that I could use Islamic banking and financial services if I wanted to.			0.915		
The decision to use Islamic banking system and services are beyond my control.			0.604		
I feel social pressure causes me to resort to the Islamic banking system and financial service.			0.130		
I perform prayer five times a day.				0.928	
I fast in the month of Ramadhan.				0.895	
I contribute my alms at the end of Ramadhan.				0.840	
I follow the Islamic obligation in all matters of my life.				0.867	
I keep myself away from earning through prohibited means.				0.704	
I regularly recite the Holy Quran.				0.695	
I intend to choose Islamic banking services and products.					0.950
I will choose Islamic banking services and products.					0.917
I expect to undertake Islamic banking system and services in the future.					0.915
I plan to use the Islamic banking system and financial services at some the point in time.					0.881

Reliability is the degree to which an assessment tool produces stable and consistent results. The most common reliability coefficient is Cronbach's Alpha (α) based on the average correlation of items within a test if the items are standardized. Cronbach's Alpha value ranges in value from 0 to 1. The value of the reliability of Cronbach's Alpha must be greater than 0.6. Table 4 below showed the result of Cronbach's Alpha for all variables. Only three independent variables value are above 0.6. PBC value is below 0.6, but it is still considered reliable as the PBC variable is taken from the original TPB framework and has not been modified.

Table 4: Test of Reliability

Variable	No of item	Item deleted	Cronbach's Alpha	Reliability
Behavioral Intention (Dependent Variable)	4	0	0.953	Reliable
Attitudes (Independent Variable)	3	0	0.909	Reliable
Subjective Norm (Independent Variable)	3	0	0.761	Reliable
Perceived Behavior Control (PBC)	3	0	0.532	Reliable
Religion (Independent variable)	6	0	0.921	Reliable

Next, the normality test was conducted to observe the distribution figure and to know whether the data can be met to be tested or not. A Normality test is used to determine whether sample data has been drawn from a normally distributed population or not. The value of the

skewness and kurtosis are determined. Positive values described a positive skewed for skewness, while negative values described a negative skewed (Brown, 1997). Skewness and kurtosis result should be within (+/- 2) accordingly. Besides, according to Kline (2005), it is still acceptable if the result falls within (+/-3) for skewness and (+/-10) for kurtosis. If the result value is outside of this range, that means the data was not standard.

Table 5: Test of Normality

Variable	Skewness	Kurtosis	Normality
Behavioral Intention (Dependent Variables)	-1.677	4.634	Normal
Attitude (Independent Variable)	-1.710	4.404	Normal
Subjective Norm (Independent Variable)	-0.798	1.327	Normal
Perceived Behavior Control (Independent Variable)	0.213	0.189	Normal
Religion (Independent Variable)	-2.655	10.434	Normal

The R - square is the amount of variance in the dependent variable explained by the independent variables. The value of the R-squared starts from 0% to 100%. If the value of R-squared reaches 100%, it means the model fits perfectly. From Table 6 below, the value of R-Squared is 0.723 or can be read as 72% of the variance in behavioral intention explained by the attitudes, subjective norms, perceived behavioral control and religion. This shows that the four independent variables are strong enough in influencing the customer's behavioral intention to adopt Islamic banking services. Other factors influence another 28% of inclination.

Table 6: Model Summary of Factors that Influence Behavioral Customer Intention

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.850 ^a	.723	.715	.41569

Predictors: (Constant), Religion, Perceived Behavioral Control (PBC), Subjective Norm, Attitudes

Based on the figure above, it can be concluded that the customer's behavioral intention to adopt Islamic banking services has been significantly influenced by 72% due to these factors, which are attitudes, subjective norm, perceived behavioral control and religion. Attitude is positively related to behavioral intention with a Pearson correlation, 0.775, and the p-value is .000, which fell in the range of 1.00, reflected a high correlation between attitude and behavioral intention. Next, the Pearson Correlation analysis between subjective norm and behavioral intention is 0.511, with the p-value is .000 also reflected a high degree of correlation. Perceived behavioral control also shows a high degree correlation with behavioral intention with the Pearson Correlation analysis of 0.227 and p-value .005. The last independent variable, which is religion, also shows a high degree of correlation with behavioral intention to adopt Islamic banking services in Malaysia with the Pearson Correlation value 0.749 and p-value .000.

Table 7: Correlation between Independent and Dependent Variable

Pearson Correlation	Behavior Intention	Attitude	Subjective Norm	Perceived Behavior Control	Religion
Behavioral intention	1.000	0.775	0.511	0.227	0.749
Attitude	0.775	1.000	0.512	0.260	0.617
Subjective norm	0.511	0.512	1.000	0.468	0.482
PBC	0.227	0.260	0.468	1.000	0.247
Religion	0.749	0.617	0.482	0.247	1.000

Next, based on the table below, the significant value for attitude was 0.000, less than 0.01 ($p < 0.01$). Therefore, H1 was accepted. Therefore, it can be concluded that attitudes have a significant influence on the adoption of Islamic banking services among customers in Malaysia. This finding is similar to the previous study on the determinants of Muslims' intention in the United States to use Islamic retail banking and financial services using the TPB. In a study conducted by (Zinser 2015), the result showed a positive attitude about Islamic banking and financial services would be a significant predictor of U.S. Muslims intention to adopt Islamic banking and financial services. Previous studies about the TPB also showed that attitude was the most robust path from the model that influenced the customer's behavioral intention to use Islamic banking services in Malaysia. The subjective norm's result is 0.175, which is greater than 0.01 ($p > 0.01$). Therefore, H2 was rejected. It can be concluded that subjective norm is not the leading indicator that influenced customers' behavioral intention in adopting Islamic banking services. Therefore, there is no significant influence between subjective norm and behavioral intention.

A previous study by Zinser (2015) also showed that subjective norms might have a slight bearing on Muslims' intention in the United States to adopt Islamic banking and financial services with a value of significant 0.784, which is higher than 0.01. The third independent variable, which is perceived behavior control (PBC), also demonstrate no significant influence between PBC the behavioral intention with a significant value of 0.422. Therefore, H3 was rejected. There is no significant positive influence between perceived behavioral control and the behavioral intention to adopt Islamic banking services in Malaysia. It can be concluded that perceived behavioral control is not the most significant TPB factor influencing the customer's behavioral intention. The choice of Islamic banking services and products among customers in Malaysia is not due to the influence of PBC in predicting behavioral intention. A previous study by (Zinser 2015) shows that PBC was not statically significant with a p-value of 0.229, which more than 0.01. Lastly, the additional factor, which is Islamic religiosity, showed a significant relationship with the customers' behavioral intention in adopting Islamic banking services in Malaysia with a value of 0.000. Hence, H4 was accepted, and the researchers concluded that religion is one of the significant factors that influenced behavioral intention.

Table 8: Coefficients

Model	Unstandardized Coefficients B Std.Error	Standardized Coefficients Beta	t	Sig.
(Constant)	-.171 .249		-686	.494
Attitudes	.503 .061	.486	8.286	.000
Subjective norm	.075 .055	.078	1.362	.175
Perceived Behavior control	-.040 .050	-.040	-.804	.422
Religion	.476 .065	.421	7.328	.000

Dependent Variable: Behavioral intention

CONCLUSION

The perception of customers toward Islamic banking is paramount for the development of Islamic financial institutions. There are evidently, many Muslim customers with reluctance towards Islamic banking services offered to them. The Islamic banking institution ought to strategize in garnering more trust amongst Muslim and non-Muslim customers. This study is conducted to determine if the Theory of Planned Behavior (TPB) and religious norms can be applied and, consequently, influence the behavioral intention to adopt Islamic banking services in Malaysia. The outcome of this study demonstrated that only attitude and the additional external factor, which is religion, shows a significant positive relationship with behavioral intention, while subjective norm and perceived behavioral control have an insignificant influence on behavioral intention.

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