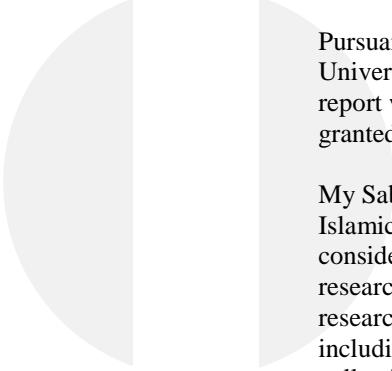




Memorandum

To: Maurice E. Walworth, Provost & Vice President of Academic Affairs
CC: David R. Finley, Ph.D., Dean College of Business and Engineering
From: Brian A. Zinser
Date: 3/10/2014
Re: Sabbatical Leave Fall 2013 Report

Provost Walworth:



Pursuant to the Agreement between Lake Superior State University and Lake Superior State University Faculty Association MEA-NEA, section 15.4.6, please consider this as my electronic report which outlines my experiences and achievements during the Sabbatical Leave which was granted to me for Fall semester 2013.

My Sabbatical Leave was to study the determinants of U.S. Muslims' intentions to use retail Islamic banking and financial services. During the fall semester I was able to complete considerable progress towards the development of this research project including finalizing the research question and theoretical context, conducting an extensive literature review, specifying a research model, developing research hypotheses, and developing a measurement instrument including appropriate scales. I also researched and have found a suitable sampling frame for collecting my primary data. Concurrently with the progress made on the research project, I also spent considerable time learning a new (for me) multivariate analysis technique, structural equation modeling and AMOS SEM software. I am now planning to collect my primary data and complete the a priori analysis to test the fit of my hypothesized model during the summer.

Attached please find a draft of my work that has been completed to date. If you have any questions or desire additional information, please don't hesitate to contact me.

DETERMINANTS OF UNITED STATES MUSLIMS' INTENTIONS TO USE RETAIL
ISLAMIC BANKING AND FINANCIAL SERVICES: AN APPLICATION OF
THE THEORY OF PLANNED BEHAVIOR

Brian Arthur Zinser

Chapter 1: Introduction

Background

Arabs used interest-free financing in commerce and trade long before the prophet Muhammad, himself a trader, started receiving revelations that he believed to be from God. These revelations were recorded in the *Qur'an*, or Islam's holy book. *Shariah*, or Islamic law, comes from the *Qur'an*, the sayings of Mohammed, and what *fatāwā*, i.e., legal judgments or opinions, Islamic scholars have written.

Shariah law governs financial services for devoted Muslims. According to *Shariah* law contracts or arrangements involving the payment or receipt of interest are forbidden. Payment or receipt of interest violates the *Shariah* concept of *riba*. *Riba* essentially means excessive gain or usury (Saeed, 1999). This practice was also condemned in early Judeo-Christian lending (Bennett, 2007; ElBoghdady, 2006). Furthermore, personal guarantees are problematic in Islamic culture. As a result, traditional deposit and loan financial services products in the West which are priced primarily through the exchange of interest and, in some cases, are unsecured (personal notes and credit cards), are problematic for Muslim consumers (Cocheo, 2007).

Many investment products like common stocks, bonds, and mutual funds pose problems for Muslims as well (Ayub, 2008; Usmani, 2002). *Shariah* law bars Muslims from investing in businesses that are deemed repugnant, such as alcoholic beverages, gambling, pork processing, or pornography. It also prohibits investing either directly or indirectly in interest-bearing instruments or bonds.

The current rise in the popularity of *Shariah*-compliant financial services worldwide began simultaneously with the modern rise of the Islamic world in the late 1960s (Bennett, 2007; Chong & Liu, 2009). The independence of Muslim nations coupled with enormous accumulation of oil wealth initially led to the creation of *Shariah*-compliant commercial financial services. More recently, the growing Muslim middle class has also demanded *Shariah*-compliant retail

financial services products. These products include arrangements for financing home purchases and expensive consumer durables which do not involve *riba* or personal guarantees, and personal investments like mutual funds which do not include obligations of companies which market alcoholic beverages, pork products, or operate gaming businesses.

There are many critics, including academics and conservative Islamic scholars (Bennett, 2007; Chong & Liu, 2009; Khan, 2010), who claim that Islamic banks and conventional banks with Islamic windows have developed mortgage or secured loan-like and deposit-like products that are nothing more than interest-bearing activities in disguise. Timur Kuran of Duke University's Islamic studies program was quoted in the *Boston Globe* (Bennett, 2007) as saying these banks have done nothing more than come up with "convoluted ways of lending money that make interest look like something else, when in fact they're really just operating like conventional banks."

Retail Islamic financial services in the United States arose in the mid 1980s with the genesis of what is now known as Amana Funds (Goud, 2009). Concurrently, American Finance House-LARIBA (LARIBA) of Pasadena, California began offering *Shariah*-compliant small business and home financing. Goud (2009) noted that a major breakthrough for retail Islamic financial services occurred in 2001, when LARIBA received approval for financing from the Federal Home Loan Mortgage Corporation. As the Muslim market segment became more attractive, Goud noted that new entrants began to enter the home finance market including HSBC Amanah in New York, Guidance Financial in the nation's capitol, Devon Bank in Chicago, and University Bank in Ann Arbor, MI. (Incidentally, Devon Bank is owned by a Jewish family and University Bank is owned by a Roman Catholic family.)

Islamic branding and marketing in the United States and specifically the market segmentation and product differentiation strategy of firms marketing *halal* products and *Shariah*-compliant Islamic banking and financial services is in its infancy but increasing (Chiu,

Newberger, & Paulson, 2005). *Halal* is an Arabic term which is primarily used to identify lawful or permissible food, but can also be used to identify any lawful or permissible object or action according to Islamic law. DinarStandard (2011), a New York based specialized market research and advisory firm which focuses on the Muslim market, recently released a study on the U.S. Muslim market. The study reported a majority (81%) of U.S. Muslims comply with Islamic restrictions regarding *halal* food. The study also found that an equal majority of U.S. Muslims do *not* use *Shariah*-compliant Islamic financial services. However, when asked, more than 90% indicated a strong interest in using Islamic financial services.

As a matter of policy the U.S. Census Bureau does not ask individuals their religion. Estimating the number of Muslims residing in the United States is difficult. Prior to the Pew Research Center's report *Muslim Americans: Middle Class and Mostly Mainstream* (2007), no estimate for the U.S. Muslim population, based on widely accepted social scientific methods, was available. Updated projections by Pew Research Center (2011) demographers estimated that there are about 2.75 million Muslims of all ages living in the United States in 2011.

Other studies have estimated the number of Muslims in the United States as much higher (Pew, 2007). Based on the Pew study along with other sources of information (e.g., Gallup, Council on American-Islamic Relations, Association of Statisticians of American Religious Bodies, city level surveys), the DinarStandard (2011) study team estimated that the U.S. Muslim population was between 5.8 million and 6.7 million in 1.7 million to 2 million households. Furthermore, they reported estimates of the annual growth rate at 6% compared to the U.S. population annual growth rate of slightly less than 1%.

Regardless of the U.S. Muslim market's actual size, it is apparent that it is a sizable and growing market and Islamic banking and financial services are arguably transitioning from the introduction phase to the growth phase of its product lifecycle in the United States.

Purpose Statement

The purpose of this research project and its overarching research question is to attempt to answer: *What are determinants of United States Muslims' intentions to use Islamic banking and financial services?* To make a contribution to knowledge, the study empirically tests a modified, or extended model of Ajzen's (1988, 1991) theory of planned behavior (TPB) using structured equation modeling (SEM).

Objectives

Specific objectives of the research are to:

1. Identify variables that determine U. S. Muslims' intentions use of Islamic banking and financial services products in relation to:
 - a. attitudes toward Islamic banking and financial services
 - b. subjective norms for use of Islamic banking and financial services
 - c. perceived behavioral control over using Islamic banking and financial services
 - d. degree of religiosity
 - e. perceived cost of being Muslim
2. Propose and operationalize a model integrating these latent constructs.
3. Empirically test the proposed model using a sample of adult Muslims residing in the United States.

Theoretical Framework

The current investigative study examines U.S. Muslims' beliefs, attitudes, and purchase intentions regarding Islamic banking and financial services products. Applying the TPB (Ajzen, 1988, 1991) to the purchase intentions of Islamic banking and financial services, the role of attitudes, subjective norms, and perceived behavioral control are examined. To arrive at a deeper

understanding of U.S. Muslims' purchase intentions, degree of religiosity, and perceptions of the cost of being Muslim (COBM) are explored.

Attitude theories have primarily evolved out of the behavioral sciences and social psychology but have a role in marketing. Lutz (1991) states that the unidimensionalist perspective of attitudes, which treats attitude solely as affect and distinct from beliefs, intentions, and behaviors, has both theoretical and practical merit in marketing. Theories of attitude formation and change, i.e., consistency theory (Heider, 1946; Festinger, 1957; Rosenberg, 1960), learning theory (Fishbein, 1963), and functional theory (Smith, Bruner, & White, 1956; Katz, 1960), are particularly relevant to marketing applications (Lutz, 1991). However, as Lutz (1991) and others (Abelson, 1972; Wicker, 1969) in both psychology and marketing have pointed out, many researchers have been unable to document that attitude has a significant correlation to behavior.

Building on his learning theory, Fishbein (1967; & Ajzen, 1975), along with Ajzen (& Fishbein, 1980; 1988) developed the theory of reasoned action (TRA). Ajzen (1988, 1991) built on the TRA with the development of the theory of planned behavior (TPB). The TRA and TPB are theories of the relationship between attitude and behavior and have garnered strong support in marketing applications (Lutz, 1991). A major tenet of TRA is attitude toward a behavior with respect to an object in addition to an attitude toward an object. The TRA also includes an additional predictor of behavior: the subjective norm.

The TPB takes into account the TRA's inability to deal with behaviors over which individuals lack or perceive a lack of volitional control. Personal deficiencies and external obstacles are among the factors that might prevent one from engaging in the

intended behaviors. The TPB adds a construct, perceived behavioral control, which is the perceived ease or difficulty of performing the behavior (Ajzen, 1988, 1991).

In the United States, where Muslims are a small percentage of the population and Islamic banking and financial services are not as established and widely accessible, consumers' volitional control may be an issue and may have an effect on purchase intentions and suggests the use of the TPB framework may be more appropriate.

In this dissertation, the TPB is applied to a conceptual model to predict U.S. Muslim's purchase intentions of Islamic banking and financial services. The TPB (Ajzen, 1991) posits that intentions are determined by three constructs: attitudes toward the behavior, subjective norms, and perceptions of behavioral control. The TPB predicts that individuals are more likely to perform a behavior when they have a more favorable attitude toward the behavior, stronger beliefs that significant others think that they should perform the behavior, and greater perceived behavioral control over carrying out the intended behavior. All three of these factors are important, but vary in salience depending upon behavioral intentions (Ajzen, 1988). The TPB allows the inclusion of other variables to enhance prediction power for a given behavior (Ajzen, 1991).

This study also investigates the direct and indirect influences of religiosity on attitudes toward, positive subjective norms to comply with, perceived behavioral control to use, and future intention to use Islamic banking and financial services. The final factor of interest is the direct and indirect influences of the pricing of Islamic banking and financial services, or the "cost of being Muslim" (COBM), on attitudes toward, perceived behavioral control to use, and future intention to use Islamic banking and financial services.

Research Questions

Based on the theoretical framework of the TPB and the constructs of religiosity and COBM added to the extended TPB model introduced above, this research study intends to

answer the following questions regarding the intended use of Islamic banking and financial services by U.S. Muslims.

1. What are the determinants that influence the use of Islamic banking and financial services? Does attitude, subjective norm, perceived behavioral control, religiosity, and pricing influence a U.S. Muslim consumer's intention to use Islamic banking and financial services?
2. What are the specific factors affecting the U.S. Muslim consumer's attitude to use Islamic banking and financial services? Does one's degree of Islamic religiosity, and perceived COBM affect attitude?
3. What are the specific factors affecting the U.S. Muslim consumer's subjective norm? Do people close to one, i.e. family, friends, colleagues, or peer affect subjective norm? Does one's degree of religiosity affect subjective norm?
4. What are the specific factors affecting the U.S. Muslim consumer's perceived behavioral control? Does self-efficacy and perceived COBM affect perceived behavioral control?

Proposed Research Model and Hypotheses

Based on the foundational research question introduced in the purpose statement section, the extended theory of planned behavior (TPB) model developed in the theoretical framework section, and the more specific research questions posed above, the following research model (see Figure 1.1) and hypotheses are investigated in this dissertation to assess determinants of U.S. Muslims' intentions to use Islamic banking and financial services (Ajzen, 1988, 1991).

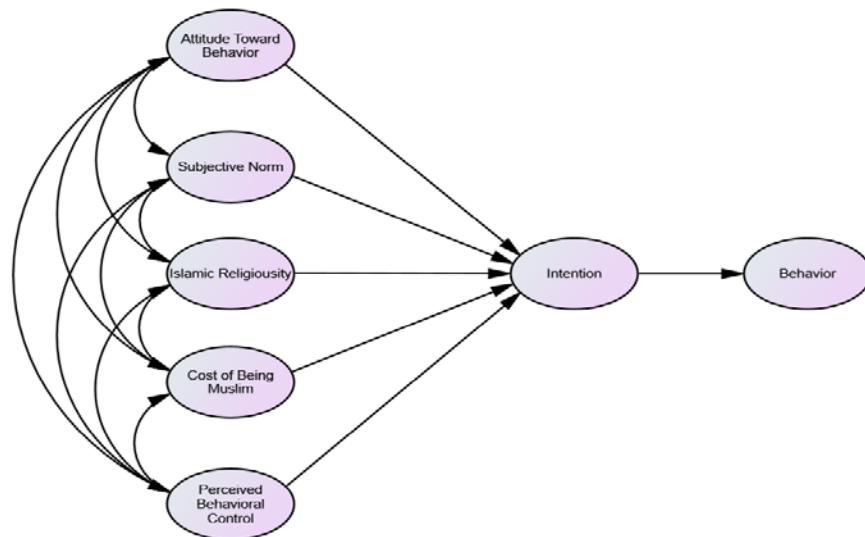


Figure 1.1 Proposed model: Determinants of U.S. Muslims’ intentions to use Retail Islamic Banking and Financial Services

Specifically, the research study empirically tests an extended TPB model with the following hypotheses:

Hypothesis H₁: Positive attitudes about Islamic banking and financial services will be a significant predictor of U.S. Muslims’ intention to use Islamic banking and financial services.

Hypothesis H₂: Positive subjective norms for using Islamic banking and financial services will be a significant predictor of U.S. Muslims’ intention to use Islamic banking and financial services.

Hypothesis H₃: Higher Muslim identification (Islamic religiosity) will be a significant predictor of U.S. Muslims’ intention to use Islamic banking and financial services.

Hypothesis H₄: Lower perceived cost of using Islamic banking and financial services (COBM) will be a significant predictor of U.S. Muslims’ intention to use Islamic banking and financial services.

Hypothesis H₅: Perceived behavioral control over using Islamic banking and financial services will be a significant predictor of U.S. Muslims’ intention to use Islamic banking and financial services.

Chapter Two contains a review of the empirical literature for the study including studies on determinants of bank selection in general and determinants of retail Islamic banking and financial services. The literature review supporting the use of the TBP theoretical framework, the proposed extended TBP model (see Figure 1.1), and research hypotheses is presented in Chapter Three.

Significance of Study

The author's literature review discovered a fair amount of research on selection criteria of banks, the selection criteria of Islamic banks, and awareness and attitudes of Islamic banking. More recently, studies on the determinants of consumers' intentions to use Islamic banking and financial services within the theoretical framework of TRA (Fishbein & Aizen, 1975) have also been published (Amin, Rahman, Sondoh, & Hwa, 2011; Amin, Ghazali, & Supinah, 2010; Taib, Ramayah, & Razak, 2008). Studies on consumer selection criteria of banks and bank products have been examined in many cultural contexts including in the United States. The selection criteria of, awareness of, attitudes toward, and determinants of customers' intentions to use Islamic banking and financial services have also been studied in many cultural contexts. Most have been done in countries with a Muslim majority although a few have been conducted in countries where Muslims are a minority such as the United States. Very little academic research has been published on consumer behavior aspects of Islamic banking and financial services in the United States. There appears to be a gap in the marketing-related literature of Islamic banking and financial services in the United States.

U. S. providers of Islamic financial services also need to understand the characteristics of Muslim consumers and their purchase decision process in order to create marketing strategies that will appeal to this market segment.

Definitions

Retail Islamic banking and financial services: *Shariah*-compliant financial products and services used to reach financial goals such as purchasing a home or investing available funds which do not involve *riba* and personal guarantees or are associated with alcoholic beverages, pork products or the operation of gaming businesses.

United States Muslims: Individuals who identify as being Muslim, e.g., a believer in or follower of Islam, and reside in the United States.

Attitudes toward a behavior: A person's cognitive and affective orientations toward performing a behavior (Ajzen, 1991; Ajzen & Fishbein, 1980).

Subjective norm: A person's perception of social pressure in doing or not doing a particular behavior (Ajzen, 1991; Ajzen & Fishbein, 1980).

Perceived behavioral control: An individual's perceived self-efficacy or ability of carrying out an intended behavior (Ajzen, 1991).

Intention to use: A person's willingness to try enacting a given behavior. (Ajzen, 1991)

Conclusions

(To be added upon completion of research.)

Chapter 2: Literature Review

The purpose of this study is to broaden the knowledge of determinants of U.S. Muslims in regard to their attitudes and affinity towards the selection and use of retail Islamic banking and financial services in the United States. This research is relevant based on the growth of Islamic banking and financial services in the United States as explained in the Chapter One. The method to identify determinants of U.S. Muslims is framed by the theory of planned behavior (TPB) (Ajzen, 1988, 1991).

This chapter reviews and discusses the empirical literature on conventional bank and Islamic banking and financial services selection criteria. The first section begins with a discussion about determinants of conventional bank selection. In the second section, determinants of retail Islamic banking and financial services are discussed. The theory of reasoned action (TRA) and TPB (Ajzen, 1988, 1991) are introduced and the rationale, including an empirical literature review, for using the TPB as the theoretical framework for this study is introduced in Chapter Three.

Determinants of Bank Selection

A literature search has found an abundance of prior research on conventional retail bank brand preference and bank selection criteria in a variety of geographic and cultural contexts. Seminal research on bank selection criteria began in the United States with Anderson, Cox, and Fulcher (1976), who found that a large segment of the market viewed banking services as undifferentiated convenience products. The Anderson et al.

(1976) study was critically questioned by Dupuy, Kehoe, Linneman, Davis, and Reed (1976) who expressed concern about sampling and measurement methods.

A plethora of studies worldwide has followed. Table 2.1 contains a list, in chronological order, of published and cited bank selection and choice criteria empirical studies including a brief summary of relevant findings.

Table 2.1

Summary of Bank Selection or Choice Criteria Studies

Source	Country	Participants	Relevant Findings
Anderson, Cox, and Fulcher (1976)	United States	466 random sample telephone directory medium-size Southwestern city	Large segment views bank services as convenience products/ Undifferentiated.
Evans (1979)	United States	86 college students	Primary situational factors in bank selection include physical surroundings, social surroundings, temporal perspective, task definition and antecedent states.
Martenson (1985)	Sweden	558 Swedish bank customers and 53 bank branch managers	Significant choice attributes include bank location, loan availability, payroll check cashing, and parental influence. One third choice was random.

Kaynak (1986)	Canada	240 Royal Bank of Canada (RBC) customers and 24 branch managers and employees in Halifax, Nova Scotia	RBC advertising reflects important attributes of bank's market. Corporate identity of RBC consistent with community's image. RBC's perception of ideal bank not the same as bank's market.
Laroche, Rosenblatt, and Manning (1986)	Canada	142 random sample in Montreal	Checking more important than savings. Speed of service, location, friendly service also important. Found significant differences in attitudes and opinions between the sexes, language, age, income and educational level.
Tan and Chua (1986)	Singapore	87 random sample in Singapore	Social factors are most important followed by friendly service. Location not a dominant factor.
Crane and Clarke (1988)	Canada	100 adult consumers	Access and responsive service more than 80% of top-of-mind mentions for bank evaluative criteria.
Gupta and Torkzadeh (1988)	Canada	500 residents of Winnipeg	Important selection factors are account accuracy, interest rates, friendly service, and controls.

Table 2.1 (Continued)

Summary of Bank Selection or Choice Criteria Studies

Source	Country	Participants	Relevant Findings
Lang and Chua (1989)	Malaysia		
Denton and Chan (1991)	Hong Kong		Use of multiple banks widespread. Factors include risk reduction, convenience, expertise/availability of certain services. Differences found based on sex, age, marital status, income, and education.
Kaynak and Kucukemiroglu (1992)	Hong Kong	106 Hong Kong residents	Efficient service and friendly service high ranking factors. Differences between frequent/infrequent users.
Boyd, Leonard, and White (1994)	United States	188 random households in medium-size Southeastern city	Reputation, interest rate loans/savings most important criteria. Differences across demographic factors.
Holstius and Kaynak (1995)	Finland	258 customers of five banks in Turku	Friends/relatives referral, reputation/image, friendly service, and advertising top bank selection criteria. Transaction efficiency important.

Thwaites and Vere (1995)	United Kingdom	328 full-time students with bank account	Convenience of location and free banking major choice attributes.
Yue and Tom (1995)	United States	Chinese-Americans living in Sacramento, CA	Efficiency of services offered, bank's reputation, bank fees, convenient location, and interest rates on saving accounts and loans.
Elliot, Shatto, and Singer (1996)	United States	2000 consumers in six major cities	Retail bank customer behavior revolves price, speed, and access.
Kennington, Hill, and Rakowska (1996)	Poland	204 working consumers in a medium size south eastern city	Most important variables influencing customer choice are reputation, price, and service.
Reeves and Bednar (1996)	United States	6068 customers from 41 banks in Arkansas	Customer service more important than price. Customers use more criteria than price, speed, and access (Elliot et al., 1996). Criteria differ by age group.
Zineldin (1996)	Sweden	216 adult financial decision makers from two large and two small cities	Top bank selection criteria: service quality, credit availability/ price competition, delivery system, promotion and reputation/ differentiation.

Table 2.1 (Continued)

Summary of Bank Selection or Choice Criteria Studies

Source	Country	Participants	Relevant Findings
Mylonakis, Malliaris, and Siomkos (1998)	Greece	811 bank customers in the greater Athens Piraeus market	Bank selection criteria such as location/convenience, friendly service, efficient transactions important.
Ta and Har (2000)	Singapore	176 students of two universities	Emphasis on pricing and product dimensions in bank selection.
Almossawi (2001)	Bahrain	1,000 students of University of Bahrain	Bank's reputation, parking, friendly service, and availability/ location of ATMs.
Gerrard and Cunningham (2001)	Singapore	184 students in engineering and business at Nanyang Technological University	Seven bank selection factors identified. Most important was feel secure. Least important was third party influences.
Devlin (2002)	United Kingdom	6,700 consumers in the United Kingdom	Low knowledge consumers more likely to use location or recommendation as choice criteria. Higher knowledge more likely to use service, rates, and fees to make selection.
Che Wel and Mohd Nor (2003)	Malaysia	578 bank consumers in Kuala Lumpur	Personal factors more important than sociological factors in bank selection. Convenience most important factor.

Devlin and Gerrard (2004)	United Kingdom	7,033 consumers in the United Kingdom	Referral is now most important criterion. Incentives, product breadth, and pricing more important. Location factors less important. Image/reputation and service have remained constant.
Pass (2006).	United States	343 college students in a western U.S. metropolitan area	Price and convenience most important selection factors. Product and services, customer service and bank image considered.
Blankson, Cheng, and Spears (2007)	United States, Taiwan, and Ghana	600 (US), 500 (Taiwan) and 300 (Ghana) college students	Convenience, competence, peer recommendation, and free banking determinantes of bank selection.
Omar (2008)	Nigeria	200 respondents drawn from 5 leading retail banks in Abuja	Safety of funds, speed of transaction, and efficient services. Few differences between males and females.

Table 2.1 (Continued)

Summary of Bank Selection or Choice Criteria Studies

Source	Country	Participants	Relevant Findings
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Rehman and Ahmed (2008)	Pakistan	358 customers of private, privatized and nationalized banks	Customer services, convenience, online banking, and overall bank environment influence bank choice.
Blankson, Omar, and Cheng (2009)	United States and Ghana	Students in the United States and Ghana	Four key factors same in both U.S. and Ghana: convenience, competence, recommendation by parents, and free banking and/or no bank charges.
Hinson, Owusu-Frimpong, and Dasah (2009)	Ghana	2000 retail bank customers in Ghana	Proximity/accessibility most important factor. Recommendations by friends least important factor in bank selection.
Jahiruddin and Haque (2009)	Bangladesh	198 bank customers in Khulna City	Convenience factors most important in choosing bank. After that came the economic factors, promotional factors and influence factors.
Mokhlis, Mat, and Salleh (2010)	Malaysia	482 Malaysian undergraduates of Malay, Chinese and Indian ethnic background	Top selection factor among all three groups was secure feeling. Lowest selection factor among all three groups was people influence. Middle ranked factors differed by ethnic group.

Rao and Sharma (2010)	India	312 MBA students	Reliability, assurance, responsiveness, value added services and convenience important bank choice factors.
Chigamba and Fatoki (2011)	South Africa	186 students of University of Fort Hare (Alice campus)	Six factors important in bank selection: service, proximity, attractiveness, recommendations, marketing, and price.
Hedayatnia and Eshghi (2011)	Iran	798 customers of banks in Tehran	Important factors for bank selection are: quality of services and new banking methods, innovation and responsiveness of bank, friendliness of staff and confidence in manager, price and cost, staff attitudes and convenience of bank location and services.
Katircioglu, Tumer, and Kilinc (2011)	Romania	248 bank customers in Bucharest and Constanta	ATM services, telephone/ internet banking, personal attention, reputation, confidentiality, staff professionalism, and branch network most important. Advertising, premiums, efficient service, and recommendations least important.

Table 2.1 (Continued)

Summary of Bank Selection or Choice Criteria Studies

Source	Country	Participants	Relevant Findings
Narteh and Owusu-Frimpong (2011)	Ghana	223 Ghanaian students	Image, attitude and behavior of staff, core service delivery and technology-related factors most important. Differences between male and females.
Ukenna and Monanu (2012)	Nigeria	368 bank customers was drawn from Enugu and Onitsha	Security, efficient service, financial benefit, convenient location, availability of ATM, marketing promotion and customer service primary factors. Some differences between genders.
Okoe, Osarenkhoe, and Hinson (2013)	Ghana	2 focus group discussions with 5 participants each	Convenience, customer service, and speed dimensions of bank services most important selection criteria.

Most of the bank selection studies summarized above have investigated and analyzed bank choice criteria or bank selection factors with respect to demographic and geographic factors. Almosawi (2001) and others (Thwaites & Vere, 1995; Gerrard & Cunningham, 2001; Mokhlis, Mat & Salleh, 2010) have identified from previous studies

and literature reviews more than 35 attributes which researchers have hypothesized consumers use in choosing a bank or banks to patronize. Common themes like product offerings, service charges, location and parking, service quality and delivery, size and reputation, automated teller machine (ATM) networks and more recently, electronic banking, have emerged from these studies as relevant bank selection factors. When viewed as a whole, many research findings on bank selection are conflicting. In many of the studies bank choice or selection criteria have been analyzed across groups, i.e. gender, age, income, education, marital status, frequent/infrequent users, etc. (Laroche, Rosenblatt, and Manning, 1986; Denton and Chan, 1991; Kaynak, Kucukemiroglu, and Odabasi, 1991; Kaynak and Kucukemiroglu, 1992; Boyd, Leonard and White, 1994; Reeves and Bednar, 1996;; Devlin, 2002; Omar, 2008; Blankson, Omar, and Cheng, 2009; Narteh and Owusu-Frimpong, 2011; Ukenna and Monanu, 2012).

Geographically, bank selection criteria studies began in the West, e.g. (United States – (Anderson et al.,1976; Evans, 1979; Boyd et al., 1994; etc.), Sweden – (Martenson, 1985; Zineldin, 1996), and Canada –(Kaynak, 1986; Laroche et al., 1986; Crane & Clarke,1988;etc.). Most of the recent studies were done in developing countries, e.g. (Ghana– (Okoe et al., 2013; Narteh & Owusu-Frimpong, 2011), Nigeria– (Ukenna & Monanu, 2012), Romania–(Katircioglu et al, 2011), Iran-(Hedayatnia & Eshghi, 2011), South Africa-(Chigamba & Fatoki, 2011), India-(Rao & Sharma, 2010), etc.

The most recent study conducted entirely in the United States was by Pass (2006). Using two questionnaires and collecting two samples of Western U.S. college students,

Pass used factor analysis to examine the product quality, price, and service quality dimensions of banking. The five factors identified, in order of importance, were price, convenience, products and services, customer service, and image. He also researched reasons to switch banks and obtained similar findings. A comparative cross-national study by Blankson et al. (2009) investigated students' selection of retail banks in the United States and Ghana. The objective of the investigation was to determine if there were any differences and/or similarities in bank selection factors between developed and developing economies. Using similar data-collection method in both countries, a comparison was performed using factor analysis. Four key factors - convenience, competence, recommendation by parents, and free banking and/or no bank charges – were found to be similar.

Most recently a quantitative bank selection criterion study was investigated in Nigeria by Ukenna and Monanu (2012). The major objectives of the study were to determine factors important in bank selection by bank customers in Southeast Nigeria and to examine if there were any differences between men and women. They developed a two part self-administered structured questionnaire. Section A collected demographics while Section B asked participants to rate how important 38 bank attributes were in one's choice of selecting a bank. Each of these factors was measured using a 5 point Likert-type scale. After the instrument was pretested with 25 bank customers and tested for internal consistency reliability (Chronbach's alpha = 0.823), it was administered to a

sample consisting of a nearly equal number of males and females of (N = 384) bank customer residents of two cities in Southeast Nigeria.

Using 368 usable responses, internal reliability was tested using Cronbach's alpha test. Principal component factor analysis with varimax rotation was used to summarize the measured attributes into common factors, or components. Using a factor loading cutoff of 0.40, six components were found significant. Chronbach's alphas were used to measure each component's internal consistency reliability and were found to be in an acceptable range from 0.60 to 0.87. The following principal factors, in order of importance were derived: a feeling of security, speedy and efficient service, financial benefit, convenient location, availability of ATMs, marketing promotion, and people influence.

Using the mean importance of each factor it was found that men and women ranked the first two factors as equally important while the third and fourth and the five and sixth factors were each interchanged respectively between genders. A *z*-test was used to compare differences between male and female respondents on the importance of each factor. Statistical differences ($p < 0.05$) were found between males and females on four factors; financial benefit, people influence, convenient location and availability of ATMs, and marketing promotion.

Proclaiming that the extant literature on retail banking selection criteria has primarily used quantitative approaches, Okoe et al. (2013) used a qualitative research design to study bank selection criteria of undergraduate students in Ghana. A case study

approach modeled after Ta and Har (2000) using analytical hierarchy process (AHP) methodology was used. AHP decomposes the decision process. It focuses on structuring a decision process, identifying decision criteria (quantifiable or intangible), measuring the interaction amongst criteria, followed by synthesizing all of the information into key criteria indicating preference. In the case of this study, the decision process studied was choosing a bank.

Ten students participated in an exploratory focus group discussion. Nine criteria were identified for students selecting a bank in Ghana: customer service, accessibility (convenience), prompt feedback, company choice, international presence, minimum balance, and bank support. A synthesis of the focus group discussion transcript revealed the three most important criterion were convenience, customer service, and speed of service.

Bank selection criteria studies across ethnic groups have been conducted in the United States (Yue & Tom, 1995) and in Malaysia (Mokhlis et al., 2010). Yue and Tom (1995) investigated bank choice criteria of Chinese-Americans living in Sacramento, CA and found bank selection criteria to be similar to the general population. Mokhlis et al. (2010) examined bank choice criteria across three distinctive ethnic groups in Malaysia – Malays, Chinese, and Indians. They predicted and found differences in bank choice criteria among the three groups.

With the exception of Islamic banking and financial services selection studies which are reviewed in the next section, there have been no known studies which have looked at bank choice criteria across or between religious groups.

Determinants of Islamic Banking and Financial Services Use

The rise and popularity of Islamic banking and financial services has also drawn a fair amount of attention from academics including several patronage and attitude related studies. A research literature review by Åström (2013) has identified more than 50 customer-related studies since Erol and El-Bdour (1989) published an article on attitudes, behavior, and patronage factors toward Islamic banks in Jordan. An empirical survey on retail customer attitudes toward Islamic financial services was also published by Gait and Worthington (2008) and a critical literature review on Islamic bank selection criteria in Malaysia was completed by Nawi, Yazid, and Mohammed (2013).

Of customer-related published studies, those investigating Islamic banking behavior including bank selection criteria have been the most popular (Åström, 2013). This author has identified 29 published articles which have investigated Islamic bank and financial services selection criteria since Erol and El-Bdour's (1989) seminal work was conducted in Jordan. These studies are listed, in chronological order, including the country (ies) where the research was performed and a summary of relevant findings, in Table 2.2.

Table 2.2

Summary of Retail Islamic Bank and Financial Services Selection Studies

Source	Country	Participants	Relevant Findings
Erol and El-Bdour (1989)	Jordan	434 individuals from middle-class households, professionals, merchants, and business concerns in 3 cities	Interpersonal contact and individual effort primary selection factor of Islamic banks. Religious motivation did not appear to be a primary criterion for Islamic bank selection.
Erol, Kaynak, and El-Bdour (1990)	Jordan	434 individuals from middle-class households, professionals, merchants, and business concerns in 3 cities	Fast and efficient service, reputation/image, and confidentiality most important selection factors for Islamic banks. Differences in emphasis on pricing between customers of conventional versus Islamic banks.
Omer (1992)	United Kingdom	300 Muslims in the United Kingdom	Religion is the primary factor of Muslims in the United Kingdom for selecting an Islamic bank.
Haron, Ahmad, and Planisek (1994)	Malaysia	301 Muslim and non-Muslim bank customers in Alor Setar, Sungai Petani, and Kangar towns	Muslims and non-Muslims exhibit similar factors in bank selection. Fast and efficient service, not religion, most important for Muslims. Friendliness of

			bank personnel most important factor by non-Muslims.
Hegazy (1995)	Egypt	400 customers of an Islamic and conventional bank	Religion important selection factor for Islamic bank. Speed and efficiency most important factor for Islamic bank selection. Rate of return ranked highest factor for conventional bank.
Metwally (1996)	Egypt, Kuwait, and Saudi Arabia	385 respondents in each country	Religion, convenience, and availability of services most important factors for selection of Islamic banks.
Gerrard and Cunningham (1997)	Singapore	29 Muslim and 161 non-Muslim subway intercepts	Muslims and non-Muslims exhibit similar bank selection criteria. Notable exceptions: Less emphasis on rate paid on savings and more emphasis on recommendation of friends and family for Muslims.
Metawa & Almosawi (1998)	Bahrain	300 bank customer intercepts from two Islamic banks	Religious factor, followed by rate of return, referral by friends and family, and bank location are most important selection criteria for Islamic banks.

Table 2.2 (Continued)

Summary of Retail Islamic Bank and Financial Services Selection Studies

Source	Country	Participants	Relevant Findings
Al-Sultan (1999)	Kuwait	385 respondents	Religion primary criteria for choosing Islamic bank. Majority of respondents prefer to patronize conventional banks.
Naser, Ahmad, and Al-Khatib (1999)	Jordan	206 bank customer intercepts from Islamic banks	Reputation, followed by religious reasons, <i>Shariah</i> principles, confidentiality, and profitability were primary reasons for selecting an Islamic bank. Advice from relatives and friends did not appear to play a major role in banking choice.
Bley and Kuehn (2004)	United Arab Emirates	667 undergraduate and graduate business students	Religion primary factor for Islamic banking preference.
Okumus (2005)	Turkey	161 Islamic bank customers	Religion primary motivation for selecting Islamic bank. Interest-free principle also important.
Dusuki and Abdullah	Malaysia	750 intercepts of Islamic	Primary selection factor Islamic and

(2007)		bank customers across Malaysia	financial reputation and quality service. Other factors perceived to be important include good social responsibility practices, convenience and product price.
Khan, Hassan, and Shahid (2007)	Bangladesh	100 customers of Islamic banks	Islamic principles of banking followed by convenient location most important selection criteria. Rate of returns provided least important.
Amin (2008)	Malaysia	141 Malaysian bank customers	<i>Shariah</i> principle, lower monthly payment, transparency, interest-free practice and 100 per cent financing most important choice criteria for Islamic home financing.
Taib, Ramayah, and Razak (2008)	Malaysia	300 post graduate public university students	Attitude toward Islamic home financing more influence than religion and social influences.
Al-Ajmi, Hameeda, and Al-Saleh (2009)	Bahrain	655 clients of Islamic banks, conventional banks and training institute attendees	Islamic religious belief and social responsibility are the two most important factors that determine bank selection. Cost benefit is the third most

Al-Tamimi, Lafi, and Uddin (2009)	United Arab Emirates	257 customers of Islamic and conventional banks in Abu Dhabi, Dubai, and Sharjah	important factor. Bank products followed by service quality most important bank selection factor. Religious factors were third most important.
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Table 2.2 (Continued)

Summary of Retail Islamic Bank and Financial Services Selection Studies

Source	Country	Participants	Relevant Findings
Amin, Hamid, Lada, and Baba (2009)	Malaysia	211 bank customers with Islamic mortgages	Found 3 clusters: one selected on service provisions; one selected on <i>Shariah</i> and Islamic principles; and one selected on the basis of price.
Rashid and Hassan (2009)	Banglades h	371 respondents associated with 5 Islamic banks in Dhaka City	Corporal efficiency and core-banking services as important as religion for many demographics in bank selection.
Abduh and Omar (2010)	Indonesia	260 random customers of 2 Islamic and 6 conventional banks	Religiosity/ <i>Sharia</i> <i>h</i> compliant, awareness of <i>fatwa</i> , safety of funds and advertisement most significant Islamic bank selection factors.
Amin, Ghazali, and Supinah	Malaysia	214 convenience sample of	Attitude, subjective norm, and price of

(2010)		Islamic bank customers in Labuan	<i>qardhul hassan</i> financing were found to be important determinant selection factors.
Marimuthu, Jing, Gie, Mun, and Ping (2010)	Malaysia	450 respondents (Muslim and non-Muslim) from Klang Valley	Most important selection factor was cost/benefits followed by service delivery and convenience and not the religion status of individuals.
Amin, Rahman, Sondoh, and Hwa (2011)	Malaysia	136 customers of two Islamic banks	Attitude, social influence and pricing most significant determinants to use Islamic personal financing. Religious obligation found to be insignificant.
Awan and Khuram (2011)	Pakistan	223 random customers from banks of Islamic financial products	Product features and service quality are major factors selecting Islamic banks. Religious belief less influential selection factor.
Hamid and Masood (2011)	Pakistan	200 Islamic home financing customers	<i>Shariah</i> most important selection factor followed by fast and efficient services and price.
Idris et al. (2011)	Malaysia	250 academics who are Islamic bank customers	Religious value most important selection factor. Other factors include ATM services, financial security, cost and

			benefit and attractiveness.
Lee and Ullah (2011)	Pakistan	357 Islamic bank customers in Peshawar and Islamabad	<i>Shariah</i> compliance most important selection factor although convenience, better technology and better services considered.

Table 2.2 (Continued)

Summary of Retail Islamic Bank and Financial Services Selection Studies

Source	Country	Participants	Relevant Findings
Saini, Bick, and Abdulla (2011)	South Africa	250 Muslims residing in South Africa	Efficiency, lower bank charges, ATM and branch network important bank selection factors rather than religious motivations.
Sayani and Miniaoui (2013)	United Arab Emirates	246 respondents in Dubai and Sharjah	Determinants more distinguishable among Islamic bank customers. Religious preference most important determinant for Islamic bank selection.

The vast majority of the studies in Table 2.2 have been conducted in countries where Muslims are a majority of the population. Multiple studies were conducted in Malaysia (8), Jordan (3), Pakistan (3), Egypt (2), and the United Arab Emirates (2). The

first known study to be done in a country where Muslims are a minority was investigated by Omer (1992) in the United Kingdom. Three hundred Muslims were surveyed about their patronage factors and awareness of Islamic financial services. Religious motivation was found to be the most significant factor in participants' preference for Islamic banking. Gerrard and Cunningham (1997) conducted a study comparing Muslims and non-Muslims bank selection criteria in Singapore, a country where Muslims are also a minority. At the time of the study there were no Islamic banks in Singapore. They found that Muslims and non-Muslims bank selection criteria were similar. However, Muslims placed less emphasis on the rate paid on savings criterion and more emphasis on recommendation from friends and family. More recently Saini et al. (2011) surveyed 250 Muslims residing in South Africa, a country where Muslims are a very small, almost notional minority. Their investigation found attributes like efficiency, services charges, ATM and branch networks were more important selection factors in choosing a bank than religious motivation to comply with *Shariah* law.

In addition to Saini et al. (2011), some investigators have not found religious reasons to be the most important factor in selecting an Islamic bank or financial service. These include the seminal work of Erol and El-Bdour (1989) and Erol et al. (1990) in Jordan, and Haron et al. (1994), Marimuthu et al. (2010), and Amin et al. (2011) in Malaysia. However, many more researchers have found religious factors, e.g., religiosity, *Shariah* compliant, Islamic reputation, to be the most important, or primary factors in Islamic banking selection. These studies include Omer (1992), Hegazy (1995), Metwally

(1996), Metawa & Almosawi (1998), Al-Sultan (1999), Bley and Kuehn (2004), Okumus (2005), Dusuki and Abdullah (2007), Khan et al. (2007), Amin (2008), Al-Ajmi et al. (2009), Abduh and Omar (2010), Hamid and Masood (2011), Idris et al. (2011), Lee and Ullah (2011), and Sayani and Miniaoui (2013). Other studies have found religious factors to be important, but not as important as factors such as fast and efficient service and core bank product offerings (Nassar et al., 1999; Al-Tamimi et al., 2009; Rashid & Hassan, 2009; Awan & Khuram, 2011).

Social influences like the influence or referral by family and friends have also been identified as an important factor in other studies on Islamic bank selection. Gerrard and Cunningham (1997) found Muslims in the United Kingdom placed more emphasis on recommendations of friends and family than did non-Muslims in bank selection criteria. Metawa and Almosawi (1998) found referral by friends and family to be the second most important factor behind religious reasons for selecting an Islamic bank in Bahrain. Amin et al. (2011) also found attitude and social influence, in addition to pricing, to be the most significant determinants of using Islamic personal financing.

Fishbein and Ajzen's (1975) theory of reasoned action (TRA), the predecessor of the theory of planned behavior (TPB), has been applied to Islamic financial services products beginning with Taib et al. (2008). They studied the acceptance level of a new Islamic home financing concept, *musharakah mutanaqisah* or diminishing partnership, by consumers in Malaysia and found both attitude and subjective norm influenced acceptance of the new product, although subjective norm had a greater effect. Amin et al.

(2010) adapted the TRA framework, with the addition of a pricing construct, to study the determinants of *qardhul hassan* financing in Malaysia. In addition to attitudes and subjective norm, their results also found support for the price factor as a determinant of product acceptance.

A study by Amin et al. (2011) investigated the more general topic of customers' intention to use Islamic personal finance in Malaysia. In addition to the pricing construct, their model also incorporated religious obligation and government support into the TRA framework. Using a modified TRA model, they tested how five dimensions: attitude, social influence, religious obligation, government support, and pricing of Islamic personal financing would influence the use of Islamic personal financing. Customers of two Malaysian Islamic banks were sampled using a self-administered questionnaire that was comprised of two sections. One section collected demographic information while the second section used scales that were both self-developed and adapted from past research (Taib et al., 2008; Ramayah & Suki, 2006; Metwally, 1996; Metawa & Almosawi, 1998; Naser et al., 1999). Respondents were asked to respond to items using a five-point Likert-type ranking scale. After a pilot test was conducted, 136 usable questionnaires were obtained and analyzed. Approximately two-thirds of the respondents were male, with most identifying as being Muslims (87.5 percent), followed by Christians (10.3 percent) and Buddhists (2.2 percent). Factor analysis was used to reduce the 32 items which were then used to measure the five constructs representing the five independent variables to 23 items and to confirm the construct validity. An eigenvalue of more than 1.0 was used as a

determinant criterion for each factor while factor loadings of 0.6 were used to determine the retained items. Cronbach's alpha in excess of 0.6 was used to assess the reliability of the scales; all were deemed reliable. A correlation analysis tested relationships between the variables while regression analysis was used to investigate the relationship between the independent variables (i.e. attitude, social influence, religious obligations, government support, and pricing) and the dependent variable—intention to use Islamic personal financing. The correlation analysis found significant ($p < 0.01$) positive correlations between all but one (pricing) of the independent variables while the dependent variable; pricing had a significant ($p < 0.01$) negative correlation.

Multiple regression analysis was used to test the five hypotheses. Attitude ($p < 0.01$) and social influence ($p < 0.05$) were found to be positively related and significant with attitude ($\beta = 0.543$) being a stronger predictor than social influence ($\beta = 0.158$) with one's intention to use Islamic personal financing. Religious obligations was found to be negatively related ($\beta = -0.020$) while government support was found positively related ($\beta = 0.087$). Neither were found to be significant ($p < 0.05$). Pricing was found to be negatively related ($\beta = -0.294$) and significant ($p < 0.01$). The overall model had an adjusted $R^2 = 0.721$. In summary, this study found support for the attitude and social influence constructs of the TRA in the context of Islamic personal finance. It also supports findings of past studies by Amin (2008) and Abdullah and Dusuki (2006) with regard to pricing as a predictor of use of Islamic financing.

The most recent study to examine determinants of bank selection involves a comparative study of both Islamic and conventional bank customers in the United Arab Emirates (UAE). Sayani and Miniaoui (2013) used an instrument adapted from Nassar et al. (1999) which contained two parts. The first part asked the participants' demographic information as well as the type of bank they do business with. The second part asked participants to rate various factors in selecting a bank using a five point Likert-type scale. In addition, respondents who indicated patronage of an Islamic bank were asked to rate four additional factors: profit and religion; religion; *Shariah* advisory board; and the extent to which Islamic banking products are comparable to conventional banking products but are *Shariah* compliant. The Islamic bank customers also provided information on their awareness and usage of various Islamic banking products. A usable convenience sample of 246 surveys was obtained from residents of the Emirates of Dubai and Sharjah. Approximately two-thirds of the respondents identified as Muslims and an analysis of the other demographic variables found the sample to be fairly representative of residents of the UAE with regard to age, ethnicity, income, etc. A little over 45 percent of participants dealt with an Islamic bank with the remaining dealing with a conventional bank.

Sayani and Miniaoui (2013) analyzed descriptive statistics for the determinants of bank selection factors and found that all of the variables had means above the "neutral" level but below 4, meaning none of the bank selection were selected as particularly important among the group. A correlation analysis between variables

revealed that those variables associated with the religious dimension of Islamic banking have high correlation among themselves and negative correlations with other variables such as cost, facilities, etc. The authors suggested that this pattern may mean that customers who deal with Islamic banks are primarily motivated by religion and all other factors are less relevant.

Multiple discriminant analyses were performed to test the estimated model which predicts whether a conventional or an Islamic bank will be chosen. With the exception of recommendation by family and friends, board of directors, and confidentiality, a test of equality of group means found evidence using Wilks's lambda and F -statistic values that there were significant differences ($p < 0.05$) between group means. The model was significant ($p < 0.01$) and had high canonical correlation of 0.953 and a low Wilks's lambda of 0.092, indicating a good fit. The factors were ranked according to their importance in the model. The presence of a *Shariah* advisory board had the highest ranking. A step-wise discriminant analyses removed all of the insignificant variables resulting in the discriminant equation containing the following factors: profit and religion; religion; facilities; board of directors; *Shariah* advisory board; and Islamic banking products comparable to conventional banking products but are *Shariah* compliant. Facilities and board of directors had an inverse relationship or a negative coefficient in the model. A respective analysis revealed that conventional bank customers care more about facilities and a bank's board of directors than Islamic bank customers. The discriminant equation provided evidence that there is a positive relationship between

religious preferences and selection of bank type. One hundred percent of cases both originally grouped and cross-validated was correctly classified giving the model a high “hit ratio” meaning that its predictive capabilities are significant. Sayani and Miniaoui (2013) pointed out that this study adds to findings of those studies that have found religious preferences to be a determinant of Islamic bank selection.

A noticeable gap in the Islamic banking and financial selection literature above is the absence of any study being conducted in the United States or North America, where Muslims can be categorized as a microculture (Neuliep, 2005). Furthermore, no known research has been published on determinants of Muslims’ intentions to use Islamic banking and financial services using the TPB framework. Therefore, this study will make a contribution to knowledge by providing new evidence for the TPB in the context of Islamic banking and financial services in the United States.

Chapter 3: Research Methodology

In Chapter One the purpose of this research project, the theoretical framework of the study, a description of the proposed research model, and five proposed research hypotheses were introduced. The overarching research question stated was to attempt to answer: *What are determinants of United States Muslims' intentions to use Islamic banking and financial services?*

To make a contribution to knowledge, the study empirically tests an extended model of Ajzen's (1988, 1991) theory of planned behavior (TPB) using structured equation modeling (SEM). Specific objectives of the research are to:

1. Identify variables that determine U. S. Muslims' intentions to use Islamic banking and financial services products in relation to:
 - a. attitudes toward use of Islamic banking and financial services
 - b. subjective norms for use of Islamic banking and financial services
 - c. perceived behavioral control over using Islamic banking and financial services
 - d. degree of Islamic religiosity
 - e. perceived cost of using Islamic banking and financial services
2. Propose and operationalize a model integrating these latent constructs.
3. Empirically test the proposed model using a sample of adult Muslims residing in the United States.

In Chapter Two a review of the empirical literature included a general discussion about determinants of conventional bank selection and determinants of retail Islamic banking and financial services selection. Included in the review were studies in Islamic banking which have used the theory of reasoned action (TRA) framework. In this chapter an extended TPB theoretical context is developed including a literature review to support the use of the TPB in Islamic marketing studies in general and specifically Islamic banking and financial services studies. Literature support for the five research hypotheses and the proposed variables in the structural research model is presented. The research methodology used in the study is also introduced including the justification for its use, as well as the sampling plan, questionnaire development, measurement items and scales, measurement model, and analyses procedures are discussed.

Review of Literature for Theoretical Framework and Hypotheses

Theory of Planned Behavior.

Since Ajzen (2011) introduced the TPB more than 25 years ago it has become one of the most influential and cited models for the prediction of human social behavior. Nosek et al. (2010) gave Ajzen's program of research the highest scientific impact score among U.S. and Canadian social psychologists. The TPB originated from the TRA. A main tenet of the TRA is that most human behavior is under volitional control (Ajzen & Fishbein, 1980). Volitional behaviors are influenced by behavioral intention, which is the likelihood to act (Fishbein & Ajzen, 1975) and the immediate determinant of a behavior (Ajzen, 1985). Fishbein and Ajzen (1975) claimed that behavioral intention is the best

predictor of human behavior. Thus, it is highly probable that human intention can be a measure for actual behavior if one's intention is properly analyzed. In the TRA, intention is a function of an individual's attitude toward the behavior and subjective norm (Fishbein & Ajzen, 1975). Most people intend to perform a behavior if they have a positive attitude towards it and they believe other people who are important to them think they should perform it.

Attitudes and subjective norms are derived from beliefs. Attitude is a function of one's salient beliefs about consequences of performing a behavior and an evaluation of those outcomes, and subjective norm is determined by one's normative beliefs and motivation to comply with the salient referents (Ajzen & Fishbein, 1980).

Many behaviors are not always volitional (Ajzen, 1991; Taylor & Todd, 1995).

Therefore, Ajzen (1991) extended the TRA by adding an additional variable, perceived behavior control and introduced the TPB. Perceived behavior control is one's perception about his or her capability to successfully engage in a behavior (Ajzen, 1985). Perceived behavioral control is a function of one's control beliefs. The more resources and opportunities an individual has, the more likely he or she will intend to engage in a behavior. Likewise the more constraints an individual has, the less likely he or she will intend to perform the behavior (Ajzen, 1991). The TPB posits that intentions are determined by three constructs: attitudes toward the behavior, subjective norms, and perceptions of behavioral control (see Figure 3.1).

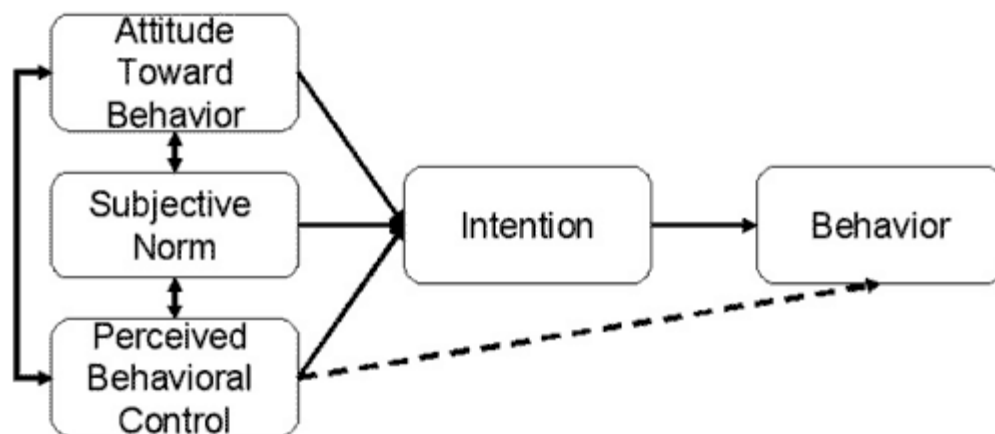


Figure 3.1. Theory of Planned Behavior (Ajzen, 1991)

Historically the TBP has been applied to a variety of modeling studies to investigate determinants of human social behavior (e.g., Ajzen, 2001; Davis, Ajzen, Saunders, & Williams, 2002; Kidwell & Jewell, 2003; Lunday & Barry, 2004), as well as consumer behavior (e.g., Kidwell & Jewell, 2003; Shim, Eastlick, Lotz, & Warrington, 2001; Zanten, 2005). The TRA is the theoretical framework that has primarily been used in determinant studies of Islamic banking and financial services to date (Amin et al., 2011; Amin et al., 2010; Tiab et al., 2008). All of these studies have been done in Malaysia which is an Islamic country with a well established and accessible Islamic banking system. However in Islamic marketing the TPB has been used to model, explain, and predict purchase behaviors of *halal* food products in both Malaysia (Alam & Sayute, 2011) and in France which has a Muslim minority context more similar to the United States (Bonne, Vermeir, Bergeaud-Blacker, & Verbeke, 2007).

Just as volitional control may be an issue in one's purchase and consumption of *halal* food products in Malaysia and France; it may be an issue in the selection and use of Islamic banking and financial services in the United States. Because Islamic banking and financial services in the United States is in its infancy but increasing (Chiu, Newberger, & Paulson, 2005), access to these products and services by Muslims residing in the United States may be limited.

As a result, U.S. Muslims' control beliefs may affect intention to use Islamic banking and financial services. Thus, the TPB is a better model for investigating: *What are determinants of U.S. Muslims' intentions to use Islamic banking and financial services?* In the next section, the extended TPB model which was briefly introduced in Chapter One and used in this study is explained and supported.

An extended Theory of Planned Behavior.

Independent variables that are not included in the TPB theory are referred to as external variables. Ajzen (1991) discussed the inclusion of external variables: "if it can be shown that they capture a significant proportion of the variance in intention or behavior after the theory's current variables have been taken into account" (p. 199). Examples of external variables which have been considered include respondents' demographics such as age, gender, occupation, education level, religion, ethnicity, personality traits, and past behavior (Ajzen & Fishbein, 1980; Broonen, 2002, 2001; Van Hooft et. al., 2006).

Therefore, the extended TPB research model described in Chapter One contains two external variables that are expected, from the review of the literature, to have a direct influence on U.S. Muslims' intention to use Islamic banking and financial services: Islamic religiosity and perceived cost of Islamic banking and financial services. Literature support for the inclusion of these two variables is presented next.

Islamic religiosity.

Mokhlis (2009) proclaimed that religion is an important factor to study because it has a significant influence on an individual's attitudes, values, and behaviors. There have been many studies on the relationship of Islamic religiosity and consumer behavior (Mukhtar & Butt, 2012). Previous studies in the area of Islamic finance have found religion to be a major factor in the selection of Islamic banks (e.g., Omer, 1992; Metwally, 1996; Metawa & Almosawi, 1998; Okumus, 2005; Sayani & Miniaoui, 2013). However, these findings have not been universal

(e.g., Erol & El-Bdour, 1989; Erol et al., 1990; Haron et al., 1994). Using the TRA framework in the cultural context of Malaysia, Amin et al. (2011) did not find “religious obligation” to be a significant predictor of determinants of consumers’ intentions to use Islamic personal finance.

Based upon previous studies in psychology (Biddle, Bank, & Slavings, 1987; Bonne & Verbeke, 2006), including one using the TPB model (Van Hooft, Born, Taris, & Van de Flier, 2004), Bonne et al. (2007) has suggested that “individuals with a higher Muslim identification could be more inclined to follow Islamic rules and customs and therefore be more open for peer influence” (p. 371). There is sufficient evidence to justify the inclusion of the direct influences of Islamic religiosity on future intention to use Islamic banking and financial services as well as explore the direct and indirect influences of it on attitudes toward, positive subjective norms to comply with, and perceived behavioral control to use Islamic banking and financial.

Perceived costs of Islamic banking.

Goud (2009) made reference to “COBM”, or cost of being Muslim in the United States. He points out that up until about 2000 it was difficult for institutions which offered *Shariah* compliant alternative mortgage products to be cost competitive with conventional products. There were also issues regarding homeowner’s insurance and the lack of deductibility of mortgage interest and property taxes with regard to Islamic home financing which added to the cost of home ownership (Norris, 2005). Likewise, the opportunity costs of limiting one’s investment alternatives to *Shariah* compliant instruments have also been labeled as the COBM (Boss, 2000). Several researchers (e.g., Abdullah & Dusuki, 2006; Amin, 2008; Amin et al., 2011) have found that the price or the perception of price of Islamic banking and financial services products has an influence on the use of Islamic banking and financial services. Therefore, the final factor researched is the direct influences of the pricing of Islamic banking and financial services, or the COBM, on future intentions to use Islamic banking and financial

services. Direct and indirect influences of the COBM on attitudes toward and perceived behavioral control to use Islamic banking and financial service were also explored.

Other external variables considered.

Past behavior is one of the variables that has been added to predictive TPB models (e.g., Ajzen, 2001; Bentler & Speckart, 1979; d'Astous, Colbert, & Montpetit, 2005; Ouellette & Wood, 1998). Bem (1972) found that individuals were likely to form attitudes from past behaviors. Past experience with a socially responsible business was found to be a significant determinant of future purchase intentions in a study by Dickson (2000). In an ethical consumption study by d'Astous et al. (2005), it was found that previous experience with a behavior had a positive association with the attitude toward that behavior. Although not included in the proposed research model, this study will explore, provided a sufficiently high enough incident rate in the sample, the influence of past purchase behavior or use of Islamic banking and financial services products on attitudes toward, perceived behavioral control to use, and future intention to use Islamic banking and financial services.

Proposed Research Model and Hypotheses

Based on the extended theory of planned behavior (TPB) model theoretical framework developed above, the following structural research model (see Figure 3.2) is used to explore the foundational research question “*What are the determinants of U.S. Muslims’ intentions to use Islamic banking and financial services?*” (Ajzen, 1988, 1991).

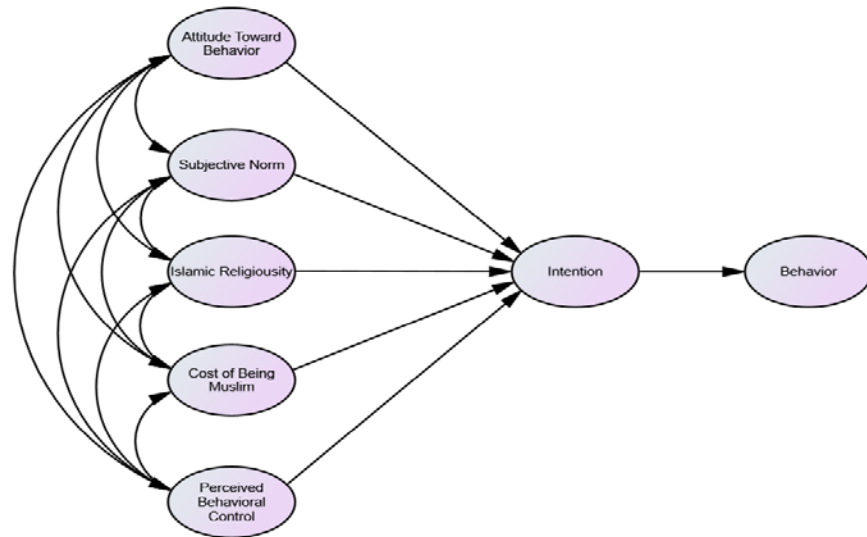


Figure 3.2. Proposed model: Determinants of U.S. Muslims’ intentions to use Retail Islamic Banking and Financial Services

Specifically, the research study empirically tests the extended TPB model with the following hypotheses which were introduced in Chapter One:

Hypothesis H₁: Positive attitudes about Islamic banking and financial services will be a significant predictor of U.S. Muslims’ intention to use Islamic banking and financial services.

Hypothesis H₂: Positive subjective norms for using Islamic banking and financial services will be a significant predictor of U.S. Muslims’ intention to use Islamic banking and financial services.

Hypothesis H₃: Higher Muslim identification (Islamic religiosity) will be a significant predictor of U.S. Muslims’ intention to use Islamic banking and financial services.

Hypothesis H₄: Lower perceived cost of using Islamic banking and financial services (COBM) will be a significant predictor of U.S. Muslims’ intention to use Islamic banking and financial services.

Hypothesis H₅: Perceived behavioral control over using Islamic banking and financial services will be a significant predictor of U.S. Muslims’ intention to use Islamic banking and financial services.

Rationale for Chosen Methodology

A quantitative methods approach has been chosen to investigate the foundational research question and the proposed model in the framework of the TPB which was presented in the previous section. Creswell (2003) has identified three factors which affect one's choice of the three possible choices: quantitative, qualitative, or mixed methods approaches. The factors are the research problem, the personal experiences of the researcher, and the audience for whom the report will be written.

While all three of these factors were taken into account when selecting the methodology, the choice of the quantitative method was primarily driven by the research question and the proposed research model within the theoretical framework of the TPB which lends itself to a *postpositivist* perspective strategy of inquiry (Creswell, 2003). Furthermore, while Ajzen (2014) professes that the TPB can be used as a heuristic framework to guide questions to be raised in qualitative research, he asserts that the standard methods for use of the TPB are quantitative in nature.

Specific Methodology for the Study

The purpose of this research is to understand determinates of United States Muslim's intentions to use Islamic banking and financial services. To meet the research objectives, the proposed structural model (see Figure 3.2) was empirically tested. A sample of adult U.S. Muslims was obtained from a market research online panel. Participants were invited by e-mail to participate in the study. Data was collected via Web-based surveys and structured equation modeling was used to test the hypothesized research measurement and structural models. The remainder of this chapter will address more detailed information on the sampling plan, questionnaire development, data collection, and data analysis.

Population of Interest and Sampling Plan

The population of interest for this study is U.S. Muslims who are defined in Chapter One as individuals who identify as being Muslim, e.g., a believer in or follower of Islam, and reside in the United States. The sample for this study was comprised of individuals who meet this definition and are between the age of 25 and 54. The age selection criterion was selected as these individuals are most likely consumers of or have a need for personal banking and financial services.

The incident rate of individuals who meet the definition of a U.S. Muslim amongst the general population of the United States is very low. A cost effective suitable sampling frame from which to obtain a probability sample was unable to be identified. *Qualtrics*, an external market research service provider who maintains a by-invitation-only panelist database provided a set of participants who met the definition of the population of interest for a fee. The online survey instrument, which was developed using *Qualtrics'* online survey development software (Appendix X) and survey distribution system, was then sent out to the selected panelists using email invitations. The comprehensive fee paid to *Qualtrics* was for the list of panelists and incentives for those panelists who participated in the study. An incentive was paid to each participant who completed the survey in the form of points, which then can be redeemed to purchase consumer products.

Among the advantages of using the online panel was the sample contained participants across the United States and from a variety of ethnic backgrounds (e.g.,

Arabs, South Asians, African Americans, etc.). Therefore, the results of this study are more applicable to the general U.S. Muslim population. Another advantage was the shortened time period to obtain the completed surveys. Two hundred fifty valid responses were obtained which is an adequate sample size based on the model having six constructs and 12 parameters to be estimated (Hair, Black, Babin, & Anderson, 2010).

Questionnaire Development

A questionnaire was developed in accordance with guidelines suggested by Ajzen (1988, 2002, 2014) and Francis et al. (2004). The questionnaire consisted of two sections. Section one contained items to capture the endogenous variables (Ajzen, 1988, 2002, 2014; Francis et al., 2004; Hair et al., 2010) proposed in the measurement model (see Figure 3.3), and section two captured some demographic information. A short description of the term “Islamic banking and financial services” was provided to ensure that all respondents had a common understanding of how the term was used in the questionnaire.

Measurement items.

In the first section data to measure the variables which comprise the six latent constructs proposed in the structural model (see Figures 3.2) was collected. Each latent construct was measured using between four and eight items. Appendix X contains a summary of the items, scales, and variables. Most of these measured variables were obtained from scales from past research and adapted to the study and are an adequate number to represent the latent constructs (Ajzen, 1988, 2002, 2014; Francis et al., 2004; Hair et al., 2010). A more detailed discussion of the measured items follows.

Endogenous constructs are defined as latent, multi-item equivalents of dependent variables represented by a variate of dependent variables (Hair et al., 2010). In this study, all of the hypothesized constructs are endogenous variables as each has one or more arrows leading into the construct (see Figure 3.2): attitude toward behavior, subjective norm, Islamic religiosity, cost of being Muslim, perceived behavioral control, and intention to use Islamic banking and financial services.

Attitude toward behavior.

Attitudes are defined as a person's cognitive and affective orientation toward performing a behavior (Ajzen, 1991; Ajzen & Fishbein, 1980). The construct for attitude measurement was composed of four items similar to items developed by Taib et al. (2008) and used by Amin et al. (2011). As suggested by Ajzen (2014) and Francis et al. (2004), the four items were modified for this study to seven point scale direct measures using the common stem: "Using Islamic banking and financial services is." Four bipolar adjectives (i.e. pairs of opposites) were measured using a mix of positive and negative endpoints. Three of the bipolar adjectives were instrumental items (good/bad, harmful/beneficial, and useful/worthless) and one item was experiential (the wrong thing to do/the right thing to do).

Subjective norm.

Subjective norms refer to an individual's perceptions of social pressure in doing or not doing a particular behavior (Ajzen, 1991; Ajzen & Fishbein, 1980). Four direct measure subjective norm items developed by Ramayah and Suki (2006) and Taib et al. (2008) and used by Amin et al. (2011) were also modified in accordance with guidelines by Ajzen (2014) and Francis et al. (2004). Three of these items were phrased in the form of a statement: (a) "It is expected of me that I should use Islamic banking and financial services." (b) "I feel under social pressure to use Islamic banking and financial services." and (c) "People who are important to me think Islamic banking and financial services is beneficial." Respondents were asked to rank their

perceptions of each statement on a seven-point Likert-type scale ranging from “1 = strongly disagree” to “7 = strongly agree.” One item, “Most people who are important to me think that (I should/I should not) use Islamic banking and financial services.” respondents were asked to rank “I should/I should not” on a seven-point scale.

Islamic religiosity.

Eight items were used to judge the extent of a respondent’s Islamic religiosity. The items assumed that a person, who performs the religious duties of Islam, i.e. pray five times a day, fast during *Ramadhan*, etc., is more religious than one who does not. Six of the items were developed by Rehman and Shabbir (2010) and used by Alam, Mohd, and Hisham (2011). The remaining two were developed and used by Alam et al. (2011). These measurement scales were also phrased in the form of a statement to which respondents were asked to rank their perceptions of the importance of each statement and modified, as suggested by Ajzen (2014) and Francis et al. (2004) to use a seven-point Likert-type scale ranging from “1 = strongly disagree” to “7 = strongly agree.” The eight statements were: (a) “I regularly offer prayer five times a day.” (b) “I fast regularly in the month of *Ramadhan*.” (c) “I pay *Zakat Fitrah* every year if I meet the prescribed criteria.” (d) “I always pray Friday (*Zummah*) prayers every week.” (e) “I try to follow Islamic injunctions in all matters of my life.” (f) “I always keep myself away from earning through *haram* (prohibited) means.” (g) “I regularly recite the *Holy Quran*.” and (h) “I always try to avoid minor and major sin.”

Cost of being Muslim.

The cost of being Muslim, or COBM, was measured by four items developed and used by Amin et al. (2011). The items were modified as suggested by Ajzen (2014) and Francis et al. (2004) to use a seven-point Likert-type scale ranging from “1 = strongly disagree” to “7 = strongly agree.” The four items were: (a) “Fees/service charges are higher for using Islamic banking and financial services.” (b) “Overall, the cost of using Islamic banking and financial

services is higher.” (c) “There is a financial penalty for using Islamic banking and financial services.” and (d) “Islamic banking and financial services offers unjust pricing.”

Perceived behavioral control.

Perceived behavioral control is defined as an individual’s perceived ease or difficulty of carrying out an intended behavior (Ajzen, 1991). Perceived behavioral control which measures a respondent’s ability to use Islamic banking and financial services was directly assessed by modifying four items suggested by Francis et al. (2004): (a) “I am confident that I could use Islamic banking and financial services if I wanted to.” (b) “For me to use Islamic banking and financial services is,” (c) “The decision to use Islamic banking and financial services is beyond my control,” and (c) “Whether I use Islamic banking and financial services is entirely up to me.” Seven-point scale items ranging from (a) “1 = definitely false” to “7 = definitely true,” (b) “1 = definitely impossible” to “7 = definitely possible,” and (c) “1 = strongly disagree” to “7 = strongly agree” were used to measure the three items.

Intentions to use.

Five generalized intention items were used to measure one’s intentions to use Islamic banking and financial services. The items were developed and used by Amin et al. (2011) and modified as suggested by Ajzen (2014) and Francis et al. (2004) to a seven-point measurement scale ranging from “1 = strongly disagree” to “7 = strongly agree”. The five items were: (a) “I am interested in using Islamic banking and financial services.” (b) “I am interested in using Islamic banking and financial services in the future.” (c) “I will use Islamic banking and financial services someday.” (d) “I like to use Islamic banking and financial services.” and (e) “I will definitely recommend Islamic banking and financial services to others.”

Previous experience.

Items used to assess the respondents’ previous experiences with Islamic banking and financial services were developed. Respondents were asked to indicate whether they have ever

used Islamic banking and financial services products, and then, if so, asked to indicate the Islamic banking and financial services products they have purchased and to indicate which products they currently are a party to, i.e. *murabaha*, *musharaka*, *ijara*, *sukuk*, *takaful*, *Shariah* compliant mutual funds, and *other*. One's experience with Islamic banking and financial services was scored based on the number of products and services they had used or were using.

Proposed research measurement model.

Demographic information.

Respondents' personal information was obtained from eight items asking questions concerning demographic characteristics. Age, gender, marital status, race, citizenship status, education level, annual household income, and geographical location were asked.

Web questionnaire pretest.

Prior to performing the Web survey data collection procedure described above, the developed instrument was pretested using a small sample of U.S. Muslims. The intent of the pretest was to identify any problems with the proposed measurement instrument such as confusing questions or potential cultural issues.

Ethical considerations

The research design involved human subjects and there were no identifiable risks for participants. The ethical guidelines of the American Psychological Association were followed and the Anderson University Falls School DBA Human Subjects in Research Committee approved the data collection, storage, and use procedures prior to the formal collection of data (Appendix X).

Data Analysis

Before analyzing the data, frequencies for all variables were examined to machine clean and edit the data and remove unusable questionnaires. Missing data was analyzed and was remedied before estimating the model using the pairwise deletion or all-available method as suggested by Hair et al. (2010). Data was then screened for any violations of underlying assumptions by conducting descriptive statistics using the IBM Statistical Package for the Social Sciences (SPSS v. 22).

The data was then analyzed according to Hare et al. (2010) which involved a preliminary step of confirmatory factory analysis (CFA) to test whether the measured variables reliably reflected the hypothesized latent variables using IBM AMOS 21.0. In the preliminary step, the construct reliability and validity of construct measurements were all tested as well as the overall fit of the measurement model. Once the adequacy of the measurement model (Figure 3.1) was established, the structural model (Figure 3.2) was tested to investigate the relationships among the constructs.

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Appendix X

Survey Instrument

Note: The following survey was administered using *Qualtrics*' Web-based online survey software. In the administering of the survey, Q3.1 through Q3.29 were randomized to reduce question order bias.

Consent Form

The purpose of this survey is to provide data for a doctoral research dissertation which is examining the determinants of United States Muslims' intentions to use retail Islamic banking and financial services. This research is being conducted by Brian Zinser, an associate professor of marketing at Lake Superior State University, Sault Sainte Marie, MI, in partial fulfillment of a doctoral degree from Anderson University, Anderson, IN. You are invited to participate in this research project because you have been identified as an adult who identifies as being Muslim, e.g. a believer in or follower of Islam, and resides in the United States. Your participation in this research study is voluntary. You may choose not to participate. If you decide to participate in this research survey, you may withdraw at any time. If you decide not to participate in this study or withdraw from participating at any time, you will not be penalized. The procedure involves completing an online survey that will take approximately 10 minutes. Your responses will remain strictly anonymous and will be analyzed only after being combined with the responses of other participants. Data from this research will be reported only in the aggregate. I will not collect identifying information such as your name, email address or IP address. All data will be stored in a password protected electronic format. If you have any questions or concerns about completing the questionnaire or about participating in this study you may contact Dr. Doyle Lucas, DBA Program Director, Anderson University at (765) 641-4367, djlucas@anderson.edu. This research has been reviewed and approved according to Anderson University IRB procedures for research involving human subjects. The results of this study will be used for scholarly purposes only.

ELECTRONIC CONSENT: Please select I ACCEPT or I DECLINE below. By clicking on I ACCEPT below indicates that: You have read the above information. You voluntarily agree to participate. You are at least 18 years of age.

- I ACCEPT
- I DECLINE

If I DECLINE Is Selected, Then Skip To End of Survey

In this survey, you will be asked questions about your personal values and about your views and attitudes regarding Islamic banking and financial services. I really want to know what you think. Please complete this survey whether or not you have used Islamic banking and financial services. There is no right or wrong answer. If you wish to change an answer, select a new answer and your old answer will disappear.

It is important for you to read the definition of retail Islamic banking and financial services below before beginning the survey. Retail Islamic banking and financial services are Shariah-compliant financial products and services used to reach financial goals such as purchasing a home or investing available funds. These financial products and services do not involve riba (interest) and personal guarantees. They are also not associated with alcoholic beverages, pork products or the operation of gaming businesses.

Q3.1 Using Islamic banking and financial services is.

Good: Bad	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Q3.2 Using Islamic banking and financial services is.

Harmful:Be neficial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Q3.3 Using Islamic banking and financial services is.

Useful:Wor thless	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Q3.4 Using Islamic banking and financial services is.

The wro ng thin g to do:T he right thin g to do	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Q3.5 Most people who are important to me think that (I should not/I should) use Islamic banking and financial services.

- I should not
- 2
- 3
- 4
- 5
- 6
- I should

Q3.6 It is expected of me that I should use Islamic banking and financial services.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.7 I feel under social pressure to use Islamic banking and financial services.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.8 People who are important to me think Islamic banking and financial services are beneficial.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.9 I regularly offer prayer five times a day.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.10 I fast regularly in the month of Ramadhan.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.11 I pay Zakat Fitrah every year if I meet the prescribed criteria.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.12 I always pray Friday (Zummah) prayers every week.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.13 I try to follow Islamic injunctions in all matters of my life.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.14 I always keep myself away from earning through haram (prohibited) means.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.15 I regularly recite the Holy Quran.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.16 I always try to avoid minor and major sin.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.17 Fees/service charges are higher for using Islamic banking and financial services.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.18 Overall, the cost of using Islamic banking and financial services is higher.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.19 There is a financial penalty for using Islamic banking and financial services.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.20 Islamic banking and financial services offers unjust pricing.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.21 I am confident that I could use Islamic banking and financial services if I wanted to.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.22 For me to use Islamic banking and financial services is.

- Very Easy
- Easy
- Somewhat Easy
- Neutral
- Somewhat Difficult
- Difficult
- Very Difficult

Q3.23 The decision to use Islamic banking and financial services is beyond my control.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.24 Whether I use Islamic banking and financial services is entirely up to me.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.25 I am interested in using Islamic banking and financial services.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.26 I am interested in using Islamic banking and financial services in the future.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.27 I will use Islamic banking and financial services someday.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.28 I would like to use Islamic banking and financial services.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q3.29 I will definitely recommend Islamic banking and financial services to others.

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree
- Strongly Agree

Q4.1 I have or currently use Islamic banking and financial services.

- Yes
- No

Answer If I have or currently use Islamic banking and financial services. Yes Is Selected

Q4.2 Please check all Islamic banking and financial services products you have used or currently are a party to.

- murabaha*
- musharaka*
- ijara*
- sukuk*
- takaful*
- Shariah* compliant mutual funds
- Other _____

Q5.1 Thank you for your participation so far. You're almost done. In the next section you will be asked a few questions to better understand the demographics of the survey participants. Remember your answers are anonymous. Select the best choices which describe who you are.

Q5.2 I am

- Male
- Female

Q5.3 I am

- Married
- Divorced
- Separated
- Widowed
- Never Married

Q5.4 I am

- 18 - 29 years old
- 30-39 years old
- 40 -54 years old
- 55+ years old

Q5.5 I am an

- United States Citizen
- United States Permanent Resident
- Other

Q5.6 I consider myself

- White
- Black
- Hispanic
- Asian
- Other/mixed

Q5.7 My annual household income is

- Less than \$30,000
- \$30,000 - \$49,999
- \$50,000 - \$74,999
- \$75,000 - \$99,999
- Greater than \$100,000

Q5.8 The highest level of education I have achieved is

- Graduate study
- College graduate
- Some college
- High school graduate
- Not a high school graduate

Q5.9 In what state do you currently reside?

- Drop down box of all 50 United States
- I do not reside in the United States

Appendix X

Summary of Items, Scales, and Variables

Q#	Item	Scale	1	7	Construct	Variable
Q3.1	Using Islamic banking and financial services is	7-point	Good	Bad	Attitude Toward Behavior	A1
Q3.2	Using Islamic banking and financial services is	7-point	Harmful	Beneficial	Attitude Toward Behavior	A2
Q3.3	Using Islamic banking and financial services is	7-point	Useful	Worthless	Attitude Toward Behavior	A3
Q3.4	Using Islamic banking and financial services is	7-point	The wrong thing to do	The right thing to do	Attitude Toward Behavior	A4
Q3.5	Most people who are important to me think that (I should/I should not) use Islamic banking and financial services	7-point	I should	I should not	Subjective Norm	S1
Q3.6	It is expected of me that I should use Islamic banking and financial services.	7-point	Strongly disagree	Strongly agree	Subjective Norm	S2
Q3.7	I feel under social pressure to use Islamic banking and financial services.	7-point	Strongly disagree	Strongly agree	Subjective Norm	S3
Q3.8	People who are important to me think Islamic banking and financial services is beneficial.	7-point	Strongly disagree	Strongly agree	Subjective Norm	S4
Q3.9	I regularly offer prayer five times a day.	7-point	strongly agree	strongly disagree	Islamic Religiosity	R1
Q3.10	I fast regularly in the month of Ramadhan.	7-point	strongly agree	strongly disagree	Islamic Religiosity	R2
Q3.11	I pay Zakat Fitrah every year if I meet the prescribed criteria	7-point	strongly agree	strongly disagree	Islamic Religiosity	R3
Q3.12	I always pray Friday (Zummah) prayers every week.	7-point	strongly agree	strongly disagree	Islamic Religiosity	R4
Q3.13	I try to follow Islamic injunctions in all matters of my life.	7-point	strongly agree	strongly disagree	Islamic Religiosity	R5
Q3.14	I always keep myself away from earning through haram (prohibited) means.	7-point	strongly agree	strongly disagree	Islamic Religiosity	R6
Q3.15	I regularly recite the Holy Quran.	7-point	strongly agree	strongly disagree	Islamic Religiosity	R7
Q3.16	I always try to avoid minor and major sin.	7-point	strongly agree	strongly disagree	Islamic Religiosity	R8
Q3.17	Fees/service charges are higher for using Islamic banking and financial services	7-point	Strongly disagree	Strongly agree	COBM	P1
Q3.18	Overall, the cost of using Islamic banking and financial services is higher	7-point	Strongly disagree	Strongly agree	COBM	P2
Q3.19	There is a financial penalty for using Islamic banking and financial services	7-point	Strongly disagree	Strongly agree	COBM	P3
Q3.20	Islamic banking and financial services offers unjust pricing	7-point	Strongly disagree	Strongly agree	COBM	P4
Q3.21	I am confident that I could use Islamic banking and financial services if I wanted to	7-point	Strongly disagree	Strongly agree	Perceived Behavioral Control	C1
Q3.22	For me to use Islamic banking and financial services is	7-point	Very Easy	Very Difficult	Perceived Behavioral Control	C2
Q3.23	The decision to use Islamic banking and financial services is beyond my control	7-point	Strongly disagree	Strongly agree	Perceived Behavioral Control	C3
Q3.24	Whether I use Islamic banking and financial services is entirely up to me.	7-point	Strongly disagree	Strongly agree	Perceived Behavioral Control	C4
Q3.25	I am interested in using Islamic banking and financial services.	7-point	Strongly disagree	Strongly agree	Intention	I1
Q3.26	I am interested in using Islamic banking and financial services in the future.	7-point	Strongly disagree	Strongly agree	Intention	I2
Q3.27	I will use Islamic banking and financial services someday.	7-point	Strongly disagree	Strongly agree	Intention	I3
Q3.28	I would like to use Islamic banking and financial services.	7-point	Strongly disagree	Strongly agree	Intention	I4
Q3.29	I will definitely recommend Islamic banking and financial services to others.	7-point	Strongly disagree	Strongly agree	Intention	I5
Q4.1	I have or currently use Islamic banking and financial services	Yes/No			Past Behavior	B1
Q4.2	If yes, Please check all Islamic banking and financial services products you have/are a party to:				Past Behavior	B2