

From Religion to Returns: What Truly Motivates Islamic Banking Adoption in Pakistan?

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Abstract

The objective of this research is to investigate the determinants that affect individuals' inclination to adopt Islamic banking practices in Pakistan and to ascertain whether awareness of Riba has any consequential impact on this association. A systematic review methodology was employed to collect pivotal data from 125 participants, comprising 26 males and 98 females. Utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM), we analyze the influence of abstract standards, social impact, and strict commitment on individuals' likelihood of embracing Islamic banking. The results of our research indicate that emotional standards and social influence exert a significant effect on individuals' perceptions regarding Islamic banking. Notably, by incorporating knowledge of Riba as a moderating variable, we delineate our analytical focus. Additionally, we identify that mindset functions as a mediating variable between the dependent variable (intention to adopt Islamic banking) and the independent variables (emotional standards and social impact). However, we do not observe a direct correlation between intentions and the perceived financial risk, nor do we detect a relationship between knowledge of Riba and the intention to engage with Islamic banking. Moreover, it is posited that the influence of knowledge regarding Riba is negligible. The insights derived from strict commitment furnish practitioners and regulators with an essential understanding of the factors that shape individuals' intentions to utilize Islamic banking services. This study enhances the existing body of literature by elucidating how we may interpret the elements that influence individuals' mindsets and endeavors to adopt Islamic banking as a preferred monetary strategy.

Keywords: Social Influence, Subjective Norms, Religious obligation, perceived financial Risk, INT, and Knowledge of Riba.

1. Introduction

An Islamic bank's principal obligations incorporate overseeing public assets and offering monetary administrations, such as financing and installments, as per Islamic regulation. The utilization of Riba (interest) and other taboo ways of behaving are explicitly prohibited. Religion fundamentally impacts both individual and cultural ways of behaving (Arnould et al., 2004), and individuals' connection with a specific gathering is reflected in their acts of a specific religion (Essoo and Dibb, 2004). In a gathering or society, religion incorporates convictions, social impact, emotional standards, strict viewpoints, and ways of behaving (Bobokhonov and Brito, 2015). By the by, strict standards can vary from one individual to another, and an individual's degree of legalism can be surveyed by their degree of adherence to their religion as well as their perspectives and ways of behaving concerning the reception of Islamic banking.

The Theory of Reasoned Action (TRA) Theory of Planned Behavior (TPB), Hypothesis of Data, and Saw Chance Hypothesis (TPR) are only a couple of the speculations that have been utilized to foresee and make sense of the elements that impact purchasers' expectations toward the labor and products presented by Islamic banks. The hypotheses of contemplated activity and arranged conduct view mentality and abstract standards as critical factors since they can figure out and make sense of how Muslim clients will act about Islamic banking. In their review, Hoque et al. (2019) utilized the apparent gamble speculation.

In various ways, our exploration adds to the assortment of information and practices currently in presence. To look at the effect of advertising and monetary variables on the connection between buyer mentalities and conduct aims toward Islamic banking, we initially incorporated TPR, TPB, and TRA. Moreover, Hoque et al. As well as thinking about the effect of relationship guidelines on these aims, our review (2019) centers around the impact of monetary elements on the perspectives and social expectations of Muslim shoppers. Thirdly, taking into account Riba's significance in Islamic banking, we recommend utilizing Riba information as a mediator in the connections between buyer mentalities and conduct goals as well as emotional standards and social expectations concerning Islamic banking. With regards to Islamic banking, this lays out another capability for Riba information and advances information on monetary buyer conduct.

Our review fills in the holes in our insight into how religion, emotional standards, monetary gambling, and consumer loyalty connect and what they generally mean for individuals' affinity to utilize Islamic banking. With regards to embracing and utilizing Islamic financial administrations, the exploration model and study give sagacious data about individual client conduct reactions.

The Hypothesis of Contemplated Activity (TRA) and the Hypothesis of Arranged Conduct (TPB) are integrated into this concentrate to add to the collection of information about notable convictions. The TPB joins disposition and abstract standards with the extra part of "saw conduct control" (Ajzen and Fishbein, 1980), though the TRA includes three builds: "demeanor, emotional standards, and expectation" (Fishbein and Ajzen, 1975). By regarding emotional standards as "SI" and expectation as "IB," we take on the TRA build in this review. The reception

of Islamic banking is likewise investigated corresponding to different boundaries, like SI, SN, RF, cost, and Rep, which have not recently been completely researched. The significant outcomes and remarkable attributes of this study add new viewpoints and veracity to how we might interpret the different aspects of the Islamic financial cycle, which can eventually build IB's piece of the pie. Chiefs can design the development and effective execution of the Islamic financial framework utilizing the exploration's discoveries.

Research Objectives and Questions:

Finding the factors that influence people's decisions to use Islamic banking is the study's main objective. Finding the solutions to the following questions is its main goal.

- i. What impact does mindset have on the uptake of Islamic banking?
- ii. How do arbitrary standards affect the spread of Islamic banking?
- iii. What impact does the acceptance of Islamic banking have on perceived behavioral control?

To clarify the customer's goal for adopting Islamic banking in Pakistan, this study uses indicators of the reception aim of Islamic financial administrations. Since it offers a complete system supported by existing writing for anticipating client goals toward the acceptance of Islamic financial administrations, it requires TPB direction.

2. Literature Review:

The factors influencing the decision of micro businesses to use Islamic financing were examined by Boubker, Khadija, and Abdelaziz (2021). They gathered information through in-person interviews conducted in Walk 2021 with a selected sample of Moroccan microbusiness owners and directors. The findings of the fractional least squares investigation showed that strict commitment has a clear impact on perceptions of Islamic financing. The findings also revealed a positive and significant influence of emotional standards, disposition toward Islamic funding, and observed social control on the goal to embrace Islamic funding.

According to Aziz et al. (2018) and Omar, Douayri, et al. (2018), an upbeat viewpoint, emotional standards, and conduct control are crucial signs of the reception of Islamic banking in all social orders, (2021), who support the Hypothesis of Arranged Conduct (TPB). Furthermore, Maryum, Mian, and others. (2019) discovered that the status, cost-saving benefits, strict commitment, and social impact strongly influence how Islamic banking is received. However, the acceptance of Islamic banking is not significantly impacted by knowledge, support from the government, or business support. The study's findings suggest that, about Pakistan, the more strictly Islamic banks adhere to their commitments, the more likely it is that their customers will do the same.

In 2022, Asyari, Muhammad, and their allies oversaw the concentration of TID, PRT, TPB, and TRA. Their focus was on examining the directing effects of benefit misfortune sharing, witnessed financial gambling, information on Riba, and relationship marketing on the connection between precursors and conduct aim in Islamic banking. They specifically looked at

how Millennial mentalities and ideals affected their conduct expectations toward Islamic financial products and administrations. The research showed that Millennial buyers' mentalities and emotional standards play a significant role in predicting their conduct goals about Islamic banking. All of the arbitrators, except the perceived financial gamble, directly influenced the social goal of Islamic banking and could act as precursors to that expectation. Hoque and associates. (2019) also discovered comparative findings in which, except the mediator of perceived risk, all arbitrators—including client bank relationships, marketing, perceived ease of web-based banking, perceived benefits, and benefit misfortune sharing methodologies—reinforced the link between customer demeanor and conduct goals.

Bodibe et al. (2016) identified the major factors influencing perceptions of Islamic banking. They used likelihood testing to deliver 250 surveys to attendees at a nearby company in Johannesburg. The findings showed a beneficial relationship between item mindfulness, common practices, local area impact, and mentalities toward Islamic banking. Moreover, Su'un et al. (2018) discovered that apparent information, perceived benefit, inventiveness, perceived strict advancement, client disposition, and readiness to adhere to Sharia were crucial determinants of Islamic financial reception for sub-bunches including Muslims, Christians, and adherents of African Traditional Religion (ATR).

Sударsono and collaborators (2021) looked into the key factors influencing Indonesia's acceptance of Islamic financial administrations. They examined how bank reputation affected client preference for using Islamic financial services and looked at complexity, similarity, risk, relative benefit, and social impact. The findings showed that client goals to use Islamic financial services were significantly impacted by mindfulness and perceived similarity. Additionally, expectations of clients to use Islamic financial services were significantly impacted by legalism and social impact. However, bank reputation and regulatory complexity had no impact on consumer propensity to use Islamic financial services. Additionally, client expectations to involve Islamic financial administrations in Indonesia were significantly impacted by saw risk.

Al Barghuthi and colleagues (2022) investigated the effects of various variables on SMEs' acceptance of Islamic money standards in Jordan. These elements included information awareness, stringent obligations, cost savings, financial support for business ventures, notoriety, and government assistance. The findings demonstrated that awareness of information, research into cost-saving opportunities, business support, and reputation all had an impact on how well Islamic funding was received. However, factors like government support and strict commitments didn't completely impede the acceptance of Islamic money. The review's goal was to determine how well TPB foresaw the objectives of SME proprietor chiefs using Islamic financial instruments. The experimental study confirmed that perspectives, abstract standards, and conduct control were significant indicators of SMEs' desire to adopt Islamic financial instruments, supporting TPB and earlier research in finance and other fields. Even though legalism had a significant negative relationship and was not a factor in predicting the intention to use Islamic financial instruments on the part of SME proprietor directors, mindfulness demonstrated a significant positive relationship and played a significant role in doing so.

In a review conducted in Lahore, Pakistan, Zaman and colleagues (2017) discovered that factors like customer service, the effectiveness of the administration, and the legitimacy of Islamic banking had an impact on how quickly everyone accepted Islamic financial services. Hoque and co. (2022) found that notoriety, Islamic characteristics, and moral association all had a significant impact on mentalities, but not financial education. The social expectation to use Islamic financial services was closely related to mentality.

Albaity and Mahfuzur (2019) examined the direct and indirect effects of knowledge, cost and benefit, notoriety, and mentality toward Islam depending on the likelihood that clients will adopt Islamic banking. The findings demonstrated that Islamic Monetary Education, mindfulness, notoriety, and demeanor towards Islamic banking did have an impact on the intention to use Islamic banking, even though cost and benefit didn't have that much of an impact. To understand the factors influencing these expectations and mentalities, Jaffar and Rosidah (2016) researched the perspectives and objectives of halal business owners who do not use Islamic financing. The review involved 205 small- and medium-sized business owners at Halal shows who were profiled using an atypical decision-making process and a questioner-directed survey. The factors influencing mentalities and goals towards implementing Islamic funding were determined using the Hypothesis of Arranged Conduct (TPB). According to the investigation, which used underlying condition displaying (SEM), strict obligation had the greatest impact on people's attitudes. The findings also showed how expectations of business visionaries to use Islamic money were significantly influenced by the perception of social control and emotional standards.

Mindra and Partners (2021) oversaw a review to examine the potential directing role of the cost of common bank items and social impact on the relationship between mentality and the goal to adopt Islamic banking in a predominantly Christian district. Between July and September of 2019, data were gathered using a cross-sectional and correlational method. 384 adult bank customers with accounts at regular business banks were subjected to the review, which resulted in 300 valid responses and a response rate of 78%. The review's findings revealed a strong correlation between mindset and the desire to use Islamic banking. This relationship was found to be both limited and improved by social impact and the price of typical bank items.

In a developing economy like Uganda, Bananuka and colleagues (2019) looked at how attitude, emotional standards, and legalism impacted the desire to adopt Islamic banking. The findings demonstrated that disposition and legalism were significant predictors of the intention to challenge Islamic banking, while emotional standard's prescient power was squandered by disposition. When disposition was lacking, emotional stability became a key factor in deciding whether to adopt Islamic banking. In general, perspectives, emotional standards, and legalism made up 44% of the variety in Uganda's expectations to accept Islamic banking.

In their review, Susanto and colleagues (2020) cited apparent gambling as a mediator, which was consistent with significant social and creative acknowledgment hypotheses. They

conducted a survey of their proposed model using data from 337 Indonesian users of e-cash benefits and used SEM-PLS to analyze the hypothesized relationships between the factors. According to the observational data, working conditions, gluttonous inspiration, value worth, propensity, and seen risk were significant predictors of clients' social goals for e-cash. Many of these factors also affected how e-cash services were used. On the other hand, ideas like execution, effort, and social impact were dismissed as unimportant.

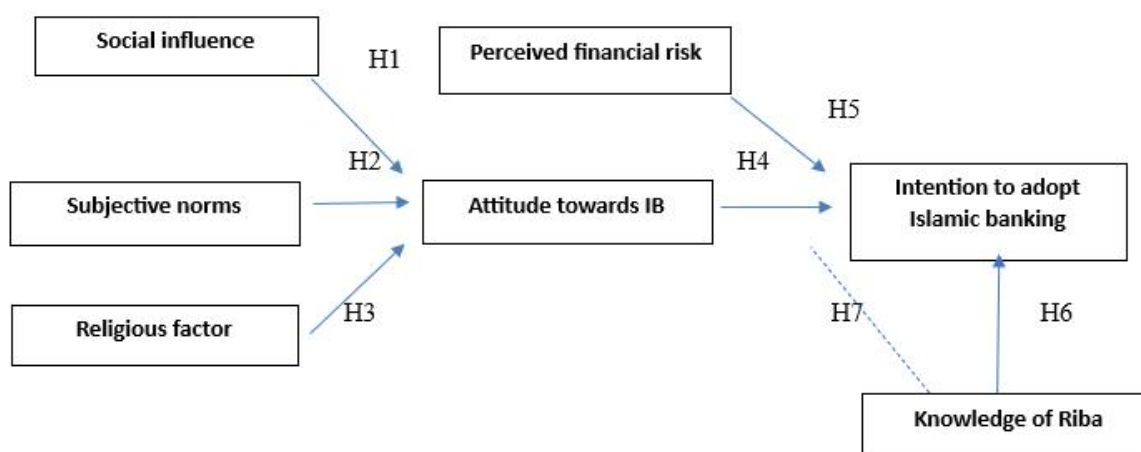


FIGURE 1. Theoretical Framework

Additionally, the study demonstrates that perceptions of risk have a negative moderating effect on the relationships between expected effort, social influence, hedonic motivation, price value, and behavior intention.

Therefore, we presumptively believe the following:

H1: Social influence favorably influences attitudes toward Islamic banking.

H2: Subjective norms have a favorable effect on people's attitudes toward Islamic banking.

H3= Attitudes toward Islamic banking are positively impacted by religious obligation.

H4: The intention to adopt Islamic banking is positively influenced by one's attitude toward IB.

H5: The perception of financial risk has a negative effect on the intention to use Islamic banking.

H6: Understanding Riba has a positive effect on a person's desire to use Islamic banking.

H7: The relationship between behavioral intention to use Islamic banking and attitude toward Islamic banking is moderated by knowledge of Riba.

3. Research Method

Population

The descriptive purpose of the study is met by employing a quantitative technique and a questionnaire from a prior study. As the study is being conducted in many places throughout Pakistan, information is being obtained from individuals via a questionnaire.

Sample and sampling technique

Convenience sampling approaches were used for sample recruitment. In the end, 200 questionnaires were submitted, with 199 of them being relevant. SEM, like other statistical approaches, requires a sufficient sample size to get accurate estimates (Hair J.F., Anderson R.E., Tatham R.L., & Black W.C., 2008). According to Harris and Schaubroeck, 200 samples might ensure successful structural equation modeling (Harris M. & Schaubroeck J., 1990).

Research instrument

The questionnaire in the two sections of this study are separated: part one focuses on the respondents' baseline information, and part two, which is the meat of the questionnaire, focuses on 26 measuring items relating to the aforementioned eight characteristics. As a result, the survey was administered using a 5-point Likert scale. The items concerning the elements that influence behavioral intention to adopt Islamic banking were based on previously performed domestic questionnaires in this regard.

4. Results and Findings:

Multiple regression analyses, descriptive statistics, and correlation are all used to conduct the study. The demographic profile of the respondents is described through descriptive statistics. Cronbach's alpha test is used to evaluate reliability by determining if the sample that was obtained is valid or not. It determines whether or not the information gathered is reliable. The association between distinct variables is further investigated using multiple regression and correlation tests.

Demographic factors

Table 1 displays the demographic factors, including the frequency and percentage of demographic data, including gender, age, education & profession. As we can see, there are more women than men; of the total population, 79% of people are women, while the remaining 21% are men. In terms of age, we found that 24.2% of respondents are under the age of 20, 59.7% are between the ages of 21 and 25, 10.5% are within the age bracket of 26 to 30 years, 4% are between 31 to 35 years, and 1.6% are beyond the age of 50. According to educational stratification, 8.1% of respondents have matriculated, 8.9% have intermediate degrees, 58.1% have undergrad degrees, 20.2% have postgraduate degrees, and the remaining 4.8% have other

degrees. According to the profession demographics, 75% of the responders are likely students. 25% of respondents are professionals, followed by 11.3% wives, 6.5% businessmen, and 1.6% other respondents.

Summary Stats and Correlation Matrix

Pearson correlation is a statistical method for determining the direction or degree of a link between continuous data points. Table 2 shows the results of a study into the underlying potential links between them. It shows the correlation between the variables and the summary statistics.

Intention towards Islamic banking was discovered to be significantly positively correlated with other factors like Attitude towards Islamic Banking, Religious Obligations, Social Influence, Knowledge of Riba, Perceived Financial Risk, and Subjective Norms. While being an independent variable, religious obligations significantly positively correlate to every other variable. All other variables and social influence are significantly positively correlated. Subjective norms only significantly positively correlated with all factors. All other factors and knowledge of Riba are significantly correlated positively. There is a strong positive association between perceived financial risk and every other factor. Mediating factors all variables and attitudes towards Islamic banking have a statistically significant positive association. However, there is a negative association between the moderating variable for attitudes towards Islamic banking and intentions towards it.

Seven variables, the majority of which have three items, were used to test the hypothesis. There are a maximum of four items and a minimum of three. We discussed each variable's Cronbach alpha. Based on the interactions between the index variables under examination, Cronbach's alpha gives a liability assessment (Hair, J.F. et al., 2017). A better level of reliability is attained when the test's result, which ranges from 0 to 1, is nearer to 1. If the outcome is 0.9 or above, the reliability is extremely high; nevertheless, if the outcome is below 0.5, the reliability is very low, which is very poor. The lowest possible value for these indicators in this study was 0.65, which is nevertheless seen as falling within the permissible limits (Alarcón, & Sánchez, 2015). All of the indicators' values were all judged to be above average.

The three-item Intention towards Islamic Banking has a Cronbach alpha of.834. The Cronbach alpha for Religious Obligations, which consists of three items, is.799, whereas the Cronbach alpha for Social Influence is .735. The three items used to measure subjective norms have a Cronbach alpha of.762, the three items used to measure knowledge of Riba have a Cronbach alpha of.758, and the four items employed to assess attitudes towards Islamic banking have a Cronbach alpha of.788. Last but not least, the three items that make up the measure of perceived financial risk have a.650 Cronbach alpha. Except for one element that had a value of 0.584, which remains considered acceptable, Most of the AVE results in this study's statistical model test ranged between 0.61 to 0.75, which is regarded as a very reliable range. The outcomes for AVE, CR, and Cronbach's alpha are displayed in Table 2.

Discriminant Validity

The discriminant validity test is evaluated in the second stage of the measurement model analysis. The discriminating validity test is discussed in the second section of the measurement model study. It consists of the following stages: the cross-loadings, the Fornell-Larcker criterion, and the heterotrait-monotrait ratio (HTMT). Researchers can utilize this kind of test to validate discriminating validity (Davis, Bagozzi, &Warshaw, 1989). Cross-loading is the first of these procedures, which is frequently used, which ensure the accuracy of the model's indicators (Hair, J.F. et al., 2017). For any factor in this section to be valid, its cross-loadings must be the strongest in its area relative to the other components (Shawai&Almaiah 2018). As shown in Table 3, every variable examined in this study demonstrated its potency in the corresponding regions.

The Fornell-Larcker criterion a method for determining whether latent variables and the square root of average variance extracted (AVE) are correlated, was the second component of the discriminating validity evaluation (Hair, J.F. et al., 2017). According to the results of this review, the factor in this area should have a bigger impact than the outcomes of the other factors (Hamid, Sami, &Sidek, 2017). Table 4 displays the results of the Fornell-Larcker criterion, and it is clear that each component in its region is stronger than the others, even if they are to the left of it or located beneath it.

The heterotrait-monotrait ratio (HTMT), which calculates the mean of all index associations among each of the variables that assess the rest of the variables, made up the last component of the DV analysis. This test is necessary to get around the limitations of the other two sections mentioned above. When the findings of the HTMT are larger than 0.9, their validity is weak, and as they decrease below that number, it becomes stronger (Hair, J.F. et al., 2017). Table 5 displays the HTMT results.

Table 1: Demographic factors.

Description	Frequency	%
Gender		
Male	26	21%
Female	98	79%
Educational Qualification		
Matriculation	10	8.10%
Intermediate	11	8.90%
Undergraduate	72	58.10%
Postgraduate	25	20.20%
Other	6	4.80%
Age		
16 – 20	30	24.20%

21 – 25	74	59.70%
26 – 30	13	10.50%
31 – 35	5	4%
40 and above	2	1.60%
Profession		
Housewife	14	11.30%
Students	93	75%
Businessman	8	6.50%
Professionals	7	5.60%
Others	2	1.60%

Direct Effect

The Direct Effect Table 7 depicts the direct relationship between factors and hypothesis significant level via beta and P-value. Taking the hypothetical reason into account, a critical value larger than 1.96 is required for the 0.05 significance threshold. According to the findings, social influence has a direct association with attitudes towards Islamic banking ($B=.480, p < .001$), implying that hypothesis H1 is correct. Subjective norms have a direct relationship with attitudes towards Islamic banking ($B =0.269, p < 0.002$), implying that hypothesis H2 is correct. Hypothesis H3 demonstrates a direct association between religious obligation and attitude towards Islamic banking ($B = 0.180, p < 0.006$), supporting our hypothesis. Hypothesis H4 ($B = 0.557, p < 0.000$) demonstrates a relationship between attitude towards Islamic banking with intention to adopt Islamic banking has gained acceptance. The intention to adopt Islamic banking is unaffected by perceived financial risk. ($B = -0.051, p = 0.55$) and is not accepted. It is not acknowledged that there is an indirect relationship between knowledge of Riba and intention to use Islamic banking ($B = -0.038, p > 0.129$). Finally, the indirect relationship between Riba's knowledge and attitude towards Islamic banking and the intention to implement Islamic banking ($B = 0.596, p > 0.621$) is not accepted. As a result, the direct relationship of the independent variables (social influence, subjective norms, religious obligation) with the dependent variable intention to adopt Islamic banking was acknowledged (accepted), except PFR and KOR. Except H5, H6 & H7, all of the developed hypotheses were accepted.

Indirect Effect of Mediator (Attitude towards Islamic Banking)

According to Shrout and Bolger (2002), mediation takes place when dependent as well as independent variables develop a causal link that is then explained by other variables. In a chain of causes connecting two variables, a mediator is a third variable. It improves comprehension of the relationship, which can be analyzed by using the bootstrap approach, and so explains the connection among variables. We looked into how the variables were mediated by one another using the bootstrap approach. Table 8 depicts the indirect association between the Intention to Adopt Islamic Banking with (Subjective Norms, Religious Obligations, and Social Influence).

Table 2. Convergent validity results.

		Cronbach's alpha	AVE	(rho_a)	CR
1	Attitude Towards Islamic Banking	0.788	0.614	0.795	0.864
2	Intention To Adopt Islamic Banking	0.834	0.751	0.855	0.900
3	Knowledge of Riba	0.758	0.674	0.758	0.861
4	Perceived Financial Risk	0.650	0.584	0.666	0.808
5	Religious Obligations	0.799	0.709	0.856	0.879
6	Social Influence	0.735	0.654	0.763	0.850
7	Subjective Norms	0.762	0.677	0.763	0.863

Table 3. Cross-loadings:

	ATB	INT	KOR	PFR	RO	SI	SN
AT1	.705	.498	.236	.370	.260	.534	.466
AT2	.780	.630	.304	.447	.375	.532	.453
AT3	.881	.603	.435	.457	.397	.610	.553
AT4	.760	.570	.475	.358	.415	.544	.529
INT1	.539	.810	.363	.267	.318	.447	.569
INT2	.612	.878	.385	.336	.282	.472	.541
INT3	.741	.909	.381	.406	.411	.626	.693
KOR1	.461	.361	.806	.390	.234	.327	.291
KOR2	.384	.355	.847	.427	.232	.335	.239
KOR3	.303	.352	.809	.360	.225	.330	.244
PFR1	.395	.237	.344	.750	.316	.364	.257
PFR2	.502	.358	.344	.819	.339	.347	.414
PFR3	.282	.290	.415	.721	.289	.360	.252
ROI	.486	.391	.238	.375	.891	.345	.404
RO2	.360	.338	.234	.361	.861	.264	.358
RO3	.287	.235	.247	.296	.769	.282	.294
SII	.488	.457	.297	.418	.277	.746	.507
SI2	.535	.360	.355	.307	.280	.788	.369
SI3	.675	.619	.330	.405	.309	.886	.597
SN1	.536	.618	.239	.303	.357	.438	.828
SN2	.497	.582	.283	.348	.324	.564	.813
SN3	.543	.527	.257	.374	.366	.515	.828

Table 4. Heterotrait-monotrait ratio (HTMT) - Matrix

	ATB	INT	KOR	PFR	RO	SI	SN	KOR x ATB
ATB								
INT	0.897							
KOR	0.599	0.546						
PFR	0.716	0.514	0.684					
RO	0.561	0.459	0.364	0.565				
SI	0.923	0.747	0.543	0.680	0.459			
SN	0.825	0.871	0.415	0.571	0.533	0.814		
KOR x ATB	0.508	0.424	0.405	0.597	0.523	0.481	0.510	

Table 5. Fornell-Larcker criterion.

	ATB	INT	KOR	PFR	RO	SI	SN
Attitude Towards Islamic Banking	0.784						
Intention To Adopt Islamic Banking	0.736	0.866					
Knowledge of Riba	0.467	0.434	0.821				
Perceived Financial Risk	0.522	0.395	0.478	0.765			
Religious Obligations	0.465	0.393	0.281	0.412	0.842		
Social Influence	0.709	0.602	0.403	0.463	0.356	0.809	
Subjective Norms	0.639	0.699	0.315	0.415	0.425	0.612	0.823

Table 6. Collinearity statistics (VIF)

	VIF
AT1	1.383
AT2	1.623
AT3	2.335
AT4	1.630
INT1	1.663
INT2	2.170
INT3	2.291
KOR1	1.463
KOR2	1.696
KOR3	1.510
PFR1	1.370

PFR2	1.305
PFR3	1.198
ROI	1.749
RO2	1.925
RO3	1.577
SI1	1.381
SI2	1.470
SI3	1.734
SN1	1.548
SN2	1.543
SN3	1.531

Statistical results for the multicollinearity test confirmed that there is no cause for concern because all values of variance inflation factors (VIF) were found to be below the permitted range of 10 (Brace et al., 2003; Diamantopoulos and Siguaw, 2000).

Table 7. Hypotheses Confirmation: Direct Effect.

Hypotheses	Path	Regression coefficient	P values	Result
H1	SI→AT	0.480	0.000	Accepted
H2	SN→AT	0.269	0.002	Accepted
H3	RO→AT	0.180	0.006	Accepted
H4	AT→INT	0.557	0.00	Accepted
H5	PFR→INT	-0.051	0.555	Not Accepted
H6	KOR→INT	-0.038	0.129	Not Accepted
H7	KOR→INB→AT	0.596	0.621	Not accepted

The acceptances and rejections of the hypothesis are defined in the above table, along with the direct effect of our variables. The regression test is used to establish the link between the variables in our study and the regression results. The table is composed of five sections. The first is for hypotheses, the second represents the path, the third section shows the regression coefficient and the fourth and last one includes the results.

AT= Attitude towards Islamic banking
 INT= intention to adopt Islamic banking
 KOR=Knowledge of Riba
 PFR= Perceived Financial Risk
 SI= Social Influence
 SN= Subjective Norms

Table 8. Hypotheses Confirmation: Indirect Effect.

Path	Beta coefficient	Results
RO-AT-INT	0.121	Accepted
SI-AT-INT	0.323	Accepted
SN-AT-INT	0.181	Accepted

Discussion:

The objective of the research is achieved by identifying the variables that impacted significantly people's intentions toward Islamic banking. (Religious Obligations, Social Influence, Perceived Financial Risk, and Subjective Norms and Knowledge of Riba) with an Intention towards Islamic Banking under the Mediating Role of Attitude towards Islamic Banking and with Knowledge of Riba Moderating Attitude Towards Islamic Banking and Intention Towards Islamic Banking as well. The results of the SEM show that particular variables are excellent indicators of one's intention to engage in Islamic banking. The three independent and influencing elements that have the greatest impact on attitudes toward Islamic banking are religious obligation, social influence, and subjective norms. The conclusion supports the idea that a person's social environment has a big impact on how they feel about Islamic banking. This finding lines up with studies by Haque (2010), Reni & Ahmad (2016), and Seipati, Chiliya & Chikandiwa (2016), which found that societal influences shape people's attitudes, i.e., that social influences, such as group membership, have an impact on the choices that individual consumers make. As discussed by Seipati, Chiliya, and Chikandiwa (2016), this study contributes to the body of work previously on the subject of the relationship between social impact and views towards Islamic banking. Similar to other countries, Pakistan too experiences the same effects of societal influence on user's attitudes toward adopting Islamic banking services.

Additionally, the purpose of this study was to ascertain the extent to which the subjective norms had a favorable impact on people's attitudes about Islamic banking (H2). The findings corroborated Seipati, Chiliya, and Chikandiwa's (2016) earlier research, which suggested a favorable connection between attitudes toward Islamic banking with subjective norms. According to research by Echchabi and Aziz (2012) and Pedersen (2005), subjective norms impact significantly on how well people estimate their intentions. Social influence can so directly affect how customers feel about Islamic banking.

Additionally, the outcome supports hypothesis H3 that people's religious obligations play a key role in determining how they feel about Islamic banking. This outcome is consistent with the findings of Parboteeah et al. (2009), claimed that the religious obligation comes from the

teachings contained in religious texts and the behavior of adherents to that religion, which may persuade people to engage in or abstain from particular behaviors. This study adds to the body of work that Boubker, Khadija, and Abdelaziz (2021) have contributed by demonstrating the positive and considerable influence that religious obligation has on attitudes toward Islamic banking.

Positive significance has been observed for H4, indicating that it is strongly favorable. This backs up earlier research by Asyari'et al. (2022), Bashir and Madhavaiah (2015), and Chiou and Shen (2012), which showed the positive influence of people's attitudes about Islamic banking on such customers' behavioral intentions. Therefore, a determinant in individuals' behavioral intention to use Islamic Banking is their attitudes as well.

Additionally, this research discovered that an individual's behavioral intention to adopt Islamic banking is unaffected by perceived financial risk. As a result, the findings refute hypothesis H5. This outcome is backed up by earlier research by Asyari et al. (2022), who asserted that individuals' perceptions of financial risk could not affect their decision to utilize the goods and services offered by Islamic banks.

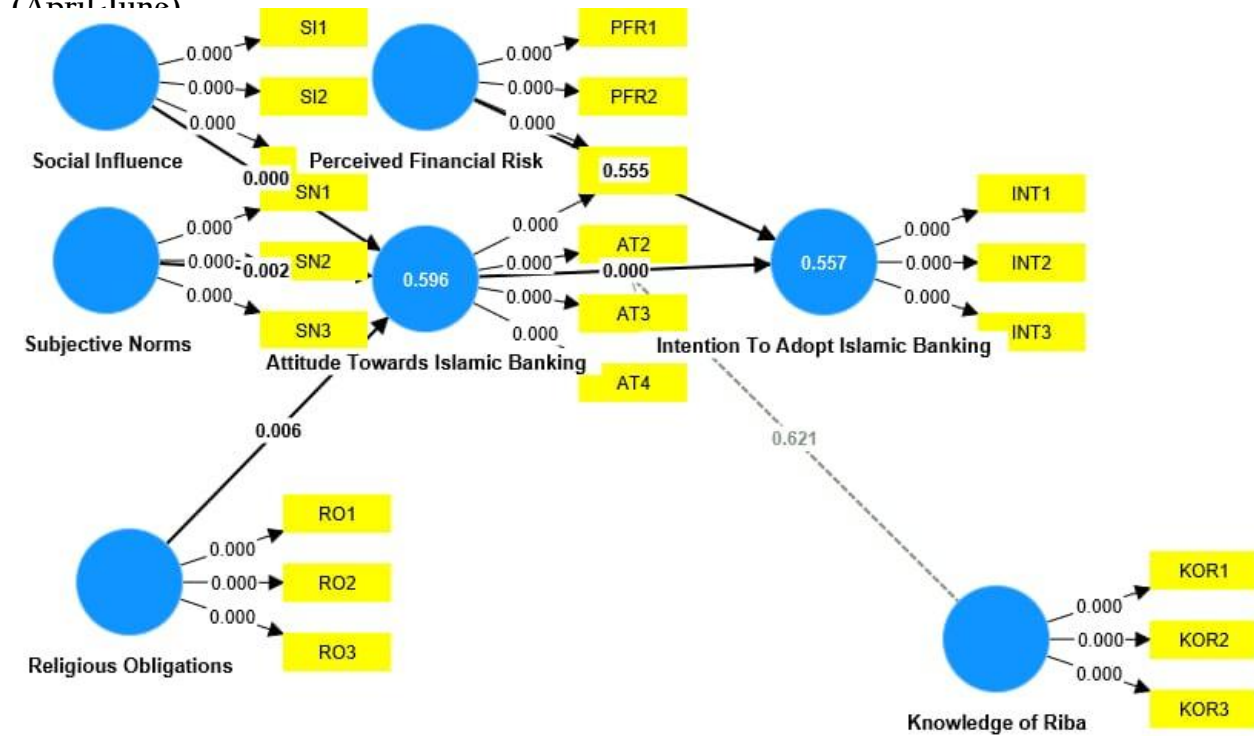


Fig 2. Structure Model

H6 is rejected since this study's findings on knowledge of Riba and intention to adopt Islamic banking are insignificant, and these findings line up with the study of Kuehn's (2004) study.

H7, which indicates the role of the moderating variable and suggests that knowledge of Riba influences the correlation of attitude towards Islamic banks with intentions to adopt Islamic banking, is not supported. This suggests that attitude and intention towards Islamic banks are not affected by one's knowledge of Riba. These findings are consistent with Wahyuni's (2012) study. Therefore, people who know about Riba and those who don't share the same kinds of relationships.

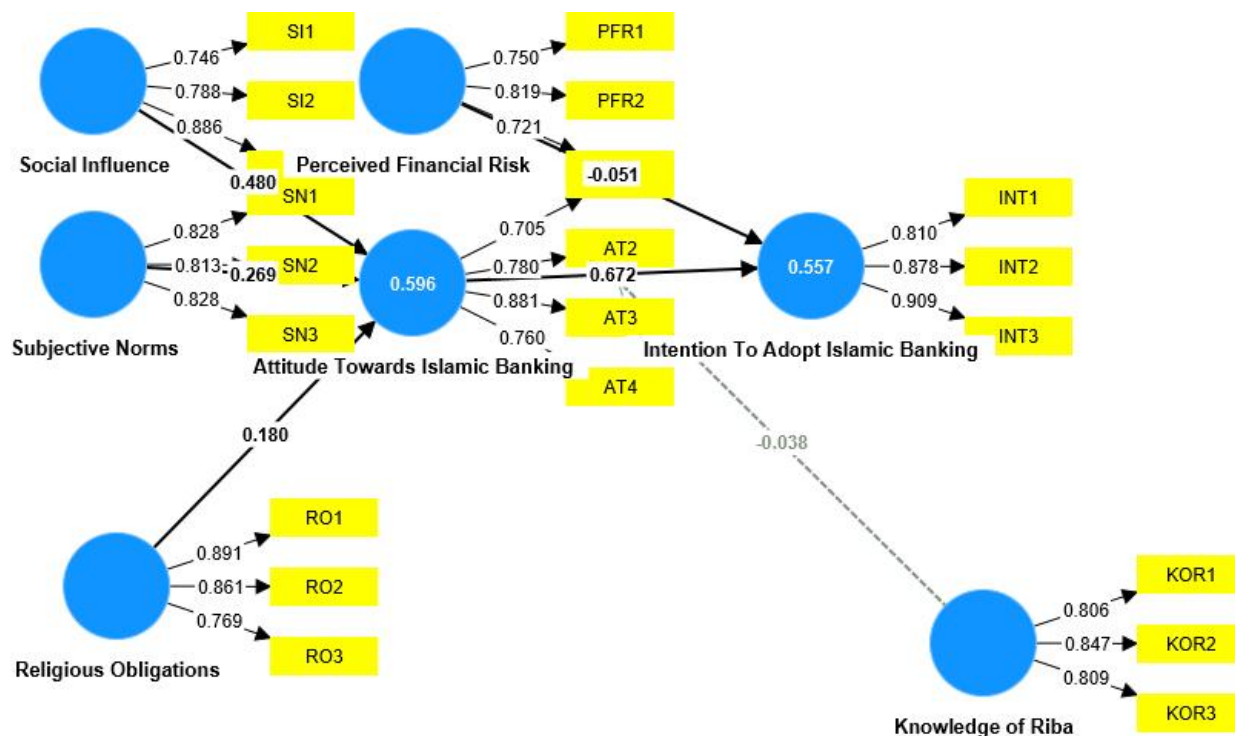


Fig3. Structure Model

The outcomes from all mediation are also significant. The association between religious obligation and intention to adopt Islamic banking is mediated by attitude towards Islamic banking, so when people's attitudes about Islamic banking are shaped by their religious beliefs, they are more likely to adopt it as well. Second, views towards Islamic banking act as an intermediary in the relationship between social influence and intention to embrace Islamic banking, i.e., societal and communal impacts affect people's attitudes towards Islamic banking and spur interest in its adoption. Lastly, Attitude towards Islamic Banking mediates the relationship of Subjective norms with intention to adopt Islamic Banking, It indicates that each individual's belief also influences how they view Islamic banking and whether they approve of it, which results in the adoption of Islamic banking.

Conclusion:

The goal of the current study was to identify the elements that increase business owners' intentions to use Islamic financing. Based on the partial least square path modeling, the outcomes of this research showed that religious obligations—exactly the extended part of TRA—are the most significant aspect of the adoption process. Individuals' adoption of IB has been demonstrated to have a favorable and extremely significant effect. It encourages Islamic banks to concentrate on religious obligations. In the case of Pakistan, the intention towards adoption of Islamic Banking would increase as more Islamic banks follow religious obligations.

Additionally, it has been found that subjective norms and social influence are important determinants of intention towards IB. Additionally, attitude has a positive effect on the intention to adopt IB. To increase and foster a good attitude among the target audience, Islamic banks must conduct campaigns like these. A vital element in encouraging the adoption of Islamic banking is an upbeat attitude. However, there was no correlation between perceived financial risk and people's desire to use Islamic banking, according to the study. The findings imply that while risk is a factor in Sharia-approved businesses, financial risk has no bearing on the behavior propensity to use Islamic banking. The results also imply that IB may not be sufficiently working to inform their clients about their strategy of sharing financial risk, and as a result, clients' views on financial risk were unable to influence their choices towards the adoption of IB.

Theoretical Implications

This study has significant theoretical implications because it demonstrates how societal influence, individual norms, and religious obligations affect people's opinions and intentions to use Islamic banking services. Furthermore, knowledge does not mitigate the association between views and intentions to utilize Islamic banks. These findings show the variables related to Riba knowledge cannot compensate for differences in the conclusions of previous research on the association of attitudes to go for Islamic banks. Which is also an addition in the literature.

Practical Implications

The policymakers can better understand the dominant aspects that affect the IBA process with the aid of this study. This study will provide practitioners with a comprehensive tool to use the findings to enhance outcomes in the circumstance of IB product turnover. This study will give both potential and current customers a better understanding of how IB is adopted. By taking into account more religious factors, Islamic law, and sharia rules in bank transactions, more clients can be drawn in. For the field of Islamic banking, this study offers some insightful observations. Islamic banks that aim to raise their number of users, should start delivering Islamic banking services by relying on societal influence, individual norms, and religious obligations that have a direct impact on people's attitudes towards Islamic banking. They can also develop strategies that effectively capture customers' interest and guarantee that they will use Islamic banking services. Launching awareness initiatives promotes a positive attitude. These campaigns may use print and electronic media in addition to raising awareness activities that involve fellow students and local communities. These initiatives should concentrate on raising awareness of Shariah compliance, such as knowledge about Riba in Islamic banking practices. The quality of services should be raised to raise client satisfaction to spread good word of mouth. It is because satisfied consumers can promote good word of mouth and attract new customers to Islamic banks.

Limitations and recommendation

Future research can be conducted by gathering survey answers from office workers to get a clearer picture of the impact rather than the current studies, which mostly used data from students. The study employed the TPB while societal pressure, arbitrary standards, and religious obligations directly influenced attitude and the adoption of IB. Future researchers may take into account the financial rewards and perceptions of virtue. Future research should focus on a variety of Pakistani cities and locations, covering all major racial and ethnic groups, to produce more broadly applicable findings.

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