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**Determinants to adopt conventional and Islamic banking:
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Determinants to adopt conventional and Islamic banking: Evidence from Indonesian

Abstract

Purpose - *This research investigates how extrinsic and intrinsic religiosity influences the mediator variables, such as consumers' brand image and materialism in Indonesian banking sector (e.g., conventional and Islamic). It also examines how mediators need to influence consumers' preferences.*

Design/methodology/approach - *The sample consists of 575 bank consumers', the experiment method was used to test the research hypotheses.*

Findings - *The empirical results indicate that religiosity has positive effect on consumers' decision making process, specifically when bank products based on Islamic principle. Furthermore, mediator variables, such as consumers' brand image and materialism have partial role between religiosity and consumers' preferences.*

Research limitations/implications - *This study was limited to Indonesian bank consumers, therefore, future studies is needed to analyze cross-region.*

Practical implications - *Bank managers and regulators need to enhance the information of products and services in Islamic banks and the varying principle between conventional banks. They also need to enlighten consumers from the perspective of business and religiosity.*

Originality/value - *This study contributes to consumers' behavior literature and, the decision-making process associated with developing and testing a model of religion determinants consumer preference towards bank products.*

Keywords: Religiosity, Brand image, Materialism, Consumer preference

Paper type: Research Paper

1. Introduction

In 2030, the Muslims population more than 25 percent worldwide, during the period, in U.S. and several European countries, the numbers of population of Muslim climb to 6.2 million in several European countries, the numbers of Muslim above 10 percent of the total population (Muhamad and Mizerski, 2013; Solomon, 2018). It has prosperous economic and social demand for Halal products and services (Hassan *et al.*, 2018). However, unique strategy to attract consumers' concern and interest are needed. One way to strengthen consumers' awareness is launch the products regarding their belief.

Prior studies carried out on consumers' preference, shows that religiosity plays a positive role in South Korea (Hur *et al.*, 2020), South Asia (Rauf *et al.*, 2018) and Indonesia (Usman *et al.*, 2017). Furthermore, the level of religiosity could influences consumers' materialism through specific tenet of religion (Pace, 2013). Conversely, Raggiotto *et al.* (2018) found the intrinsic dimension of religiosity has a greater effect on economic consideration rather than extrinsic religiosity. On the other hand, religiosity level negative correlation with religion products and services. However, the prior empirical studies failed to validate which factors that affect consumers' decision, as well as level of religiosity was not concisely examined (Usman *et al.*, 2017). The contradictory conclusion from different regions have highlighted the academic and practical to examine the relationship between religiosity and people decision-making on religion products and services. Bananuka *et al.* (2019), Kaakeh *et al.* (2019) and Naveed *et al.* (2020) recommended the need for future studies to investigate the essential role

of religiosity on business and marketing fields. Particularly in a decision-making process, which mainly using correlation techniques such as surveys (e.g., Hassan *et al.*, 2018; Kaakeh *et al.*, 2019; Naveed *et al.*, 2020). It is therefore worth exploring the consumers' prone across the countries and combining the method (e.g., experimental and survey) with insights from the religiosity literature. It provided internal validity and established causal relationships tool among variables (Kardes and Herr 2019). Furthermore, this study addresses two research questions to fill the current research gap:

RQ1. Whether religion has positive effect on consumer brand image and materialism?

RQ2. Whether consumer brand image and materialism have positive effect on consumer preference?

This study makes two major contributions in the context of business and it will utilize banking sector more comprehensive way based on several theoretical and practical contributions. First, this study validate the effect of religiosity and consumer preference in the conventional and Islamic banking system. Similarly, the mediator variables, namely, consumer brand image and materialism role between religiosity and consumer preferences. This studies not only enlighten in Indonesia but also in a region with a dual banking system.

Second, with the exception of literatures and studies concerning the effect of religion on business is limited. Hence, need legitimacy and transparency of the products and services (Hur *et al.*, 2020; Liu and Minton, 2018). The result from this study, uncovers the crucial role of religion on competition, as well as offers a detailed view of its impact on consumer preferences which have been neglected in preliminary studies. Third, the current study has significant practical implications for demand of religion products and services (Abou-Youssef *et al.*, 2015; Hassan *et al.*, 2018). The investors and bank managers tend to launch Islamic products, brand image and value of Muslim. Finally, this study provides an insight of the existing situation of the current banking practice.

The stakeholders would get worth from discovering how the consumers' consciousness of religious versus non-religious products influence their decision. A comparative study of worldview will deploy effective strategy and attract new acolytes due to business and religion have mutual relationship (Ayyub *et al.*, 2019; Ireland, 2018). We turn to banking brand image, products, materialism and religiosity dimensions level (e.g. extrinsic and intrinsic) to gain insight into whether the consumers choose conventional or Islamic bank. Therefore, the aim of this study is (1) to examine how religiosity influence consumers preference, (2) explore the religiosity (e.g. extrinsic and intrinsic) as a mediator to validate of consumer behavior, (3) validate the level of the religious dimensions as a facilitator in the correlation between consumer decision process when faced to the more beneficial products.

2. Literature review

2.1 Religiosity

According to Md-Ilyas (1992) the fundamental principle of Islamic comprises of knowledge (ma'rifah) which provided Qur'an and Sunnah information and law, belief (aqidah), and practice (amal). It have foundation belief of humans to build their life (Abou-Youssef *et al.*, 2015; Usman *et al.*, 2017). For region with Muslim population, religion not only a substance of an individual religious commitment but also harmonization to the state laws to their people consumption and use, namely Islamic law (*Shariah* principle). The laws affecting Muslim' behavior are administrated by the *Quranic* and *Hadith* philosophy of as guidelines what is acceptable (*halal*) and forbidden (*haram*) for a follower (Shome *et al.*, 2018). On the other hand, the company operation, and products must be compliant with Islamic law to protect consumer shake principle and to gain the consumer influx.

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Commonly, the concept of religion in business field has been explored from two key important of dimensions, namely religious affiliation and religious commitment (Minton, 2018; Stillman *et al.*, 2012). Furthermore, religiosity has two dimensions construct, namely intrinsic religiosity which elaborate the people spiritual aspects and extrinsic religiosity is maintain more behavioral aspects of people (Ji and Ibrahim, 2007). Both religious dimensions could affect the consumers' behavior through the influence the core value of belief and moral judgment. It can be seen that religiosity should influence consumer behavior with particular acts, spiritual rituals and certain ways of behavior. Individuals with high of religious attributes usually have a relatively higher level of motivation to avoid materialistic desires. Therefore, the possibility to scan the connection between religiosity and product preference. In the context of the emergence of Islamic finance and Muslim consumers.

2.2 Islamic brand image

In business literature, brand plays a crucial role to intermediate relationship between seller and buyer. The process is included the establishment of the brand in the consumers' inspiration and behavior (Aaker, 1996). For instance, if the consumer has positive attitudes and satisfaction towards the brand image, they will repeat the uses and purchases the products and services. This phenomenon will help the company or seller to increase the market share. This phenomenon not only pursues global firm launch the brand identified with a famous image but also based on religiosity context such as Islamic brand. However, many definitions from scholar caused the definition not clear of what the mean of Islamic brand (Wilson and Liu, 2011), which caused by the elementary and lack of study, as well as few kinds of literature based on Islamic brand (Temporal, 2011).

In Islamic view, brand of "Halal" will help the consumers to avoid any element of doubt or prohibited based on Islamic principle in their view as a potential deal breaker (Wilson and Liu, 2011). Commonly, Islamic brand has three main constructs, which are based on origin, target audience and halal products (Alserhan, 2016) with three reason. First, religious reason refers to all the activities of Muslims are responsible to Allah (God). Therefore, all transactions must be accordance with the Islamic law. Second, the success of development Islamic finance institution (IFI) not only dominated in region with Muslim people as majority but also in the minority countries (e.g., UK, Singapore). It proves the recognition of Islamic viewpoints in business operations as economic reason. Last, legal reason due to the legal context of a country is formed by the religious and social background.

2.3 Religiosity and Materialism

The concept of relationship between spirituality and materialism among the scholars is still questioned with congregating in one concept of spiritual materialism. It is an essential field of consumer consideration to worldly possessions (Stillman *et al.*, 2012). Commonly, some of people assume the ranks of materialism is the paramount reason of pleasure and displeasure (Belk, 1984 p. 291). However, for some people, materialism is refers to hurtful character, which has negative values for community and individuals. According to Belk (1985), materialism has three different of dimensions, namely, possessiveness, non-generosity, and envy. It have negative implication at group and individual level. Furthermore, conflicts with family values and religious values.

According to Raggiotto *et al.* (2018) and Stillman *et al.* (2012) there are two dimensions of materialism. First, self-enhancement versus self-transcendence. This concept divides values into personal-centric and other-centric. In contrast, spirituality refers to community values. Hence, religiosity and materialism have opposite relationship. Second, the openness to change versus conservation refers to whether a personal prefer to original experiences and value or against alteration toward prominence on self-restriction. Hence, this sense of the sacred of

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3 source consumption is a brand community to engagements religious magniloquence and
4 influences to discuss ways to build innovation products and services (Pace, 2013).
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6 7 2.4 Islamic banking and finance

8 Islamic banking operation system refers to activity based on the *Islamic* law (*Syariah*) (Hassan
9 *et al.*, 2018). The Islamic banking products and services is established four main approaches:
10 *Mudharaba* (financing engagement among two people), *musharaka* (joint venture based on
11 profit and loss sharing), *murabaha* (trade transaction) and *ijara* (leasing). All of the products
12 are shared profit and risk without *Riba* (interest), gambling and *Gharar* (speculative trading)
13 applications. From an Islamic outlook, all the trade function and transaction are deliberated as
14 religious service namely '*Ibadah*' and must be responsibility to Allah (God). However,
15 sometimes behavior control and benefits are the most important factors as perceived by the
16 consumers to select Islamic banks rather than religiosity factors (Ayyub *et al.*, 2019; Ireland,
17 2018).
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20 *** Insert Figure 1 here ***
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23 3 Hypotheses

24 Islamic ethical code (*Sharia*) makes clear distinguishes between *Halal* (permissible) and
25 *Haram* (prohibited) of products included alcohol and interest (Shome *et al.*, 2018). In Islam,
26 the Muslim life is not only dominant of materialistic behavior, but also all of life is a servant
27 of God (Allah). Furthermore, the achievement neither, purely based on economic possessions
28 or assets represent the factual basis of delight. This results have caused the decline numbers of
29 consumer disappointment, materialistic, and reduces their complaining.
30

31 Preliminary studies found religion directly influence consumer decision through Islamic law
32 (Hassan *et al.*, 2018; Muhamad and Mizerski, 2013). Furthermore, religion also directly effect
33 influence consumer behavior (Islam and Rahman, 2017). For Instance, the majority of Muslim
34 consumer of Islamic bank in UAE preferred Islamic banks. However, some of consumers
35 potentially switch to a conventional banks to obtain better benefits (Ireland, 2018). Thus, the
36 relationship between marketing and religion inseparable, especially religion has a positive
37 effect on consumers' cognition (Muhamad and Mizerski, 2013). Given the consideration, the
38 hypothesis that:
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41 **H1:** The Muslim people is greater to choose Islamic bank rather than conventional bank
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43 In general, Islamic brand encompasses three different viewpoints of sources by compliance,
44 origin and consumer (target audience). It was rigorously attracted on being *Sharia* principle
45 compliance which was predominantly focused in the food sector and finance that all was related
46 to halal products. Furthermore, brand religiosity positive effect on consumer decision (Usman
47 *et al.* 2017). The aspect of halal products which associated with emotions and this aspect is
48 commonly to recognize the Muslim consumers' personality and behavior to produce a
49 successful Islamic brand. Temporal (2011) is defined Islamic brands related to the marketing
50 and products concept among people in Muslim countries. This definition has applied in
51 countries with both Muslim as majority and minority, which are targeting as a potential market.
52 From Islamic law and a marketing perspective, Halal products and services are essential
53 standard, but from marketing perspective, economic and quality are an additional imperative.
54 Every aspect of life such as culture, economy, religion and social are inseparable with the brand
55 (Stolz and Usunier, 2019). Previous studies concluded religion was influenced consumer
56 preference toward brand image (Islam and Rahman, 2017; Usman *et al.*, 2017; Wilson and Liu
57 2011). Given these considerations, the hypothesis:
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H2: Brand image positive effect to mediate between religiosity and consumer preference.

The consumer with high of spiritual level would select religion doctrines through the same method to select a commercial good and service (Pace, 2013). It has becomes one of many practices of self-caring and would be a screen behind the self-control of consumer. Islamic law recommends that people should boundary the materialism to access economic resources. God and religion awareness are reflects the intrinsic religiosity dimension, which has positive correlation to adopt permitted products, while forbidding all that is evil. While, extrinsic religiosity is incorporating ethical principle, which set by Allah (God) in the Holy Qur'an and reliable prophet Muhammad conducted to Muslim people. It whole externally, internally, and morality terms, which must be applied on the actions of the individual Muslim as a concept of personal well-being (toward consume of legitimate products and services by Islamic law) and societal well-being to preserve the ideal society (Alserhan, 2016). Besides, in their life, the activity of Muslim people based on religious and accountable to God. Therefore, the transaction of business must be following the Islamic law (Islam and Rahman, 2017; Shome *et al.*, 2018). It proven religion has a crucial effect to Muslim consumer to drive the choice of Islamic banking products (Usman *et al.*, 2017).

Moreover, the success of business should be measured by Islam principles (Halal), instead of purely measuring it in terms of material. Islamic banking does not whole alleviate obstacles to financing, but it can solution as a substitute for conventional products and services. The level of personal religious is likely to be more doctrinaire than less individuals with lower of religiosity level. Hence, more Muslim with more religious is more probable to align their life based on Islamic law. Moreover, the Muslim with stronger committed to religion is able to make assessments consistent with their belief.

Basically, the principle between Islamic and conventional is quite different. Specifically, the financial instruments which applied interest-free conducted with Islamic law. Therefore, consumers commonly have various responsive to Islamic bank deposit and financing (Ayyub *et al.*, 2019; Hassan *et al.*, 2018). There is a solid inclination for profit-loss sharing banking system from a segment of people who have a robust desire to abide by the Islamic law. However, the measurement of economic beneficial is valued less to consumers with higher religious than by less (Ireland, 2018; Hassan *et al.*, 2018; Pace, 2013). The level of Islamic values has a strong emphasis on a decreased materialism of consumers (Ireland, 2018; Islam and Rahman, 2017). Given these considerations, it is a hypothesis that:

H3: Materialism negative effect to mediate between religiosity and consumer preference.

4. Study 1: The basic pattern of Indonesian people to use bank product

This study explores the basic pattern of consumers' use of financial products offered by the Islamic bank (IB) and compare to the conventional bank (CB) for consumption or investment purposes. We measure that, the aggregate number of financial products offered by IB and CB to potential consumers. This study designed in a one-direction where participants were accidentally given to a condition: IB product as a represent religious product because it a symbol to restricted conventional bank system as based on interest and consumer-minded preference that interest is prohibited in Islamic law. All participants saw the same condition with two alternative products before answering the questions and lastly four covariances such as gender, age, education, and income were included basic sociodemographic factors and product type preferences.

4.1 Methodology

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3 The current study apply two approaches (e.g., experimental and survey) to explore the
4 connection between religiosity level and consumer preference among Muslim people in
5 Indonesian. In particular, the experimental approach possibly to validate internal validity and
6 causal relationships among the variables which are explored (Kardes and Herr, 2019). One
7 hundred and fifty-nine participated in this study in exchange for charity donations for every
8 survey were completed. This study was focused on the financial and loan products of banks in
9 Indonesia. For products, we assigned an Islamic operation system and no religious symbol on
10 the cover/top brochure. The Islamic label, shaped like free interest, is widely recognized as the
11 symbol of an Islamic product among Indonesians. Firstly, the participants are informed that
12 they would be obtained with bank products, then they briefly overview of the products. The
13 file/brochure itself is without a bank logo to eliminate the potential influence of the content on
14 the manipulation of the product's type. The number of consumer preference divided by Islamic
15 and conventional bank products choice.

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20 21 22 4.2. Result and discussion

23 We compute the comparative result between IB and CB products. The main result consumers'
24 preference were significantly different, with the value of IB is larger than CB. If product type
25 did not affect, the ratios is 1.00 would be predictable in t-test method. In study 1, the mean
26 value was 1.40 ($t(35.95) = 2.80, p < .001$), and all the amount of the product was more than
27 1.00 ($p < .001$, binomial). This result has consistent with hypothesis (H1). Thus, we can justify
28 to continue to study 2 for the expected pattern of both IB and CB products.

29 30 31 5. Study 2: Mediation through brand image and materialism

32 The recent study examines whether consumers are more inclined to use financial products
33 offered by IB than their similar coming from CB (H1). The usage patterns of IB' are differential
34 religiosity versus CB' on brand image and materialism to influence Muslim people with to
35 overuse IB' products than less religious (H2). This study examine the relationship between
36 product type (e.g., conventional and Islamic bank) and participants' religiosity level (e.g.
37 extrinsic and intrinsic).

38 39 40 5.1 Method

41 In study 2, interactions between the religiosity dimensions on consumer preference were added.
42 Two hundred and thirty-five respondents are participated in this study in exchange for charity
43 donation for every survey were completed, which randomly assign them to the condition of IB'
44 or CB' products. The initial side of the questionnaire contains the modifying of product kinds.
45 In IB's product condition, "X" is framed as a pro-Islamic product with religious principles such
46 as free interest. Bank description indicates that "X" is committed to offering an ethical product
47 based on Islamic law which the consumer will get the benefit not only material but also
48 spiritual. In CB's product condition, "Y" is described as a company with a fast process, high-
49 quality, low-interest rate, long term payback period, and a mission for consumers' services.

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51 Furthermore, all the participants delivered a narrative of the features of Y products, which
52 are with the same conditions. Then, all the participants are given a brochure with a content,
53 logo and symbol, are asked to reply how they would choose by demonstrating the strength of
54 the products. After reading the randomly assigned scenario, participants completed measure
55 using 7-point Likert scale assessing their perceived about image of bank (Hassan *et al.* 2018;
56 Islam and Rahman, 2017) ("religious/not religious", "different/similarly with conventional
57 /Islamic bank", "very good/very bad", $\alpha = .605$). We also measured the participants' level of
58 religiosity dimensions were measured refers to Ji and Ibrahim (2007) scale due to the
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instruments are applied in prior studies and built from Indonesian Muslim perspective namely extrinsic dimension, $M = 6.44$, $SD = .92$, $\alpha = .918$ and intrinsic dimension, $M = 6.38$, $SD = .95$, $\alpha = .854$) with all the ratings are on seven-point scale Likert. To validate two-way interaction, we accompanied double spotlights analysis of the effect the experimental product condition, brand image, and preference intention at high and low religiosity this study.

5.2 Discussion

The result of spotlight analysis to indicate the participants perceived of IB' products with the extrinsic religiosity value ($M = 2.95$, $SD = 0.57$) and intrinsic religiosity ($M = 8.91$, $SD = 0.51$) proven the product positioning manipulation was successful. Moreover, to better understand the interaction effect, a simple slopes test was conducted between product choices (Figure 3). Consumer prefer to IB significantly with the extrinsic religiosity value ($r = 2.95$, $p < .000$), as well as intrinsic religiosity ($r = 8.91$, $p < .000$) were significant. On the other hand, consumers with high religiosity levels prefer to IB. In contrast, consumers low in religious dimensions reported incline to CB brand, thereby supporting H2. This result also confirmed prior literatures and studies that religious dimension have positive effect to consumers preference, which mediated by brand image (Hassan *et al.*, 2018; Muhamad and Mizerski, 2013; Stolz and Usunier, 2019; Temporal, 2011; Usman *et al.*, 2017; Wilson and Liu, 2011).

*** Insert Figure 3 here ***

6. Study 3: Religiosity dimension and consumer indulgence among Muslim consumer

To enhanced apprehend the effect of religiosity on religious bank products, in study 3 we were examined the consistency of participant choice with conventional product indulgence (e.g. materialism propose) as well as Islamic bank with beneficial material and spiritual to preference intention, mediated by religiosity level dimensions.

6.1 Method

In study 2, we are highlighted the critical factor of the effectiveness religious dimension in product chosen pattern with the same method for the religious dimension level of participants were applied in study 3. The primary goal of this study is to validate the probability indulgences of the product, whether effectiveness to increase the preference of IB (H3) with religiosity level as mediator variables, also to examine the consistency of prior result on products preference.

Two hundred and forty-seven respondents to participate in this stage with exchange for charity donation for every survey were completed, which accidentally consigned to one of the three experimental circumstances in which are manipulated the products type and the information with a description of the banks mission to convey the status of each product.

After reading the product descriptions, which are detained perpetual across conditions, participants are obtainable with a brochure of CB's and IB's products description. They are asked to show how they would get an economic impact only, using the simple calculation of the product. Note that a similar product in a brochure is offered to all participants in similarly situations to control the prospect of description of product might distort the results. We measure product preference with the frequent participants' selection the products. Next, the participant reported their preference intention ("not at all/greatly, a small amount/a great amount, very unwilling/very willing"; $\alpha = .763$).

6.2 Result

It is well-meaning to note were positive and significant correlations between participant preference or religiosity level and the dependent variable (regularity of choice bank products). From simple slopes tests, it can be seen that religiosity significant emerged with the value ($r =$

.39, $p = .010$) and ($r = 3.28, p = .022$). Spotlight investigation toward standard deviation value for extrinsic religiosity ($M = 2.50, SD = .060$) and intrinsic religiosity ($M = 2.12, SD = .051$) was applied to additional observed of consumers preference pattern based on religious information (figure 4). On the other hand, the level of participants' religiosity has a different perceived materialism feeling of bank products.

*** Insert figure 4 here ***

6.3 Discussion

Comparable to study 2, the participant product preference interrelated with extrinsic and intrinsic religiosity to effect Muslim materialistic behavior and bank product preference, thereby supporting H3. Thus, regardless of whether the religious have a positive effect to consumer product brand image (study 2) or is a material indulgence (study 3), and also subsequently can be an effective way of influencing Muslim's consumer behavior. These conclusions also support previous literatures that consumers religiosity levels have greater prospective to react in particular cognitive religiosity's roots in principles (Hur *et al.*, 2020; Muhamad and Mizerski, 2013; Pace, 2013) and different with Pepinsky (2013) and Wilson *et al.* (2011). It also proven the consumers with lower level in religiosity may be encouraged to think twice on extrinsic and intrinsic religiosity dimensions when presented with a religious product, as well as negative consequence if avoid it based on Islamic law.

The authentic objective of the religious product effect is well-intentioned to further study. The consumers' extrinsic and intrinsic religiosity level have positive effect to marketing Muslim decision-making process. Moreover, brand image and materialism have sensitive sense of belonging for Muslim preparations or rather could be responding to an internal struggle of whether follow or against their desire of wealth mindset which will affect with religious scripture, symbol, or brand. Remarkably, all the direct effects of extrinsic religiosity dimensions on IB' products preference, whereas non-significantly between intrinsic religiosity on consumer preference intention.

6.4 Mediation effect

This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the mediation effects of brand image and materialism between religiosity and consumers' preference. CIs result has represent significance at a 95% confidence level.

It can be seen in Table 1, the participants who choose the IB product is different with CB products (see figure 3) proven the manipulation of products type were succeed. The model included product type (IB = 1 and CB = -1). To confirm the effect of religiosity on brand image in marketplace behavior, study 2 examines how the brand image mediate between religiosity (e.g., extrinsic and intrinsic) and consumer preference (H2). We found a significant effect of interaction between experiment product condition (e.g. religious and non-religious) and consumer preference emerged.

*** Insert Table 1 here ***

7. General Discussion

Islamic brand image influences consumer preference, such as Halal products which controlled product indulgence. More importantly, religiosity measurements as mediators to differentially stimulus consumer behaviors in the manifestation of religious dimensions e.g. extrinsic and intrinsic. This interaction particularly interesting was conducted in the context of the consumers' behavior and decision making, thereby providing evidence of the outcome of

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3 religiosity level consumers upon disclosure Islamic bank of products. The product indulgences
4 with consumers' greater level of religiosity were more reactive to the religious products than
5 poorer after exposure to the Islamic principle of products. The positive connection fits with
6 concepts provided that religiosity effects consumer inclination due to belief and faith in
7 religious scripture. The results from studies 2 and 3 shows the positive relationship between
8 religiosity and consumer preference which facilitated by brand image and materialism.

9
10 In addressing the purposes of this study to contribute to the literature on the relationship
11 between religious dimension and consumer prone in the bank of products. Specifically, how
12 consumer change their decision after exposure to the Islamic principle information. This
13 research also contributes to the consumer intrinsic motivators to demonstration that religiosity
14 dimensions could be part of a consumers' value and inducement information to evaluate
15 potential study (e.g., when religious prompts are incorporated into business efforts).

16 17 18 *7.1. Conclusion*

19 Religion is a key important point to marketplace behavior such as Islamic banking products,
20 which related to financing, investment, and saving are committing to avoid conventional
21 products with interest base. The religiosity dimensions (extrinsic and intrinsic) differentially
22 self-controlled marketplace behavior when bank products were launched based on Islamic
23 principle, specifically, material or logical consideration response. Whereas, consumers'
24 intrinsic religiosity level, less self-controlled when showing to the same position. Hence,
25 understanding the consumers' religiosity's context has the probable to influence business
26 activities and real consumer demand.

27 28 29 *7.2 Academic contribution*

30 Moreover, this study contribute to business literature to prove the crucial role of religiosity
31 (e.g., extrinsic and intrinsic) in marketing field, which has plays differentially role to influence
32 consumer behavior with the rule allowed and prohibited context. This research also highlights
33 the significance of religious code and principle as a mechanism of the behavior, belief,
34 expectations, and values to influence consumer' decisions.

35
36 In addition to theoretical contributions, the recent study provided information for
37 government, marketers and practitioners. When have a plan to launch specific products (e.g.,
38 exercise halal products) must be understanding the consumer's religiosity as key insights into
39 their preference. The consumers' intrinsic religious is more approachable to Islamic bank,
40 meanwhile consumers' extrinsic religiosity is lower reactant. Also, the recent study
41 demonstrations a diversity of approaches for promoting religious based products (study 1) and
42 religion knowledge, activities, advertising, brochure, and message of religion to increase
43 consumer preference in study 2 and 3. These results possibly to combine into promotion and
44 brand image in the short-term and long-term based on .company goals.

45 46 47 *7.3 Practical implication*

48 Not only with traditional media, these religious messages may improve Muslim consumers
49 consciousness be able to be realized into social network sites (SNSs) communication (e.g.,
50 Facebook, Instagram and Twitter) and provide cheaper, easier and faster information of
51 consumer with specific religious attention. Furthermore, these online communication and
52 interaction provide a specific site for consumers' religiosity dimensions that are given a precise
53 subject. The religious brands or products can be used to the consumers that equal a desire
54 outline (e.g., descriptive of religiosity). For instance, corporations could build market share
55 with specific religiosity to find of keyword which connected with intrinsic religiosity (e.g., God
56 presence or life according to religious belief). It also possibly to seek words, which is linked to
57 extrinsic religiosity (e.g., search terms of "religion member organization" or "religious product
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base”). In addition, the bank manager should consider the consumer religion aspect, especially when trying to establish products. The religious concept also can be used for the economic and social sector, these tactics could also to apply on social and public policymakers to encourage more pro-social and self-controlled of consumer behavior.

7.4 Limitations and future research

Despite this research try to combine age, culture, education, and income among Indonesian Muslim people. Hence, future study need to discover another marketplace attitude and awareness potential factors to influence consumers’ decision making. Test religiosity's effect based on different religiosity dimensions. It would be possibly to discover how different procedures such as praying and attend religion discussion can stimulate consumers to consider their marvelous being to Islamic law) would differentially influence consumers extrinsic and intrinsic religiosity, which more applicable for cross-cultural dimensions. Thus, future study need requirements to authorize the conclusions with other affiliations and state.

Additional study might also can be using different instruments to address religions' effect based on brand image and materialism reactance. Whether, consumers’ with more religiosity level have determined by advisory factors, such as distinguish interpretation of scripture is necessity to ones' organizations or council of scholar judgment (Fatwa) related to products. Moreover, the participants’ religious background, knowledge as well as intention to attend seminar or religion assembly to elaborated *Fiqh muamallah* (Islamic rulings governing commercial transactions as well as Islamic banking and finance) can be applied as a control.

Recent research also warranted to understand why consumers with lower extrinsic religiosity has insignificant effect to mediate between brand image and materialism to religious products preference. Future study also need to seek alternative mechanisms and variables to bridge relationship between religion and consumers’ behavior. Hence, further examination would be validating on belief cues in marketing especially related to brand, whether religious base or conventional base to identify how religious versus nonreligious belief and brands affect to increase or decrease self-control.

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Table 1: Mediation effect result

IV	M	DV	IV->DV (c)	IV->M (a)	IV+M->DV		Bootstrapping 95% CI	
					IV (c')	M(b)	Percentile method	Bias- corrected
Study 2								
ED	BI	PI	0.491***	0.445***	0.177**	0.703***	[0.061, 0.377]	[0.075, 0.481]
Standard Error (SE)			0.120	0.138	0.072	0.034		
ID	BI	PI	0.241**	0.311**	0.019	0.719***	[0.117, 0.494]	[0.149, 0.613]
Standard Error (SE)			0.107	0.122	0.063	0.034		
Study 3								
ED	MI	PI	0.312**	0.170**	0.219	0.550*	[0.413, 0.198]	[0.504, 0.244]
Standard Error (SE)			0.153	0.077	0.149	0.141		
ID	MI	PI	0.280**	0.141**	0.203	0.550*	[0.006,0.164]	[0.009,0.199]
Standard Error (SE)			0.134	0.067	0.130	0.141		

Notes: BI: Brand image, MI = Hedonic/Materialism, ED = Extrinsic religiosity, ID = Intrinsic religiosity, PI = Preference intention
Significant at *: $p < 0.05$; **: $p < 0.01$; ***: $p < 0.001$.

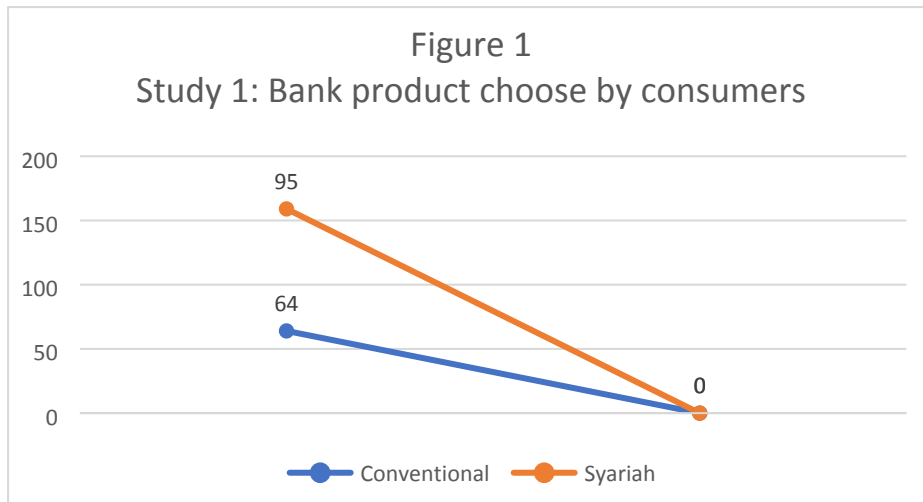
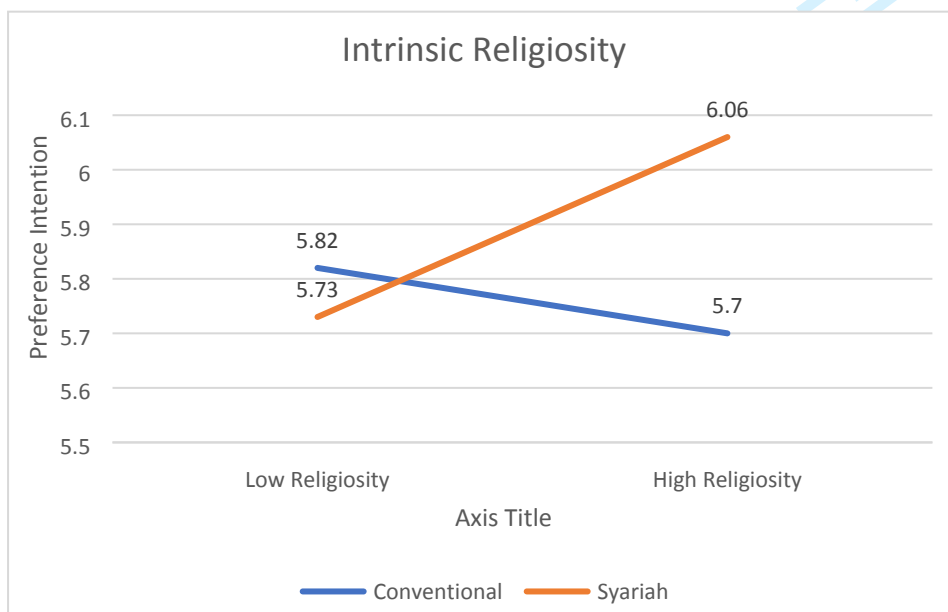
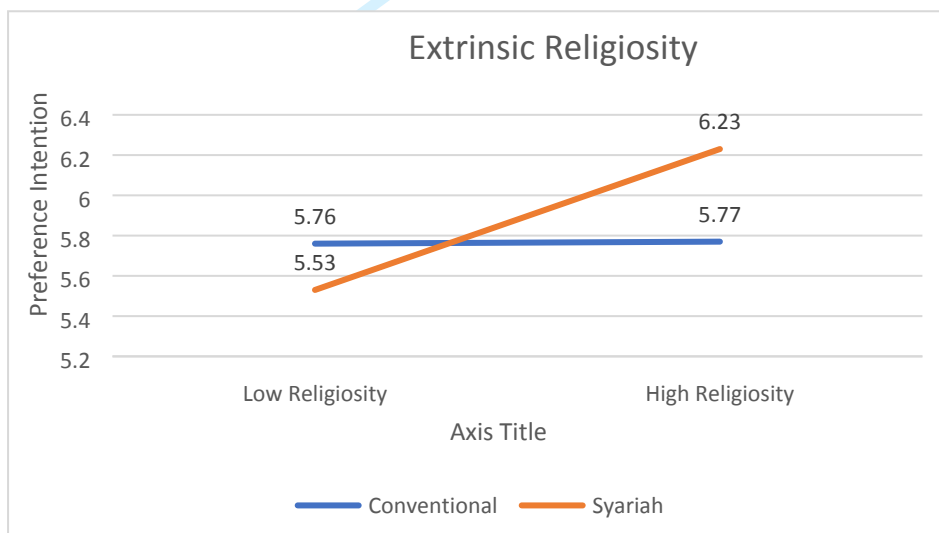
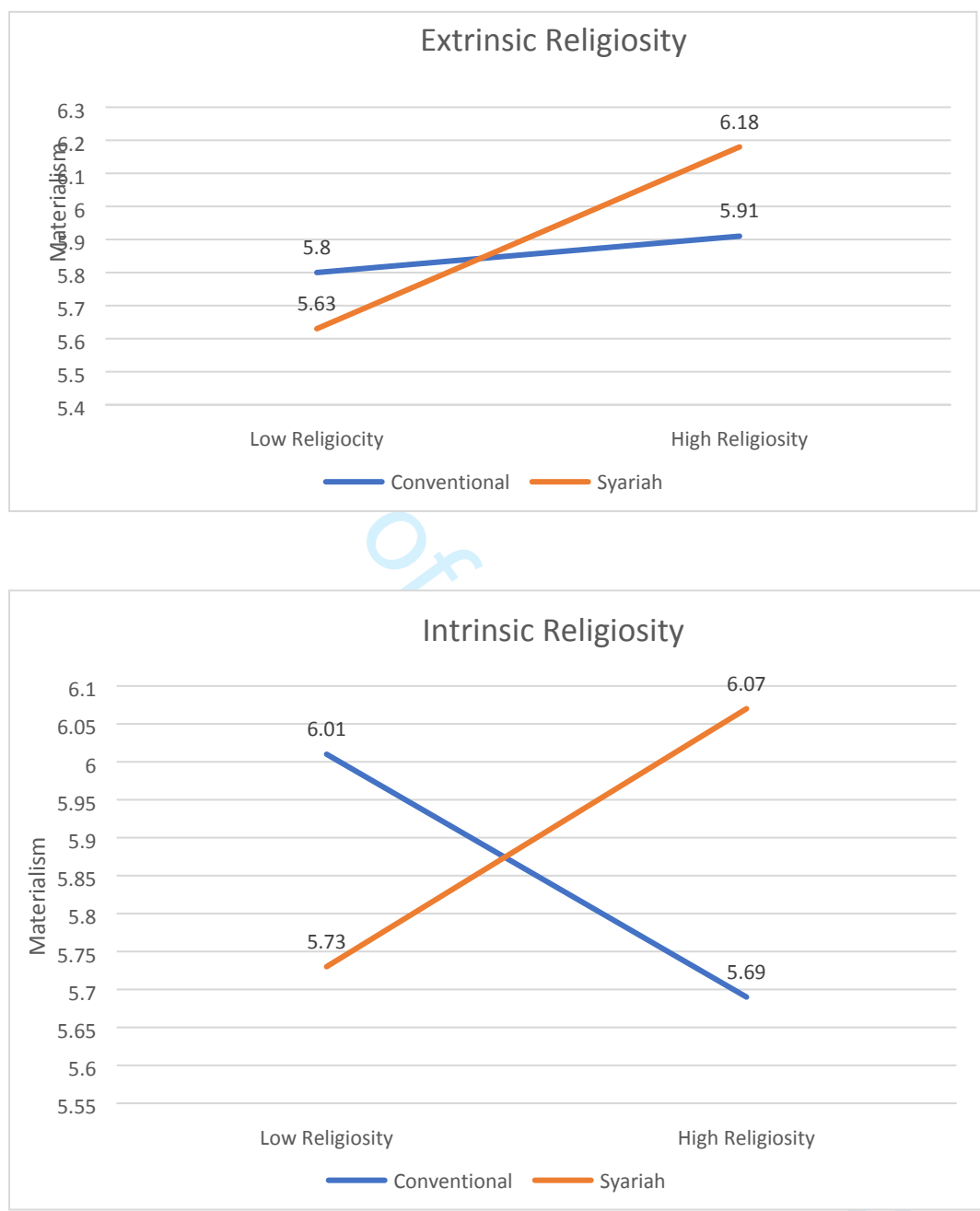


Fig 2: Extrinsic and intrinsic religiosity mediation effect between religious prime condition to consumer preference intention among Moslem consumers.



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Fig 3: Extrinsic and intrinsic religiosity mediation effect between materialism to consumer preference intention among Moslem consumers



**2. Bukti konfirmasi review dan hasil review
pertama
(3 Mei 2021)**

Journal of Islamic Marketing - Decision on Manuscript ID JIMA-03-2021-0067

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Mon, May
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to Junaidi

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Manuscript ID JIMA-03-2021-0067 entitled "Determinants to adopt conventional and Islamic banking: Evidence from Indonesian" which you submitted to the Journal of Islamic Marketing, has been reviewed. The comments of the reviewer(s) are included at the bottom of this letter.

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Prof. Jonathan Wilson
Editor, Journal of Islamic Marketing
jw@islamicmarketing.co.uk

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Reviewer: 1

Recommendation: Accept

Comments:

Dear researcher;

it is better to present the conceptual model of research graphically.

Additional Questions:

1. Originality: Does the paper contain new and significant information adequate to justify publication?: The paper including significant information enough to justify publication.
2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: According to Literature about Islamic management, the paper demonstrates an adequate understanding of the relevant literature in the field and cites an appropriate range of literature sources.
3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: The paper argument has built on an appropriate base of theory and the methods have employed appropriately.
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adequately tie together the other elements of the paper?: The results have presented clearly and analyzed appropriately.

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: The result is consistent with the findings and conclusions of the paper.

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Reviewer 2

Recommendation: Minor Revision

Please check for typos, for example the title

**3. Bukti konfirmasi submit revisi pertama,
respon kepada reviewer, dan artikel yang
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(16 Mei 2021)**

Journal of Islamic Marketing - JIMA-03-2021-0067.R1

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Sun, May
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10:22 AM

to Junaidi

16-May-2021

Dear Dr. Junaidi:

Your revised manuscript entitled "Determinants of the intention to adopt conventional and Islamic bank: Evidence from Indonesia" has been successfully submitted online and is presently being given full consideration for publication in the Journal of Islamic Marketing.

Your manuscript ID is JIMA-03-2021-0067.R1.

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Sincerely,
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Journal of Islamic Marketing

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Determinants of the intention to adopt conventional and Islamic bank: Evidence from Indonesia

Journal:	<i>Journal of Islamic Marketing</i>
Manuscript ID	JIMA-03-2021-0067.R1
Manuscript Type:	Research Article
Keywords:	Religiosity, Brand image, Materialism, Consumer Preference

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Determinants of the intention to adopt conventional and Islamic bank: Evidence from Indonesia

Abstract

Purpose - *This research investigates how extrinsic and intrinsic religiosity influences the mediator variables, such as consumers' brand image and materialism in Indonesian banking sector (e.g., conventional and Islamic). It also examines how mediators need to influence consumers' preferences.*

Design/methodology/approach - *The sample consists of 575 bank consumers', the experiment method was used to test the research hypotheses.*

Findings - *The empirical results indicate that religiosity has positive effect on consumers' decision making process, specifically when bank products based on Islamic principle. Furthermore, mediator variables, such as consumers' brand image and materialism have partial role between religiosity and consumers' preferences.*

Research limitations/implications - *This study was limited to Indonesian bank consumers, therefore, future studies is needed to analyze cross-region.*

Practical implications - *Bank managers and regulators need to enhance the information of products and services in Islamic banks and the varying principle between conventional banks. They also need to enlighten consumers from the perspective of business and religiosity.*

Originality/value - *This study contributes to consumers' behavior literature and, the decision-making process associated with developing and testing a model of religion determinants consumer preference towards bank products.*

Keywords: Religiosity, Brand image, Materialism, Consumer preference

Paper type: Research Paper

1. Introduction

In 2030, a half of population worldwide is Muslims, during the period, in U.S. and several European countries, will reach to 6.2 and 10 percent of the total population, respectively (Muhamad and Mizerski, 2013; Solomon, 2018). It has prosperous economic and social demand for Halal products and services (Hassan *et al.*, 2018). However, unique strategy to attract consumers' concern and interest are needed. One way to strengthen consumers' awareness is launch the products regarding their belief.

Prior studies carried out on consumers' preference, shows that religiosity plays a positive role in South Korea (Hur *et al.*, 2020), South Asia (Rauf *et al.*, 2018) and Indonesia (Junaidi *et al.*, 2021; Usman *et al.*, 2017). Furthermore, the level of religiosity could influences consumers' materialism through specific tenet of religion (Pace, 2013). Conversely, Raggiotto *et al.* (2018) found the intrinsic dimension of religiosity has a greater effect on economic consideration rather than extrinsic religiosity. On the other hand, religiosity level negative correlation with religion products and services. However, the prior empirical studies failed to validate which factors that affect consumers' decision, as well as level of religiosity was not concisely examined (Usman *et al.*, 2017). The contradictory conclusion from different regions have highlighted the academic and practical to examine the relationship between religiosity and people decision-making on religion products and services. Bananuka *et al.* (2019), Kaakeh *et al.* (2019) and Naveed *et al.* (2020) recommended the need for future studies to investigate

the essential role of religiosity on business and marketing fields. Particularly in a decision-making process, which mainly using correlation techniques such as surveys (e.g., Hassan *et al.*, 2018; Junaidi *et al.*, 2021; Kaakeh *et al.*, 2019; Naveed *et al.*, 2020). It is therefore worth exploring the consumers' prone across the countries and combining the method (e.g., experimental and survey) with insights from the religiosity literature. **It provided internal validity and established causal relationships tool among variables** (Kardes and Herr 2019). Furthermore, this study addresses two research questions to fill the current research gap:

RQ1. Whether religion has positive effect on consumer brand image and materialism?

RQ2. Whether consumer brand image and materialism have positive effect on consumer preference?

This study makes two major contributions in the business and theoretical contexts. First, this study **validated** the effect of religiosity and consumer preference in the conventional and Islamic banking system. Similarly, the mediator variables, namely, consumer brand image and materialism role between religiosity and consumer preferences. This **study** not only enlighten in Indonesia but also in a region with a dual banking system.

Second, with the exception of literatures and studies concerning the effect of religion on business is limited. Hence, need legitimacy and transparency of the products and services (Hur *et al.*, 2020; Liu and Minton, 2018). The result from this study, uncovers the crucial role of religion on competition, as well as offers a detailed view of its impact on consumer preferences which have been neglected in preliminary studies. Third, the current study has significant practical implications for demand of religion products and services (Abou-Youssef *et al.*, 2015; Hassan *et al.*, 2018). The investors and bank managers tend to launch products, brand and value which compliance with **Islamic law**. Finally, this study provides an insight of the existing situation of the current banking practice.

The stakeholders would get worth from discovering how the consumers' consciousness of religious versus non-religious products influence their decision. A comparative study of worldview will deploy effective strategy and attract new acolytes due to business and religion have mutual relationship (Ayyub *et al.*, 2019; Ireland, 2018). We turn to banking brand image, products, materialism and religiosity dimensions level (e.g. extrinsic and intrinsic) to gain insight into whether the consumers choose conventional or Islamic bank. Therefore, the aim of this study is (1) to examine how religiosity influence consumers preference, (2) explore the religiosity (e.g. extrinsic and intrinsic) as a mediator to validate consumer behavior, (3) validate the level of the religious dimensions as a facilitator in the correlation between consumer decision process when faced to the beneficial products.

2. Literature review

2.1 Religiosity

According to Md-Ilyas (1992) the fundamental principle of Islamic comprises of knowledge (ma'rifah) which provided Qur'an and Sunnah information and law, belief (aqidah), and practice (amal). It have foundation belief of humans to build their life (Abou-Youssef *et al.*, 2015; Usman *et al.*, 2017). For region with Muslim population, religion not only a substance of an individual religious commitment but also harmonization to the state laws to their people consumption and use, namely Islamic law (*Shariah* principle). **It has become a guidelines for Muslim what is acceptable (halal) and forbidden (haram)** (Shome *et al.*, 2018). On the other hand, the company operation, and products must be compliant with Islamic law to protect consumer shake principle and to gain the consumer influx.

Commonly, the concept of religion in business field has been explored from two key important of dimensions, namely religious affiliation and religious commitment (Minton, 2018;

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3 Stillman *et al.*, 2012). Furthermore, religiosity has two dimensions construct, namely intrinsic
4 religiosity which elaborate the people spiritual aspects and extrinsic religiosity is maintain
5 more behavioral aspects of people (Ji and Ibrahim, 2007). Both religious dimensions could
6 affect the consumers' behavior through the influence the core value of belief and moral
7 judgment. It can be seen that religiosity should influence consumer behavior with particular
8 acts, spiritual rituals and certain ways of behavior. Individuals with high of religious attributes
9 usually have a relatively higher level of motivation to avoid materialistic desires. Therefore,
10 the possibility to scan the connection between religiosity and product preference. In the context
11 of the emergence of Islamic finance and Muslim consumers.
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14 2.2 Islamic brand image

15 In business literature, brand plays a crucial role to intermediate relationship between seller and
16 buyer. The process is included the establishment of the brand in the consumers' inspiration and
17 behavior (Aaker, 1996). For instance, if the consumer has positive attitudes and satisfaction
18 towards the brand image, they will repeat the uses and purchases the products and services.
19 This phenomenon will help the company or seller to increase the market share. This
20 phenomenon not only pursues global firm launch the brand identified with a famous image but
21 also based on religiosity context such as Islamic brand. However, many definitions from
22 scholar caused the definition not clear of what the mean of Islamic brand (Wilson and Liu,
23 2011), which caused by the elementary and lack of study, as well as few kinds of literature
24 based on Islamic brand (Temporal, 2011).
25

26 In Islamic view, brand of "Halal" will help the consumers to avoid any element of doubt or
27 **forbid** based on Islamic principle in their view as a potential deal breaker (Wilson and Liu,
28 2011). Commonly, Islamic brand has three main constructs, which are based on origin, target
29 audience and halal products (Alserhan, 2016) with **three reasons**. First, religious reason refers
30 to all the activities of Muslims are responsible to Allah (God). Therefore, all transactions must
31 to the Islamic law. Second, the success of development Islamic finance institution (IFI) not
32 only dominated in region with Muslim people as majority but also in the minority countries
33 (e.g., UK, Singapore). It proves the recognition of Islamic viewpoints in **economy** context.
34 Last, legal reason due to the legal context of a country is formed by the religious and social
35 background.
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40 2.3 Religiosity and Materialism

41 The concept of relationship between spirituality and materialism among the scholars is still
42 questioned with congregating in one concept of spiritual materialism. It is an essential field of
43 consumer consideration to worldly possessions (Stillman *et al.*, 2012). Commonly, some
44 people assume the ranks of materialism are the paramount reason of pleasure and displeasure
45 (Belk, 1984 p. 291). However, for others, materialism is refer to hurtful character, which has
46 negative values for **communities** and individuals. According to Belk (1985), materialism has
47 three different of dimensions, namely, possessiveness, non-generosity, and envy. It have
48 negative implication at group and individual level. Furthermore, conflicts with family values
49 and religious values.
50

51 According to Raggiotto *et al.* (2018) and Stillman *et al.* (2012) there are two dimensions of
52 materialism. First, self-enhancement versus self-transcendence. This concept divides values
53 into personal-centric and other-centric. In contrast, spirituality refers to community values.
54 Hence, religiosity and materialism have opposite relationship. Second, the openness to change
55 versus conservation **refers personal experiences and value** or against alteration toward
56 prominence on self-restriction. Hence, this sense of the sacred of source consumption is a brand
57 community to engagements religious magniloquence and **influences ways** to build innovation
58 products and services (Pace, 2013).
59
60

2.4 Islamic banking and finance

Islamic banking operation system refers to activity based on the *Islamic* law (*Syariah*) (Hassan *et al.*, 2018). The Islamic banking products and services are establish four main approaches: *Mudharaba* (financing engagement among two people), *Musharaka* (joint venture based on profit and loss sharing), *Murabaha* (trade transaction) and *ijara* (leasing). All of the products are applied profit-sharing without *Riba* (interest), gambling and *Gharar* (speculative trading) applications. From an Islamic outlook, there are deliberated as religious service namely 'Ibadah' and must be responsibility to Allah (God). However, sometimes behavior controls and benefits are the most important factors as perceived by the consumers to select Islamic banks rather than religiosity factors (Ayyub *et al.*, 2019; Ireland, 2018).

*** Insert Figure 1 here ***

3 Hypotheses

Islamic ethical code (*Sharia*) makes clear distinguishes between *Halal* (permissible) and *Haram* (prohibited) of products included alcohol and interest (Shome *et al.*, 2018). In Islam, the Muslim life is not only dominant of materialistic behavior, but also all of life is a servant of God (Allah). Furthermore, the achievement neither, purely based on economic possessions or assets represent the factual basis of delight. This results have caused the decline numbers of consumer disappointment, materialistic, and reduces their complaining.

Preliminary studies found religion directly influence consumer decision through Islamic law (Hassan *et al.*, 2018; Muhamad and Mizerski, 2013). Furthermore, religion also has directly effect on consumer behavior (Islam and Rahman, 2017). For Instance, the majority people in UAE are preferred Islamic banks. However, some consumers potentially switch to a conventional banks to obtain better benefits (Ireland, 2018). Thus, the relationship between marketing and religion are inseparable, especially religion has a positive effect on consumers' cognition (Muhamad and Mizerski, 2013). Given the consideration, the hypothesis that:

H1: The Muslim are greater to choose Islamic bank rather than conventional bank

In general, Islamic brand encompasses three different viewpoints of sources by compliance, origin and consumer (target audience). It was rigorously attracted on being *Sharia* principle compliance which was predominantly focused in the food sector and finance that all was related to halal products. Furthermore, brand religiosity has positive effect on consumer decision (Usman *et al.* 2017). The aspect of halal products which associated with emotions and this aspect is commonly to recognize the Muslim consumers' personality and behavior to produce a successful Islamic brand. Temporal (2011) is defined Islamic brands related to the marketing and products concept among people in Muslim countries. This definition has applied in counties with both Muslim as majority and minority, which are targeting as a potential market. From Islamic law and a marketing perspective, Halal products and services are essential standard, but from marketing perspective, economic and quality are an additional imperative. Every aspect of life such as culture, economy, religion and social are inseparable with the brand (Stolz and Usunier, 2019). Previous studies concluded religion was influenced consumer preference toward brand image (Islam and Rahman, 2017; Usman *et al.*, 2017; Wilson and Liu 2011). Given these considerations, the hypothesis:

H2: Brand image has positive effect to mediate between religiosity and consumer preference.

The consumer with high spiritual level would select religion doctrines through the same method to select a commercial good and service (Pace, 2013). It has positive effect to self-caring and also would be a screen behind the self-control. Islamic law recommends that people should boundary the materialism to access economic resources. God and religion awareness are the dimensions of the intrinsic religiosity, which has positive correlation to adopt permitted products, while forbidding all that is evil. While, extrinsic religiosity is incorporating ethical principle, which available in the Holy Qur'an and reliable Prophet Muhammad conducted to Muslim people. It externally, internally, and morality terms, which must be applied on the actions of the individual Muslim as a concept of personal well-being (toward consume of legitimate products and services by Islamic law) and societal well-being to preserve the ideal society (Allergan, 2016). Besides, in their life, the activity of Muslim must be based on religious and accountable to God. Therefore, the transaction of business must be following the Islamic law (Islam and Rahman, 2017; Shome *et al.*, 2018). It prove religion has a crucial effect to Muslim consumer to drive the choice of Islamic banking products (Usman *et al.*, 2017).

Moreover, the success of business should be measured by Islam principles (Halal), instead of purely measuring it in terms of material. Islamic banking does not whole alleviate obstacles to financing, but it provide solution as a substitute for conventional bank. The level of personal religious is likely to be more doctrinaire than less individuals with lower of religiosity level. Hence, Muslim with more religious is more probable to align their life based on Islamic law. Moreover, the Muslim with strong commitment to religion is able to make assessments consistent with their belief.

Basically, the principle between Islamic and conventional is quite different. Specifically, the financial instruments which applied interest-free conducted with Islamic law. Therefore, consumers commonly have various responsive to Islamic bank deposit and financing (Ayyub *et al.*, 2019; Hassan *et al.*, 2018). There is a solid inclination for profit-loss sharing banking system from a segment of people who have a robust desire to abide by the Islamic law. However, the measurement of economic beneficial is valued less to consumers with higher religious than by less (Ireland, 2018; Hassan *et al.*, 2018; Pace, 2013). The level of Islamic values has a strong emphasis on a decreased materialism of consumers (Ireland, 2018; Islam and Rahman, 2017). Given these considerations, it is a hypothesis that:

H3: Materialism has negative effect to mediate between religiosity and consumer preference.

4. Study 1: The basic pattern of Indonesian people to use bank product

This study explores the basic pattern of consumers' use of financial products offered by the Islamic bank (IB) and compared to the conventional bank (CB) for consumption or investment purposes. We measure that, the aggregate number of financial products offered by IB and CB to potential consumers. This study designed in a one-direction where participants were accidentally given to a condition: IB product as a represent religious product due to restricted conventional bank system as based on interest and consumer-minded preference that interest is prohibited in Islamic law. All participants saw the same condition with two alternative products before answering the questions and lastly four covariances such as gender, age, education, and income were included sociodemographic factors and product type preferences.

4.1 Methodology

The current study apply two approaches (e.g., experimental and survey) to explore the connection between religiosity level and consumer preference among Muslim people in Indonesian. In particular, the experimental approach to validate internal validity and causal relationships among the variables which are explored (Kardes and Herr, 2019). One hundred and fifty-nine participated in this study in exchange for charity donations for survey completed.

This study was focused on the financial and loan products of banks in Indonesia. For products, we assigned an Islamic operation system and no religious symbol on the cover/top brochure. The Islamic label, shaped like free interest, is widely recognized as the symbol of an Islamic product among Indonesians. Firstly, the participants are informed that they would be obtained with bank products, then they briefly overview the products. The file/brochure itself is without a bank logo to eliminate the potential influence of the content on the manipulation of the product's type. The number of consumer **divided** by Islamic and conventional bank products choice.

*** Insert Figure 2 here ***

4.2. Result and discussion

We compute the comparative result between IB and CB products. The main result consumers' preference were significantly different, **with the value of IB is larger than CB**. If product type did not affect, the ratios is 1.00 would be predictable in t-test method. In study 1, the mean value was 1.40 ($t(35.95) = 2.80, p < .001$), and all the amount of the product was more than 1.00 ($p < .001$, binomial). This result has consistent with hypothesis (H1). Thus, we can justify to continue to study 2 for the expected pattern of both IB and CB products.

5. Study 2: Mediation through brand image and materialism

The recent study examines whether consumers are more inclined to use financial products offered by IB than their similar coming from CB (H1). The usage patterns of IB' are differential religiosity versus CB' on brand image and materialism to influence Muslim people with to overuse IB' products than less religious (H2). This study examine the relationship between product type (e.g., conventional and Islamic bank) and participants' religiosity level (e.g. extrinsic and intrinsic).

5.1 Method

In study 2, interactions between the religiosity dimensions on consumer preference were added. Two hundred and thirty-five respondents are participated in this study in exchange for charity donation for every survey were completed, which randomly assign them to the condition of IB' or CB' products. The initial side of the questionnaire contains the modifying of product kinds. In IB's product condition, "X" is framed as a pro-Islamic product with religious principles such as free interest. Bank description indicates that "X" is committed to offering an ethical product based on Islamic law which the consumer will get the benefit not only **economy** but also spiritual. In CB's product condition, "Y" is described as a company with a fast process, high-quality, low-interest rate, long term payback period, and a mission for consumers' services.

Furthermore, all the participants delivered a narrative of the features of Y products, which are with the same conditions. Then, all the participants are given a brochure with a content, logo and symbol, are asked to reply how they would choose by demonstrating the strength of the products. After reading the randomly assigned scenario, participants completed measure using 7-point Likert scale assessing their perceived image of bank (Hassan *et al.* 2018; Islam and Rahman, 2017) ("religious/not religious", "different/similarly with conventional /Islamic bank", "very good/very bad", $\alpha = .605$). We also measured the participants' level of religiosity dimensions **were measured refers to Ji and Ibrahim (2007) scale** due to the instruments applied in prior studies and built from Indonesian Muslim perspective namely extrinsic dimension, $M = 6.44, SD = .92, \alpha = .918$ and intrinsic dimension, $M = 6.38, SD = .95, \alpha = .854$) with all the ratings on seven-point scale Likert. To validate two-way interaction, we accompanied double spotlights analysis the effect the experimental product condition, brand image, and preference intention at high and low religious.

5.2 Discussion

The result indicate the participants perceived of IB' products with the extrinsic religiosity value ($M = 2.95$, $SD = 0.57$) and intrinsic religiosity ($M = 8.91$, $SD = 0.51$) prove the product positioning manipulation was successful. Moreover, to better understand the interaction effect, a simple slopes test was conducted between product choices (Figure 3). Consumer prefer to IB significantly with the extrinsic religiosity value ($r = 2.95$, $p < .000$), as well as intrinsic religiosity ($r = 8.91$, $p < .000$) were significant. On the other hand, consumers with high religiosity levels prefer to IB. In contrast, consumers low in religious dimensions reported more incline to CB brand, thereby supporting H2. This result also confirmed prior literatures and studies that religious dimension have positive effect to consumers preference, which mediated by brand image (Hassan *et al.*, 2018; Muhamad and Mizerski, 2013; Stolz and Usunier, 2019; Temporal, 2011; Usman *et al.*, 2017; Wilson and Liu, 2011).

*** Insert Figure 3 here ***

6. Study 3: Religiosity dimension and consumer indulgence among Muslim consumer

To enhanced apprehend the effect of religiosity on religious bank products, in study 3 we were examined the consistency of participant choice with conventional product indulgence (e.g. materialism propose) as well as Islamic bank with beneficial material and spiritual to preference intention, mediated by religiosity level dimensions.

6.1 Method

In study 2, we are highlighted the critical factor of the effectiveness religious dimension in product chosen pattern with the same method for the religious dimension level of participants were applied in study 3. The primary goal of this study is to validate the probability indulgences of the product, whether effectiveness to increase the preference of IB (H3) with religiosity level as mediator variables, also to examine the consistency of prior result on products preference.

Two hundred and forty-seven respondents to participate in this stage with exchange for charity donation for every survey were completed, which accidentally consigned to one of the three experimental circumstances in which are **manipulation the products type and the information with a description of the banks mission to convey the status of each product.**

After reading the product descriptions, which are detained perpetual across conditions, participants are obtainable with a brochure of CB's and IB's products description. They are asked to show how they would get an economic impact only, using the simple calculation of the product. Note that a similar product in a brochure is offered to all participants in similarly situations to control the prospect of description of product possible to distort the results. We measure product preference with the frequent participants' selection the products. Next, the participant reported their preference intention ("not at all/greatly, a small amount/a great amount, very unwilling/very willing"; $\alpha = .763$).

6.2 Result

It is well-meaning to positive and significant correlations between participant preference or religiosity level and the dependent variable (regularity of choice bank products). From simple slopes tests, it can be seen that religiosity significant emerged with the value ($r = .39$, $p = .010$) and ($r = 3.28$, $p = .022$). Spotlight investigation toward standard deviation value for extrinsic religiosity ($M = 2.50$, $SD = .060$) and intrinsic religiosity ($M = 2.12$, $SD = .051$) was applied to additional **observation** of consumers preference pattern based on religious information (figure 4). On the other hand, the level of participants' religiosity has a different perceived materialism feeling of bank products.

*** Insert figure 4 here ***

6.3 Discussion

Compared to study 2, the participant product preference has correlation with extrinsic and intrinsic religiosity. It subsequently positive effect to Muslim materialistic behavior and bank product preference, thereby supporting H3. Thus, regardless of whether the religious have a positive effect on consumer product brand image (study 2) or is a material indulgence (study 3), and also subsequently can be an effective way of influencing Muslim's consumer behavior. These conclusions also support previous literatures that consumers religiosity levels have greater prospective to react in particular cognitive religiosity's roots in principles (Hur *et al.*, 2020; Muhamad and Mizerski, 2013; Pace, 2013) and different with Pepinsky (2013) and Wilson *et al.* (2011). It also prove the consumers with lower level in religiosity may be encouraged to think twice on extrinsic and intrinsic religiosity dimensions when presented with a religious product.

The authentic objective of the religious product effect is well-intentioned to further study. The consumers' extrinsic and intrinsic religiosity level have positive effect on Muslim decision-making process. Moreover, brand image and materialism have sensitive sense of belonging for Muslim preparations or rather could be responding to an internal struggle to follow or against their desire of wealth mindset which will affect religious scripture, symbol, or brand. Remarkably, all the direct effects of extrinsic religiosity dimensions on IB' products preference, whereas non-significantly between intrinsic religiosity on consumer preference intention.

6.4 Mediation effect

This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the mediation effects of brand image and materialism between religiosity and consumers' preference. CIs result has represent significance at a 95% confidence level.

It can be seen in Table 1, the participants who choose the IB product is different with CB products (see figure 3) shown the manipulation of products type succeed. The model included product type (IB = 1 and CB = -1). To confirm the effect of religiosity on brand image in marketplace behavior, study 2 examines how the brand image mediate between religiosity (e.g., extrinsic and intrinsic) and consumer preference (H2). We found a significant effect of interaction between experiment product condition (e.g. religious and non-religious) and consumer preference emerge.

*** Insert Table 1 here ***

7. General Discussion

Islamic brand image influences consumer preference, such as Halal products which controlled product indulgence. More importantly, religiosity applied as mediators to differentially stimuli consumer behaviors in the manifestation of religious dimensions e.g. extrinsic and intrinsic. The interaction was conducted in the context of the consumers' behavior and decision making, thereby providing evidence of the outcome of religiosity level consumers upon disclosure Islamic bank of products. The product indulgences with consumers' greater level of religiosity were more reactive to the religious products than poorer after exposure to the Islamic principle of products. The positive connection fits with concepts of religiosity influence consumer inclination due to belief and faith in religious scripture. The results from study 2 and 3 shows

1
2
3 the positive relationship between religiosity and consumer preference which facilitated by
4 brand image and materialism.

5 In addressing the purposes of this study to contribute to the literature on the relationship
6 between religious dimension and consumer prone in the bank of products. Specifically, how
7 consumer change their decision after exposure to the Islamic principle information. This
8 research also contributes to the consumer intrinsic motivators to demonstration that religiosity
9 dimensions could be part of a consumers' value and inducement information to evaluate
10 potential study (e.g., when religious prompts are incorporated into business efforts).

11 12 13 14 *7.1. Conclusion*

15 Religion is a key important point to marketplace behavior such as Islamic banking products,
16 such as financing, investment, and saving are avoid conventional products with interest base.
17 The religiosity dimensions (extrinsic and intrinsic) differentially self-controlled marketplace
18 behavior when bank products were launched based on Islamic principle, specifically, material
19 or logical consideration response. Whereas, consumers' intrinsic religiosity level, less self-
20 controlled when showing to the same position. Hence, understanding the consumers'
21 religiosity's context has the probable to influence business activities and real consumer
22 demand.

23 24 25 *7.2 Academic contribution*

26 Moreover, this study has contribution to business literature to prove the crucial role of
27 religiosity (e.g., extrinsic and intrinsic) in marketing field, which have plays significant role to
28 influence consumer behavior with the rule allowed and prohibited context. This research also
29 highlights the significance of religious code and principle as a mechanism of the behavior,
30 belief, expectations, and values to influence people decisions-making process.

31 In addition to theoretical contributions, the recent study provided information for
32 government, marketers and practitioners. When have a plan to launch specific products (e.g.,
33 exercise halal products must be understanding the Muslim religiosity as key insights into their
34 preference. The consumers' intrinsic religious is more approachable to Islamic bank,
35 meanwhile consumers' extrinsic religiosity is lower reactant. Also, the recent study
36 demonstrate a diversity of approaches for promoting religious based products (study 1) and
37 religion knowledge, activities, advertising, brochure, and message of religion to increase
38 consumer preference in study 2 and 3. These results possibly combine the promotion and brand
39 image in the short-term and long-term based on .company goals.

40 41 42 43 *7.3 Practical implication*

44 Not only with traditional media, these religious messages may improve Muslim consciousness
45 to be realized into social network sites (SNSs) communication (e.g., Facebook, Instagram and
46 Twitter) and provide cheaper, easier and faster information of consumer with specific religious
47 attention. Furthermore, these online communication and interaction provide a specific site for
48 consumers' religiosity dimensions that are given a precise subject. The religious brands or
49 products **can be equal to consumers' desire outline** (e.g., descriptive of religiosity). For
50 instance, corporations could build market share with specific religiosity to find **keyword to**
51 **connect** with intrinsic religiosity (e.g., God presence or life according to religious belief). **It**
52 **also possibly to** seek words, which is linked to extrinsic religiosity (e.g., search terms of
53 "religion member organization" or "religious product base"). In addition, the bank manager
54 should consider the consumers' religion aspect, especially when trying to establish products.
55 The religious **concept can also** use for the economic and social sector, these tactics could also
56 apply on social and public policymakers to encourage more pro-social and self-controlled of
57 consumers' behavior.
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7.4 Limitations and future research

This research try to combine age, culture, education, and income among Indonesian Muslim people. Hence, future study need to discover another marketplace attitude and awareness potential factors to influence consumers' decision making. Test religiosity's effect on different religiosity dimensions. It would be possible to discover how different procedures such as praying and attending religion discussion can stimulate consumers to consider their marvelous being to Islamic law) would differentially influence consumers' extrinsic and intrinsic religiosity, which more applicable for cross-cultural dimensions. Thus, future study need requirements to authorize the conclusions with other affiliations and state.

Additional study might also can be using different instruments to address religions' effect based on brand image and materialism reactance. Consumers' with more religiosity level has determined by advisory factors, such as distinguish interpretation of scripture is necessity to ones' organizations or council of scholar judgment (Fatwa) related to products. Moreover, the participants' religious background, knowledge as well as intention to attend seminar or religion assembly to elaborated *Fiqh muamallah* (Islamic rulings governing commercial transactions as well as Islamic banking and financing) can be applied as a control.

Recent research also warranted to understand why consumers with lower extrinsic religiosity has insignificant effect to mediate between brand image and materialism to religious products preference. Future study also need to seek alternative mechanisms and variables to bridge relationship between religion and consumers' behavior. Hence, further examination would be validating on belief cues in marketing especially related to brand, whether religious base or conventional base to identify how religious versus nonreligious belief and brands affect to increase or decrease self-control.

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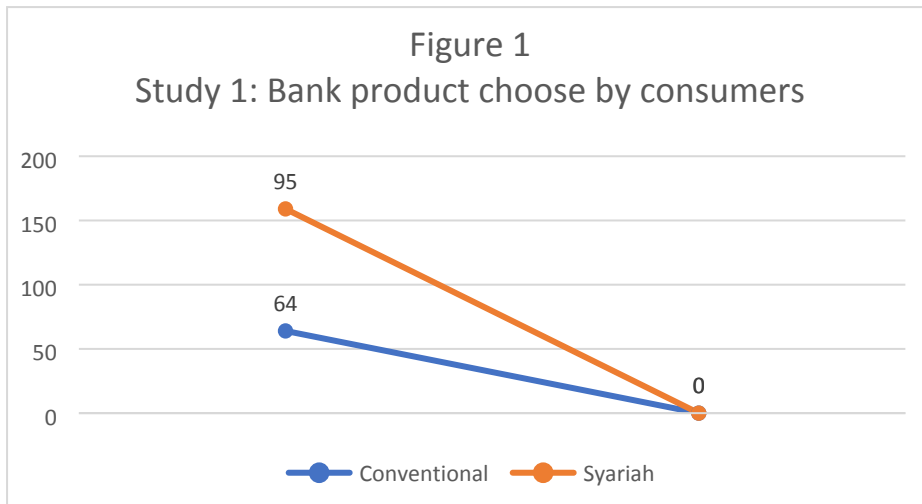


Fig 2: Extrinsic and intrinsic religiosity mediation effect between religious prime condition to consumer preference intention among Moslem consumers.

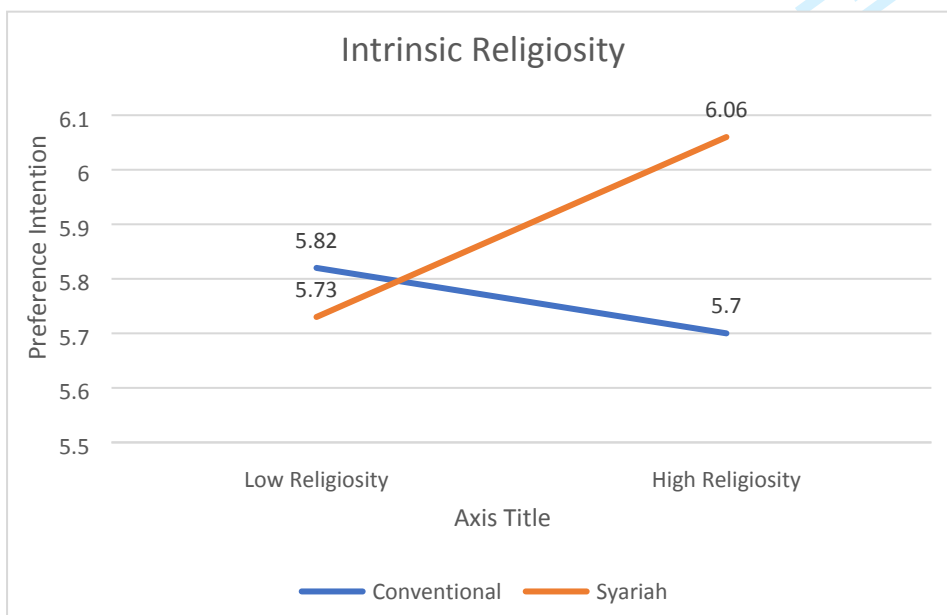
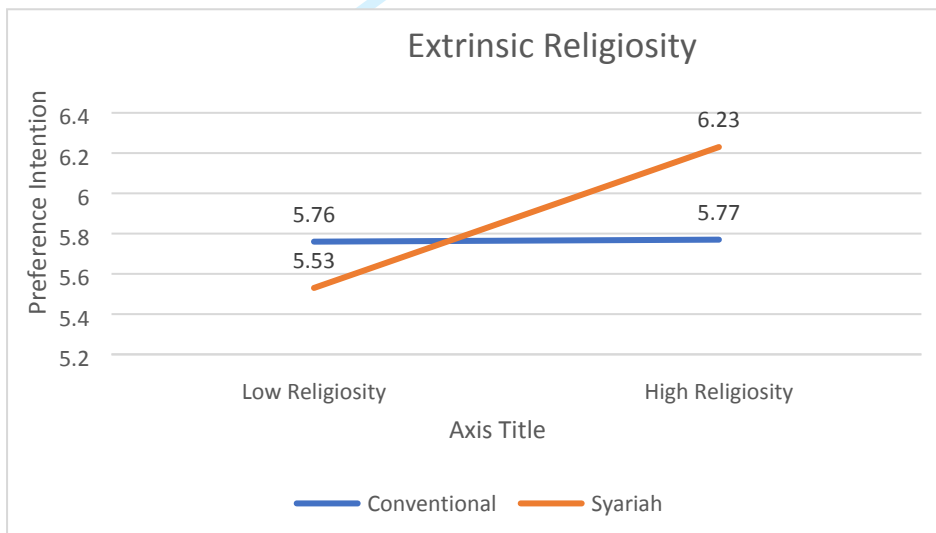


Fig 3: Extrinsic and intrinsic religiosity mediation effect between materialism to consumer preference intention among Moslem consumers

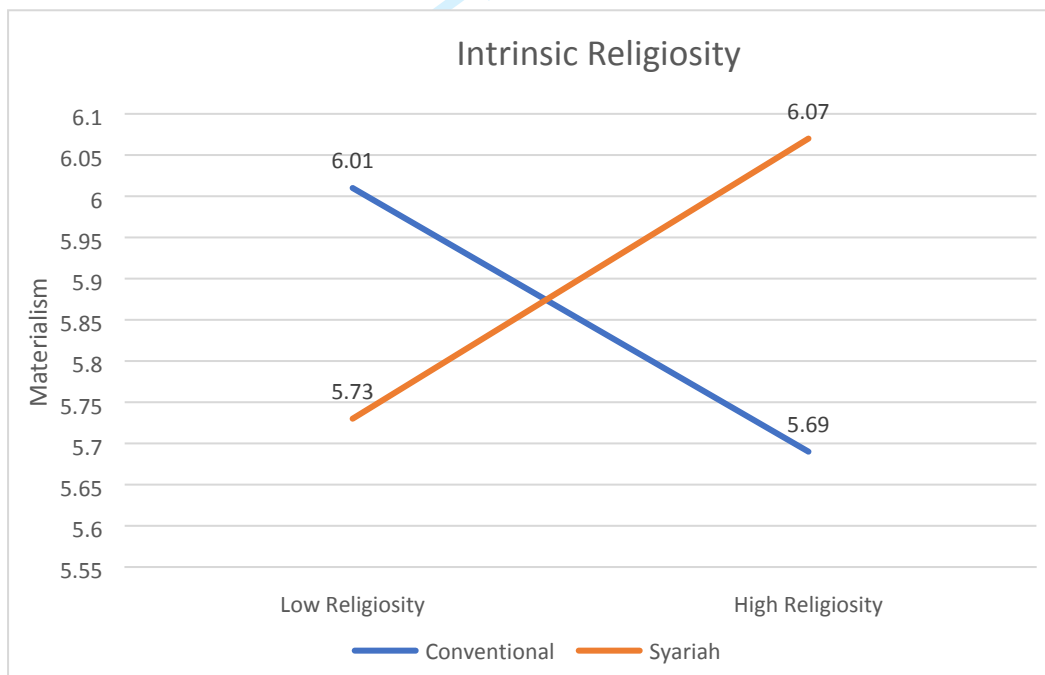
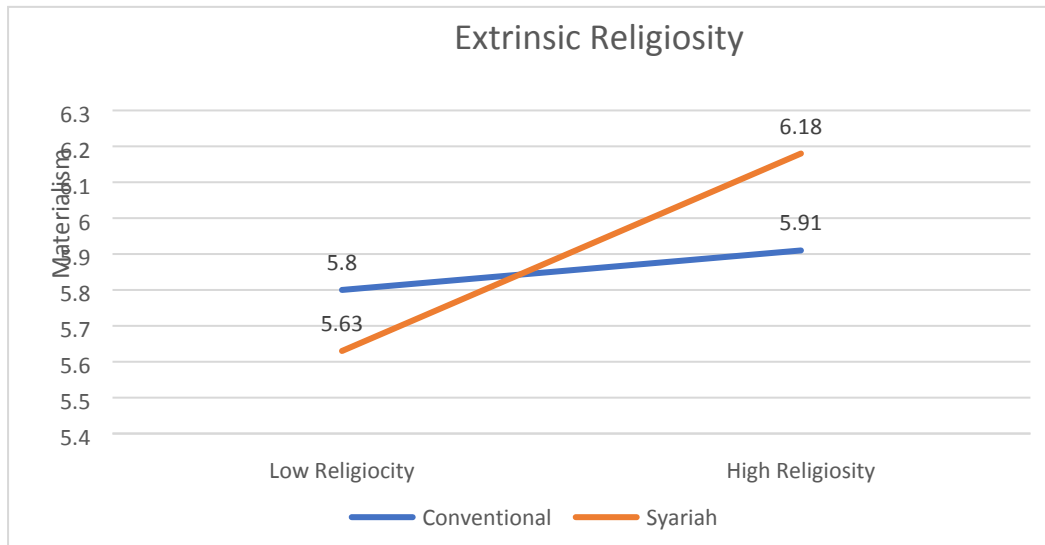


Table 1: Mediation effect result

IV	M	DV	IV->DV (c)	IV->M (a)	IV+M->DV		Bootstrapping 95% CI	
					IV (c')	M(b)	Percentile method	Bias-corrected
Study 2								
ED	BI	PI	0.491***	0.445***	0.177**	0.703***	[0.061, 0.377]	[0.075, 0.481]
Standard Error (SE)			0.120	0.138	0.072	0.034		
ID	BI	PI	0.241**	0.311**	0.019	0.719***	[0.117, 0.494]	[0.149, 0.613]
Standard Error (SE)			0.107	0.122	0.063	0.034		
Study 3								
ED	MI	PI	0.312**	0.170**	0.219	0.550*	[0.413, 0.198]	[0.504, 0.244]
Standard Error (SE)			0.153	0.077	0.149	0.141		
ID	MI	PI	0.280**	0.141**	0.203	0.550*	[0.006,0.164]	[0.009,0.199]
Standard Error (SE)			0.134	0.067	0.130	0.141		

Notes: BI: Brand image, MI = Hedonic/Materialism, ED = Extrinsic religiosity, ID = Intrinsic religiosity, PI = Preference intention
Significant at *: $p < 0.05$; **: $p < 0.01$; ***: $p < 0.001$.

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3 We would like to thank the Editor and Reviewers for their detailed and helpful feedback
4 regarding our manuscript, and for providing us with the opportunity to revise our
5 manuscript. We have revised the manuscript according to the Reviewers'
6 recommendations. We did our best to give diligent and thoughtful consideration to each
7 of the issues raised by the Reviewers in revising the paper.
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9
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11 12 **Response to Reviewer1's and Reviewer2's Comments** 13

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16 Thanks so much for your thoughtful and helpful review. We have addressed your
17 concerns below. If there were specific ways, you would like us to address any remaining
18 concerns, please let us know.
19

20 It is better to present the conceptual model of research graphically.
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22

23 **Response:** Thank you so much for your positive comment. Refers to prior studies which
24 are concern in experiment studies just provide framework of study (see Figure 1). Our
25 manuscript has been checked by English expert.
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**4. Bukti konfirmasi review dan hasil review
kedua
(23 Mei 2021)**



Journal of Islamic Marketing <onbehalf@manuscriptcentral.com>

Sun, May
23, 2021,
10:37 AM

to Junaidi

Dear Dr. Junaidi:

Manuscript ID JIMA-03-2021-0067.R1 entitled "Determinants of the intention to adopt conventional and Islamic bank: Evidence from Indonesia" which you submitted to the Journal of Islamic Marketing, has been reviewed. The comments of the reviewer(s) are included at the bottom of this letter.

The reviewer(s) have recommended publication, but also suggest some revisions to your manuscript. Therefore, I invite you to respond to the reviewer(s)' comments and revise your manuscript.

To revise your manuscript, log into <https://mc.manuscriptcentral.com/jima> and enter your Author Centre, where you will find your manuscript title listed under "Manuscripts with Decisions." Under "Actions," click on "Create a Revision." Your manuscript number has been appended to denote a revision.

You will be unable to make your revisions on the originally submitted version of the manuscript. Instead, revise your manuscript using a word processing program and save it on your computer. Please also highlight the changes to your manuscript within the document by using the track changes mode in MS Word or by using bold or coloured text. Once the revised manuscript is prepared, you can upload it and submit it through your Author Centre.

When submitting your revised manuscript, you will be able to respond to the comments made by the reviewer(s) in the space provided. You can use this space to document any changes you make to the original manuscript. In order to expedite the processing of the revised manuscript, please be as specific as possible in your response to the reviewer(s).

IMPORTANT: Your original files are available to you when you upload your revised manuscript. Please delete any redundant files before completing the submission.

Because we are trying to facilitate timely publication of manuscripts submitted to the Journal of Islamic Marketing, your revised manuscript should be uploaded as soon as possible. If it is not possible for you to submit your revision in a reasonable amount of time, we may have to consider your paper as a new submission.

Once again, thank you for submitting your manuscript to the Journal of Islamic Marketing and I

look forward to receiving your revision.

Sincerely,
Prof. Jonathan Wilson
Editor, Journal of Islamic Marketing
jw@islamicmarketing.co.uk

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If your article has been rejected or revisions have been requested, you may benefit from Editage's services. For a full list of services, visit: authorservices.emeraldpublishing.com/

Please note that there is no obligation to use Editage and using this service does not guarantee publication.

Reviewer(s)' Comments to Author:
Reviewer: 1

Recommendation: Minor Revisions

Comments:
There are typographical errors that are highlighted in the text.

Additional Questions:

1. Originality: Does the paper contain new and significant information adequate to justify publication?: yes
2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: yes
3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: yes
4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: yes
5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: yes

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: yes

Reviewer 2:

Recommendation: Major Revision

Please make amendments reflective of the following requests:

1. the literature is not exhaustive enough especially concerning the constructs and the establishment of the hypothesis
2. language flaws (need to be sent for proofread)
3. the philosophy of Islamic banking is not highlighted
4. Religiosity and Materialism - need to explain between the two especially in the context of Islamic banking
5. the establishment of the hypothesis is not clear
6. measures was not elaborated in this study
7. research methodology is not clear
8. type of sampling is not indicated clearly
9. gap of the study – this paper has indicated religion as one of the gap, however, religiosity has been very much discussed in previous studies
10. this current study employed experiment as its method of research, however, the explanation on the experiment that had been conducted is not elaborated
11. The conclusion is not explained clearly.
 - a. the authors mentioned religiosity dimensions (extrinsic and intrinsic) – which was not expounded in the earlier part of the literature
 - b. halal concept was introduced in the conclusion part and not in the introduction section
 - c the write up needs to be evaluated (especially in the conclusion part)
 - eg. The consumers' intrinsic religious is more approachable to Islamic bank, meanwhile consumers' extrinsic religiosity is lower reactant

**5. Bukti konfirmasi review dan hasil review
kedua
(30 Mei 2021)**

Journal of Islamic Marketing - JIMA-03-2021-0067.R2

External

Inbox



Journal of Islamic Marketing <onbehalfof@manuscriptcentral.com>

Sun, May
30, 2021,
9:39 AM

to Junaidi

30-May-2021

Dear Dr. Junaidi:

Your revised manuscript entitled "Determinants to adopt conventional and Islamic banking: Evidence from Indonesia" has been successfully submitted online and is presently being given full consideration for publication in the Journal of Islamic Marketing.

Your manuscript ID is JIMA-03-2021-0067.R2.

Please mention the above manuscript ID in all future correspondence or when calling the office for questions. If there are any changes in your street address or e-mail address, please log in to Manuscript Central at <https://mc.manuscriptcentral.com/jima> and edit your user information as appropriate.

You can also view the status of your manuscript at any time by checking your Author Centre after logging in to <https://mc.manuscriptcentral.com/jima>

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contact openaccess@emeraldgroup.com

Thank you for submitting your manuscript to the Journal of Islamic Marketing.

Sincerely,
Jonathan Wilson
Journal of Islamic Marketing

<https://orcid.org/0000-0003-1450-1933>



**Determinants to adopt conventional and Islamic banking:
Evidence from Indonesia**

Journal:	<i>Journal of Islamic Marketing</i>
Manuscript ID	JIMA-03-2021-0067.R2
Manuscript Type:	Research Article
Keywords:	Religiosity, Brand image, Materialism, Consumer Preference

We would like to thank the Editor and Reviewers for their detailed and helpful feedback regarding our manuscript, and for providing us with the opportunity to revise our manuscript. We have revised the manuscript according to the Reviewers' recommendations. We did our best to give diligent and thoughtful consideration to each of the issues raised by the Reviewers in revising the paper.

Response to Reviewer1's Comments

Thanks so much for your thoughtful and helpful review. We have addressed your concerns below. If there were specific ways, you would like us to address any remaining concerns, please let us know.

There are typographical errors that are highlighted in the text.

Response: Thank you so much for your positive comment. Our manuscript has been double checked the manuscript. Hope no the typos in this manuscript.

1. Originality: Does the paper contain new and significant information adequate to justify publication?: yes

Response: Thank you so much for your positive comment.

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: yes

Response: Thank you so much for your positive comment.

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: yes

Response: Thank you so much for your positive comment.

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: yes

Response: Thank you so much for your positive comment.

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing

to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: yes

Response: Thank you so much for your positive comment.

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: yes

Response: Thank you so much for your positive comment.

Response to Reviewer2's Comments

Thanks so much for your thoughtful and helpful review. We have addressed your concerns below. If there were specific ways, you would like us to address any remaining concerns, please let us know.

1. The literature is not exhaustive enough especially concerning the constructs and the establishment of the hypothesis

Response: Thank you so much for your positive comment. Some literatures such as:

1. Abou-Youssef, M., Kortam, W., Abou-Aish, E. and El-Bassiouny, N. (2015), "Effects of religiosity on consumer attitudes toward Islamic banking in Egypt", *International Journal of Bank Marketing*, Vol. 33 No. 6, pp. 786-807.
3. Muhamad, N. and Mizerski, D. (2013), "The effect of following Islam in decisions about Taboo products", *Psychology and Marketing*, Vol. 30 No. 4, pp. 357-371.

Have replaced with:

1. Abalkhail, T. S. (2021), "The impact of religiosity on luxury brand consumption: the case of Saudi consumers", *Journal of Islamic Marketing*, Vol. 12 No. 4, pp. 763-775.
2. Ahmadova, E. and Aliyev, K. (2021), "Determinants of attitudes towards Halal products: Empirical evidence from Azerbaijan", *Journal of Islamic Marketing*, Vol. 12 No. 1, pp. 55-69.
3. Amin, H. (2020), "Critical success factors for the receptiveness of Islamic home financing in Malaysia", *International Journal of Emerging Markets*, Vol. 15 No. 5, pp. 849-873.
3. Kok, S.K. (2021), "The branding of religious financial institutions in the UK: conversations with market actors within the Islamic financial sector", *Journal of Islamic Marketing*, Vol. 12 No. 4, pp. 900-917.

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4 4. Zainudin, R., Mahdzan, N.S., Che Hashim, R. and Sulaiman, N.A. (2019), "Islamic
5 religiosity and Islamic financial asset holdings (IFAH)", *Journal of Islamic*
6 *Accounting and Business Research*, Vol. 10 No. 4, pp. 591-606.
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10 2. Language flaws (need to be sent for proofread)

11 Response: Thank you so much for your positive comment. Our manuscript has been
12 double checked by English expert.
13
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15 3. The philosophy of Islamic banking is not highlighted

16 Response: Thank you so much for your positive comment. We have added two
17 sentences in the *2.4 Islamic banking and finance* part.
18

19 Therefore, the Islamic bank system makes no profit, and this complies with Islamic law;
20 furthermore, the money is converted into tangible assets before the transaction occurs.
21 This is an alternative solution to support the *Fiqh Muamallah* related in financial
22 transactions.
23

24 Religion plays an essential role in maintaining consumers' brand image and
25 materialism towards Islamic banking, which possibly influences their preferences.
26 However, this is based on two important reasons. Firstly, religiosity and Islamic
27 banking are inseparable components in the financial sector. This suggests that
28 individuals with a higher level of religiosity are possibly more inclined to an Islamic
29 bank. Secondly, religiosity is a crucial factor in determining consumers' preferences.
30 Due to the essence of Islamic business models, Muslims are attracted to this banking
31 system, presumed to be God-fearing.
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40 4. Religiosity and Materialism - need to explain between the two especially in the
41 context of Islamic banking

42 Response: Thank you so much for your positive comment. We have added two
43 sentences in the *2.3 Religiosity and Materialism* part.
44

45 In Islamic law, religion has essential role in promoting care, harmony, love, peace,
46 patience, and rules and regulations that serve as a belief code of conduct. It has
47 guidelines for individual and social life. Hence, business and religion are unity with
48 regard to which products and services are authorized and which are prohibited (Amin,
49 2020). These principles have been adopted among Muslims to adopt Islamic bank
50 products and services (Kok, 2021; Zainudin *et al.*, 2019). Furthermore, four concepts
51 of Islamic banking operational system (1) the whole of Muslim live are referred to as
52 the Tawhid concept, (2) Business and religion have a close relationship and support
53 each other, (3) concerning Maqasid-Shariah concept, and (4) mainly, Islamic bank
54 system based on the religious aspect. It is an essential field of consumer consideration
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3 to worldly possessions (Stillman *et al.*, 2012).
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8 5. The establishment of the hypothesis is not clear

9 Response: Thank you so much for your positive comment. We have revised Hypotheses part
10 (see the Green sentences).
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14 6. Measures was not elaborated in this study

15 Response: Thank you so much for your positive comment. We have added the measurement
16 items after references part.
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20 7. Research methodology is not clear

21 Response: Thank you so much for your positive comment. We have provided the
22 methodology in 4.1 *Methodology for study 1*, 5.1 *Method for study 2* and 6.1 *Method*
23 *for study 3 to supports our experiment study. Hence, in our opinion and refers to prior*
24 *studies these methods are correct. As well as the participants, how to recruits and*
25 *process we have provided the process clearly in each partss.*
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30 9. Gap of the study – this paper has indicated religion as one of the gap, however,
31 religiosity has been very much discussed in previous studies

32 Response: Thank you so much for your positive comment. The sentences which state the
33 particularly in a decision-making process, which mainly using correlation techniques
34 such as surveys (e.g., Hassan *et al.*, 2018; Kaakeh *et al.*, 2019; Naveed *et al.*, 2020) not
35 experiment as a clear gap study to obtain comprehensive result. It is therefore worth
36 exploring the consumers' prone across the countries and combining the method (e.g.,
37 experimental and survey) with insights from the religiosity literature.
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42 10. This current study employed experiment as its method of research, however, the
43 explanation on the experiment that had been conducted is not elaborated.

44 Response: Thank you so much for your positive comment. We added one sentence in 4
45 Methodology part. The advantages of the experiment method are fully prepared for
46 accurate observation, as well as possibly the observation under the same condition,
47 enable other experiments hence can control the result independently with different
48 condition and variation of results.
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53 11. The conclusion is not explained clearly.

54 a. the authors mentioned religiosity dimensions (extrinsic and intrinsic) – which was
55 not expounded in the earlier part of the literature.
56

57 Response: Thank you so much for your positive comment. We added one sentence in
58 *2.1 Religiosity part.*
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Extrinsic religiosity is a conceptualized one-dimensional construct towards a definite measure of individual religious affiliation with regard to adherence of an individual to a particular spiritual practice which influences all aspects of the person's life. Meanwhile, intrinsic religiosity is defined as a certain level of cognitive where individuals can control their attitudes, beliefs, identities, values, and awareness. It is a complete framework, motivated with regards to internalized beliefs where people tend to develop a harmonious life based on their religious doctrines.

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b. Halal concept was introduced in the conclusion part and not in the introduction section

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Response: Thank you so much for your positive comment. We have provided halal concept in introduction and literature review.

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c. The write up needs to be evaluated (especially in the conclusion part) eg. The consumers' intrinsic religious is more approachable to Islamic bank, meanwhile consumers' extrinsic religiosity is lower reactant.

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Response: Thank you so much for your positive comment. We added one sentence in conclusion part. We added one sentence in conclusion part.

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There are confirms Muslim consumers' religiosity is high when they have a higher intention to interact with others Muslim and communities. However, reading Koran, discussing religious principles, and distinguishing between conventional and Islamic bank principles in the group or community over their activities have a more negligible effect than extrinsic religiosity. It also corroborates that the Mosque has become a pivotal role in bridging people's minds and knowledge about worship and economic principle in Islamic law.

Determinants to adopt conventional and Islamic banking: Evidence from Indonesia

Abstract

Purpose - *This research investigates how extrinsic and intrinsic religiosity influences the mediator variables, such as consumers' brand image and materialism in the Indonesian banking sector (e.g., conventional and Islamic). It also examines how mediators influence consumers' preferences.*

Design/methodology/approach - *The sample consists of 575 bank consumers. The experiment method was used to test the research hypotheses.*

Findings - *The empirical results indicate that religiosity positively affects consumers' decision-making process, precisely when bank products are based on Islamic principles. Furthermore, mediator variables, such as consumers' brand image and materialism, have a partial role in religiosity and consumers' preferences.*

Research limitations/implications - *This study was limited to Indonesian bank consumers. Therefore, future study is needed to analyze cross-region.*

Practical implications - *Bank managers and regulators need to enhance Islamic banks' products and services and the varying principle between conventional banks. They also need to enlighten consumers from the perspective of business and religiosity.*

Originality/value - *This study contributes to consumers' behavior literature and the decision-making process associated with developing and testing a model of religious determinants of consumer preference towards bank products.*

Keywords: Religiosity, Brand image, Materialism, Consumer preference

Paper type: Research Paper

1. Introduction

In 2030, half of the population worldwide is Muslims; during the period, in the U.S. and several European countries will reach 6.2 million (Junaidi *et al.*, 2021; Solomon, 2018). It has prosperous economic and social demand for Halal products and services (Hassan *et al.*, 2018). However, a unique strategy to attract consumers' concerns and interests are needed. One way to strengthen consumers' preference is to launch the products regarding their beliefs. In the banking sector, Islamic banks in Indonesia compete with foreign banks that invest in the financial industry and conventional banks. They offered exciting products and services to invite consumers, including economic, as well as better facilities.

Prior studies carried out on consumers' preference shows that religiosity plays a positive role in South Korea (Hur *et al.*, 2020), South Asia (Rauf *et al.*, 2018), and Indonesia (Junaidi *et al.*, 2021; Usman *et al.*, 2017), Malaysia (Amin, 2020; Zainudin *et al.*, 2019). Furthermore, religiosity could influence consumers' materialism through specific tenet of religion (Pace, 2013; Raggiotto *et al.*, 2018). Specifically in Azerbaijan (Ahmadova and Aliyev, 2021) and Saudi Arabia (Abalkhail, 2021). On the other hand, religiosity has a significant correlation with specific products and services. However, the prior empirical studies failed to validate which factors affect consumers' decisions, and the level of religiosity was not concisely examined. The contradictory conclusion from different regions has highlighted the academic and practical reasons for examining the relationship between religiosity and people's decision-making on religion products and services. Bananuka *et al.* (2019), Kaakeh *et al.* (2019), and Naveed *et al.*

(2020) recommended the need for future studies to investigate the essential role of religiosity in business and marketing fields. Particularly in a decision-making process, which mainly using correlation techniques such as surveys (e.g., Hassan *et al.*, 2018; Junaidi *et al.*, 2021; Kaakeh *et al.*, 2019; Naveed *et al.*, 2020; Usman *et al.*, 2017). It is, therefore, worth exploring the consumers' prone across the countries and combining the method (e.g., experimental and survey) with insights from the religiosity literature. It provided internal validity and established causal relationship tools among variables (Kardes and Herr 2019). Furthermore, this study addresses two research questions to fill the current research gap:

RQ1. Whether religion has positive effect on consumer brand image and materialism?

RQ2. Whether consumer brand image and materialism have positive effect on consumer preference?

This study makes two significant contributions in business and it will utilize banking sector more comprehensively. First, this study validates the effect of religiosity and consumer preference in the conventional and Islamic banking. Similarly, the mediator variables (e.g., brand image and materialism) play a crucial role in mediating religiosity and consumer preferences. These studies not only enlighten Indonesia but also in a region with a dual banking system.

Second, the exception of literature and studies concerning the effect of religion on business is limited. Hence, they need legitimacy and transparency of the products and services (Hur *et al.*, 2020; Liu and Minton, 2018). The result from this study, uncovers the crucial role of religion in the competition. It offers a detailed view of its impact on consumer preferences which neglected in preliminary studies. Third, the current research has significant practical implications for the demand for religious products and services (Ahmadova and Aliyev, 2021; Hassan *et al.*, 2018). Finally, this study provides an insight into the existing situation of the current banking practice.

The stakeholders would discover how the consumers' consciousness of religious versus non-religious products influences their decision. A comparative study of worldview will deploy effective strategies and attract new acolytes due to business and religion having mutual relationships (Ayyub *et al.*, 2019; Ireland, 2018). We turn to bank brand image, products, materialism, and religiosity dimensions (e.g., extrinsic and intrinsic) to gain insight into whether consumers choose conventional or Islamic banks. Therefore, the aim of this study is (1) to examine how religiosity influence consumers preference, (2) explore religiosity (e.g., extrinsic and intrinsic) as a mediator to validate consumer behavior, (3) validate the level of the religious dimensions as a facilitator in the correlation between consumer decision process when faced to the more beneficial products.

2. Literature review

2.1 Religiosity

According to Md-Ilyas (1992) the fundamental principle of Islamic comprises knowledge (Ma'rifah) which provided Qur'an and Sunnah, belief (Aqidah), and practice (Amal). It has the foundation belief of humans to build their lives (Ahmadova and Aliyev, 2021; Abalkhail, 2021; Usman *et al.*, 2017). For a region with a Muslim population, religion is a substance of an individual religious commitment and harmonization to the state laws to their people consumption and use, namely Islamic law (*Shariah* principle). It has become a guideline among Muslims what is acceptable (*Halal*) and forbidden (*Haram*) (Shome *et al.*, 2018). On the other hand, the company's operation and products must comply with the people belief to protect the consumer shake principle and gain the consumer influx.

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Commonly, the concept of religion in business has been explored from two key dimensions: religious affiliation and religious commitment (Minton, 2018; Stillman *et al.*, 2012). Furthermore, religiosity has two dimensions: Intrinsic religiosity is correlated with the people's spiritual aspects, and extrinsic religiosity maintains more behavioral characteristics (Ji and Ibrahim, 2007). **Extrinsic religiosity is a conceptualized one-dimensional construct towards a definite measure of individual religious affiliation with regard to adherence of an individual to a particular spiritual practice which influences all aspects of the person's life. Meanwhile, intrinsic religiosity is defined as a certain level of cognitive where individuals can control their attitudes, beliefs, identities, values, and awareness. It is a complete framework, motivated with regards to internalized beliefs where people tend to develop a harmonious life based on their religious doctrines.**

Both religious dimensions could affect the consumers' behavior through the influence of the core value of belief and moral judgment. It can be seen that religiosity should influence consumer behavior with particular acts, spiritual rituals, and specific ways of behavior. Individuals with high religious attributes usually have a relatively higher level of motivation to avoid worldly desires. Therefore, the possibility to scan the connection between religiosity and product preference. In the context of the emergence of Islamic finance and Muslim consumers.

2.2 Islamic brand image

In business literature, brand plays a crucial role in the intermediate relationship between seller and buyer. The process includes establishing the brand in the consumers' inspiration and behavior (Aaker, 1996). For instance, if the consumer has positive attitudes and satisfaction towards the brand image, they will repeat the uses and purchases the products and services. This phenomenon will help the company or seller to increase the market share. This phenomenon pursues global firm launch the brand identified with a famous image and based on religiosity context such as Islamic brand. However, many definitions from scholars caused the meaning not clear of the mean of Islamic brand (Wilson and Liu, 2011), which caused by the elementary and lack of study and few kinds of literature based on Islamic brand (Temporal, 2011).

In the Islamic view, the brand of "Halal" will help the consumers to avoid any element of doubt or forbidden based on Islamic principle in their view as a potential deal-breaker (Wilson and Liu, 2011). Commonly, Islamic brand has three primary constructs, which are based on origin, target audience, and halal products (Alserhan, 2016) with three reasons. First, the religious sense refers to all the activities of Muslims that are responsible to Allah (God). Therefore, all transactions must be under Islamic law. Second, the Islamic finance institution (IFI) success dominated the region with Muslim people as majority and minority countries (e.g., UK, Singapore). It proves the recognition of Islamic viewpoints in a business context. The religious and social background forms last, legal reason due to the legal context of a country.

2.3 Religiosity and Materialism

The relationship between spirituality and materialism among scholars is still questioned with congregating in one concept of spiritual materialism. **In Islamic law, religion has essential role in promoting care, harmony, love, peace, patience, and rules and regulations that serve as a belief code of conduct. It has guidelines for individual and social life. Hence, business and religion are unity with regard to which products and services are authorized and which are prohibited (Amin, 2020). These principles have been adopted among Muslims to adopt Islamic bank products and services (Kok, 2021; Zainudin *et al.*, 2019). Furthermore, four concepts of Islamic banking operational system (1) the whole of Muslim live are referred to as the Tawhid concept, (2) Business and religion have a close relationship and support each other, (3)**

concerning Maqasid-Shariah concept, and (4) mainly, Islamic bank system based on the religious aspect. It is an essential field of consumer consideration to worldly possessions (Stillman *et al.*, 2012).

Commonly, some people assume the ranks of materialism are the major reason for pleasure and displeasure (Belk, 1984 p. 291). However, materialism refers to the evil character for some people, which negatively values the community and individuals. According to Belk (1985), materialism has three dimensions: possessiveness, non-generosity, and envy. According to Raggiotto *et al.* (2018) and Stillman *et al.* (2012) there are two dimensions of materialism. First, self-enhancement versus self-transcendence. This concept divides values into personal-centric and other-centric. In contrast, spirituality refers to community values. Hence, religiosity and materialism have an opposite relationship. Second, the openness to change versus conservation refers to personal experiences and value or against alteration toward prominence on self-restriction. Hence, this sense of the sacred of source consumption is a brand community to engagements religious magniloquence and influences ways to build innovation products and services (Pace, 2013).

In the financial context, materialism relates to individuals' approaches and desires to increase their economic and social status, known as extrinsic materialism. It is related to competitiveness, egoism, envy, jealousy, and self-interest. The level of materialism resulted from different religiosity levels (Abalkhail, 2021; Junaidi *et al.*, 2021; Shome *et al.*, 2018). In other words, materialism can be viewed as the value a consumer places on the acquisition and possession of material objects. However, there are more prone to luxury good and consumption pattern of food. When assessed through a broader array of materialistic goals (e.g., money and consumer value), which are influenced by religious level, materialism potentially mixed predictors of consumer preference and shapes consumer behavior. However, in the Islamic principle, materialism is not just related to how much income will get but also whether a banking product Halal (allowed) or Haram (prohibited) is based on Islamic law compliance.

2.4 Islamic banking and finance

Commonly *Islamic* banking operation system refers to activity based on *Islamic* law (*Syariah*) (Hassan *et al.*, 2018). The Islamic banking products and services are established four main approaches: *Mudharaba* (financing engagement among two people), *Musharaka* (joint venture based on profit and loss sharing), *Murabaha* (trade transaction), and *Ijara* (leasing). All products are shared profit and risk without *Riba* (interest), gambling, and *Gharar* (speculative trading) applications. From an Islamic outlook, all the trade functions and transactions are deliberated as religious service, namely '*Ibadah*', and must be responsible to Allah (God). However, sometimes behavior control and benefits are the essential factors perceived by the consumers to select Islamic banks rather than religiosity factors (Ayyub *et al.*, 2019; Ireland, 2018). Therefore, the Islamic bank system makes no profit, and this complies with Islamic law; furthermore, the money is converted into tangible assets before the transaction occurs. This is an alternative solution to support the *Fiqh Muamallah* related in financial transactions.

Religion plays an essential role in maintaining consumers' brand image and materialism towards Islamic banking, which possibly influences their preferences. However, this is based on two important reasons. Firstly, religiosity and Islamic banking are inseparable components in the financial sector. This suggests that individuals with a higher level of religiosity are possibly more inclined to an Islamic bank. Secondly, religiosity is a crucial factor in determining consumers' preferences. Due to the essence of Islamic business models, Muslims are attracted to this banking system, presumed to be God-fearing.

*** Insert Figure 1 here ***

3 Hypotheses

Islamic ethical code (*Sharia*) makes clear distinguishes between *Halal* (permissible), and *Haram* (prohibited) of products included alcohol and interest (Shome *et al.*, 2018). In Islam, the Muslim life is predominant with the religion behavior including all of life is a servant of God (Allah). Furthermore, the achievement is neither purely based on economic possessions or assets represent the factual basis of delight. These results have caused the decline numbers of consumer disappointment, materialistic, and reduces their complaining.

Preliminary studies found materialism has become an essential key point among consumers to switch to conventional banks to obtain better benefits (Ireland, 2018). However, religion directly influence consumer decisions through Islamic law (Hassan *et al.*, 2018; Kaakeh *et al.*, 2019). Furthermore, religion also directly affects influence consumer behavior (Islam and Rahman, 2017). For instance, religiosity has an essential role among Muslims in UAE preferred Islamic banks (Kaakeh *et al.*, 2019; Shome *et al.*, 2018), India (Islam and Rahman, 2017; Rauf *et al.*, 2018), Indonesia (Junaidi *et al.*, 2021). Thus, the relationship between marketing and religion inseparable, especially religion, positively affects consumers' cognition (Ahmadova and Aliyev, 2021; Kaakeh *et al.*, 2019). Given the consideration, the hypothesis that:

H1: The Muslim people have a greater intention to choose Islamic bank than conventional bank

In general, Islamic brand encompasses three sources: compliance, origin, and consumer (target audience). It was rigorously attracted to *Sharia* principle compliance, which predominantly focused on the food sector and finance related to halal products. Furthermore, brand religiosity has positive effect on consumer decisions (Abalkhail, 2021). Halal products are associated with emotions, and this aspect commonly recognizes the Muslim consumers' personality and behavior to produce a successful Islamic brand. Temporal (2011) is defined Islamic brands related to the marketing and product concept among people in Muslim countries. This definition has applied in counties with both Muslims as majority and minority, targeting a potential market. From Islamic law and a marketing perspective, Halal products and services are essential standards, but from marketing perspective, economics and quality are an additional imperative. Every aspect of life, such as culture, economy, religion, and society, is inseparable from the brand (Stolz and Usunier, 2019). Previous studies concluded religion was influenced consumer preference toward brand image (Ahmadova and Aliyev, 2021; Islam and Rahman, 2017; Wilson and Liu 2011), which subsequently influence their choice (Bananuka *et al.*, 2019; Stolz and Usunier, 2019; Tabrani *et al.*, 2018). Given these considerations, the hypothesis:

H2: Brand image has a positive effect of mediating between religiosity and consumer preference.

The consumer with a high spiritual level would select religious doctrines through the same method to choose a commercial good and service (Pace, 2013). It has positive effect on self-caring and also would be a screen behind the self-control of consumers. Islamic law recommends that people should understand boundary materialism to access economic resources. God and religious awareness are the dimensions of the intrinsic religiosity dimension, which positively correlates to adopting permitted products while forbidding evil. While, extrinsic religiosity is incorporating ethical principle, which available in the Holy Qur'an and reliable prophet Muhammad conducted to Muslim people. It is all externally, internally, and moral terms, which must be applied to the actions of the individual Muslim as a concept of personal well-being (toward consuming legitimate products and services by

Islamic law) and societal well-being to preserve the ideal society (Alserhan, 2016). Besides, in their lives, Muslim people's activity is based on religion and accountable to God. Therefore, the business transaction must be following Islamic law (Islam and Rahman, 2017; Shome *et al.*, 2018). It proves religion has a crucial effect on Muslim consumers to drive Islamic banking products' choice (Junaidi *et al.*, 2021).

Moreover, the success of a business should be measured by Islam principles (Halal) instead of purely measuring it in terms of material. Islamic banking does not wholly alleviate obstacles to financing, but it can provide a solution as a substitute for conventional products and services. The level of personal religion is likely to be more dogmatic than fewer individuals with lower religiosity levels. Hence, Muslim with more religious is more probable to align their life based on Islamic law. Moreover, Muslims with a firm commitment to religion can make assessments consistent with their belief.

The principle between Islamic and conventional is quite different. Specifically, the financial instruments which applied interest-free conducted with Islamic law. Therefore, consumers commonly have various Islamic bank deposits and financing responses (Ayyub *et al.*, 2019; Hassan *et al.*, 2018). There is a solid inclination for a profit-loss sharing banking system from a segment of people who have a strong desire to abide by Islamic law. However, the measurement of economic benefits is valued less to consumers with higher religion than by less (Ireland, 2018; Hassan *et al.*, 2018; Pace, 2013). The level of Islamic values strongly emphasizes a decreased materialism of consumers (Ireland, 2018; Islam and Rahman, 2017). Given these considerations, it is a hypothesis that:

H3: Materialism negative effect to mediate between religiosity and consumer preference.

4. Study 1: The basic pattern of Indonesian people to use bank product

This study explores the basic pattern of consumers' use of financial products offered by the Islamic bank (IB). It compares it to the conventional bank (CB) for consumption or investment purposes. We measure that the aggregate number of financial products offered by IB and CB to potential consumers. This study designed in a one-direction where participants were accidentally given to a condition: IB product as a represent religious product because it a symbol to local conventional bank system as based on interest and consumer-minded preference that interest is prohibited in Islamic law. All participants saw the same condition with two alternative products before answering the questions, and lastly, four covariances such as gender, age, education, and income were included in basic sociodemographic factors and product type preferences.

4.1 Methodology

The current study applies two approaches (e.g., experimental and survey) to explore the connection between religiosity and consumer preference among Muslim people in Indonesia. In particular, the experimental approach possibly validates internal validity and causal relationships among the investigated variables (Kardes and Herr, 2019). **The advantages of the experiment method are fully prepared for accurate observation and possibly the observation under the same condition, enabling other experiments to control the result independently with different situations and variations of products.** One hundred and fifty-nine participated in this study in exchange for charity donations for every survey were completed. This study was focused on the financial and loan products of banks in Indonesia. We assigned an Islamic operation system and no religious symbol on the cover/full brochure for products. The Islamic label, shaped like free interest, is widely recognized as the symbol of an Islamic product among Indonesians. Firstly, the participants are informed that they would be obtained with bank products, then they briefly overview the products. The file/brochure itself is without a bank

logo to eliminate the potential influence of the content on manipulating the product's type. The number of consumers divided by Islamic and conventional bank products choice.

*** Insert Figure 2 here ***

4.2. Result and discussion

We compute the comparative result between IB and CB products. The main result consumers' preferences were significantly different, with the value of IB is larger than CB. If product type did not affect, the ratio is 1.00 would be predictable in t-test method. In study 1, the mean value was 1.40 ($t(35.95) = 2.80, p < .001$), and all the amount of the product was more than 1.00 ($p < .001$, binomial). This result has consistent with the hypothesis (H1). Thus, we can justify studying 2 for the expected pattern of both IB and CB products.

5. Study 2: Mediation through brand image and materialism

The recent study examines whether consumers are more inclined to use financial products offered by IB than their similar coming from CB (H1). The usage patterns of IB' are differential religiosity versus CB' on brand image and materialism to influence Muslim people with to overuse IB' products than less religious (H2). This study examine the relationship between product type (e.g., conventional and Islamic bank) and participants' religiosity level (e.g., extrinsic and intrinsic).

5.1 Method

In study 2, the religiosity dimensions were added. Two hundred and thirty-five respondents are participated in this study in exchange for charity donations for every survey were completed, which randomly assign them to the condition of IB' or CB' products. The initial side of the questionnaire contains the modifying of product kinds. In IB's product condition, "X" is framed as a pro-Islamic product with religious principles such as free interest. Bank description indicates that "X" is committed to offering an ethical product based on Islamic law in which the consumer will get the benefit not only material but also spiritual. In CB's product condition, "Y" is described as a company with a fast process, high-quality, low-interest rate, long-term payback period, and a mission for consumers' services.

Furthermore, all the participants delivered a narrative of the features of Y products, which are with the same conditions. Then, all the participants are given a brochure with content, logo, and symbol. They are asked to reply how they would choose by demonstrating the strength of the products after reading the randomly assigned scenario. Participants completed measure using 7-point Likert scale assessing they are perceived about the image of the bank (Hassan *et al.* 2018; Islam and Rahman, 2017) ("religious/not religious", "different/similarly with conventional /Islamic bank", "very good/very bad", $\alpha = .605$). We also measured the participants' level of religiosity dimensions refers to Ji and Ibrahim (2007) scales. Because the instruments are applied in prior studies and built from Indonesian Muslim perspective, namely extrinsic dimension, $M = 6.44, SD = .92, \alpha = .918$ and intrinsic dimension, $M = 6.38, SD = .95, \alpha = .854$) with all the ratings are on seven-point scale Likert. We accompanied double spotlights analysis of the experimental product condition, brand image, and preference intention at high and low religiosity in this study to validate two-way interaction.

5.2 Discussion

The result of spotlight analysis of the participants perceived IB' products was a success regarding extrinsic religiosity value ($M = 2.95, SD = 0.57$) and intrinsic religiosity ($M = 8.91, SD = 0.51$). Moreover, to better understand the interaction effect, a simple slopes test was conducted between product choices (Figure 3). Consumer prefer to IB significantly with the

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3 extrinsic religiosity value ($r = 2.95, p < .000$), as well as intrinsic religiosity ($r = 8.91, p < .000$)
4 were significant. On the other hand, consumers with high religiosity levels prefer IB. In
5 contrast, consumers low in religious dimensions reported incline to CB brand, thereby
6 supporting H2. This result also confirmed prior literature and studies that the religious
7 dimension positively affects consumers' preference, mediated by brand image (Abalkhail,
8 2021; Hassan *et al.*, 2018; Stolz and Usunier, 2019; Temporal, 2011; Wilson and Liu, 2011).
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11 *** Insert Figure 3 here ***
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13 **6. Study 3: Religiosity dimension and consumer indulgence among Muslim consumer**

14 To apprehend the effect of Muslim religiosity on their decision in study 3. We examined the
15 consistency of participant choice with conventional product indulgence (e.g. materialism
16 propose) and Islamic bank with beneficial material and spiritual preference intention, mediated
17 by religiosity level dimensions.
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20 *6.1 Method*

21 In study 2, we have highlighted the critical factor of the effectiveness of religious dimension
22 in product chosen pattern with the same method for participants' spiritual dimension level in
23 study 3. The primary goal of this study is to validate the probability of indulgences of the
24 product, whether practical to increase the preference of IB (H3) with religiosity level as
25 mediator variables, also to examine the consistency of prior results on products preference.
26

27 Two hundred and forty-seven respondents in this stage with an exchange for charity
28 donation for every survey were completed, which accidentally consigned to one of the three
29 experimental circumstances manipulating the product type and the information with a
30 description of the banks' mission to convey the status of each product.
31

32 After reading the product descriptions, which are detained perpetual across conditions,
33 participants are obtainable with a brochure of CB's and IB's products description. They are
34 asked to show how they would get an economic impact only, using the simple calculation of
35 the product. Note that a similar effect in a brochure is offered to all participants in similar
36 situations to control the prospect of product description might distort the results. We measure
37 product preference with the frequent participants' selection of the products. Next, the
38 participant reported their preference intention ("not at all/greatly, a small amount/a great
39 amount, very unwilling/very willing"; $\alpha = .763$).
40
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42 *6.2 Result*

43 It is well-meaning to note were positive and significant correlations between participant
44 preference or religiosity level and the dependent variable (regularity of choice bank products).
45 From simple slopes tests, it can be seen that religiosity significant emerged with the value ($r =$
46 $.39, p = .010$) and ($r = 3.28, p = .022$). Spotlight investigation toward standard deviation value
47 for extrinsic religiosity ($M = 2.50, SD = .060$) and intrinsic religiosity ($M = 2.12, SD = .051$) was
48 applied to additional observation of consumers preference pattern based on religious
49 information (figure 4). On the other hand, the participants' religiosity level has a different
50 perceived materialism feeling of bank products.
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54 *** Insert figure 4 here ***
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56 *6.3 Discussion*

57 Comparable to study 2, the participant's product preference correlates with extrinsic and
58 intrinsic religiosity. It subsequently positive effect on Muslim materialistic behavior and bank
59 product preference, thereby supporting H3. Thus, regardless of whether religion has a positive
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3 impact on consumer product brand image (study 2) or is a material indulgence (study 3), and
4 also can subsequently be an effective way of influencing Muslim consumer behavior. These
5 conclusions also support previous studies that consumers' religiosity levels significantly affect
6 Muslim brand image, materialism, and consumers' preference (Hur *et al.*, 2020; Abalkhail,
7 2021; Pace, 2013). Meanwhile, opposite with Pepinsky (2013) and Wilson *et al.* (2011). It was
8 also a proven consumer decision to change when presented with a religious product and the
9 spiritual value of an Islamic bank.

10
11 The authentic objective of the religious product effect is well-intentioned to study further.
12 The consumers' extrinsic and intrinsic religiosity levels have a positive impact on marketing
13 the Muslim decision-making process. Moreover, brand image and materialism have a keen
14 sense of belonging for Muslim preparations or could respond to an internal struggle of the
15 desire of wealth mindset, which will affect religious scripture, symbol, or brand. Remarkably,
16 all the direct effects of extrinsic religiosity dimensions on Muslim preference. Whereas non-
17 significantly between intrinsic religiosity on consumer preference intention.

20 21 *6.4 Mediation effect*

22 This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for
23 SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the
24 mediation effects of brand image and materialism between religiosity and consumers'
25 preference. CIs result has represented significance at a 95% confidence level.

26 It can be seen in Table 1, the participants who choose the IB product is different from CB
27 products (see figure 3) proven the manipulation of products type were succeed. The model
28 included product type (IB = 1 and CB = -1). To confirm the effect of religiosity on brand image.
29 Study 2 examines how the brand image mediates between religiosity (e.g., extrinsic and
30 intrinsic) and consumer preference (H2). We found a significant effect of interaction between
31 experiment product condition (e.g., religious and non-religious) and consumer preference
32 emerged.

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35 *** Insert Table 1 here ***

36 37 38 **7. General Discussion**

39 Islamic brand image influences consumer preference, such as Halal products, which controlled
40 product indulgence. This interaction particularly interesting was conducted in the context of
41 the consumers' behavior and decision making, thereby providing evidence of the outcome of
42 religiosity level consumers upon disclosure of Islamic bank of products. The product
43 indulgences with consumers' more significant level of religiosity were more reactive to the
44 religious consequences. The positive connection fits with concepts that religiosity affects
45 consumer inclination due to belief and faith in sacred scripture. Studies 2 and 3 show the
46 positive relationship between religiosity and consumer preference facilitated by brand image
47 and materialism.

48
49 This study contributes to the literature on the business field's religious dimension,
50 specifically, how consumers change their decision after exposure to the Islamic principle
51 information. This research also contributes to the consumer intrinsic motivators to demonstrate
52 that religiosity dimensions could be part of a consumers' value and inducement information to
53 evaluate potential study (e.g., when religious prompts are incorporated into business efforts).

54 55 56 *7.1. Conclusion*

57 Religion is an essential key point to marketplace behavior, such as Islamic banking products
58 related to financing, investment, and saving to avoid conventional products with an exciting
59 base. The religiosity dimensions (extrinsic and intrinsic) had differential on the marketplace
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3 when bank products were launched based on Islamic principles, precisely, material or logical
4 consideration response. Whereas consumers' intrinsic religiosity level, less self-controlled
5 when showing to the same position. Hence, understanding the consumers' religious context
6 can influence business activities and real consumer demand. There are confirms Muslim
7 consumers' religiosity is high when they have a higher intention to interact with others Muslim
8 and communities. However, reading Koran, discussing religious principles, and distinguishing
9 between conventional and Islamic bank principles in the group or community over their
10 activities have a more negligible effect than extrinsic religiosity. It also corroborates that the
11 Mosque has become a pivotal role in bridging people's minds and knowledge about worship
12 and economic principle in Islamic law.
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16 *7.2 Academic contribution*

17 Moreover, this study contributes to business literature on the crucial role of religiosity (e.g.,
18 extrinsic and intrinsic) in the marketing field, which has played a different role in influencing
19 consumer behavior based on the rule allowed and prohibited context. This research also
20 highlights the significance of religious code and principle as a mechanism of the behavior,
21 belief, expectations, and values to influence consumer decisions.
22

23 In addition to theoretical contributions, the recent study provided information for
24 government, marketers, and practitioners. When planning to launch specific products (e.g.,
25 exercise halal products), understand consumers' religiosity as critical insights into their
26 preferences. The consumers' intrinsic religion is more approachable to an Islamic bank.
27 Meanwhile, consumers' extrinsic religiosity is a lower reactant. Also, the recent study
28 demonstrates a diversity of approaches for promoting religious-based products (study 1) and
29 religious knowledge, activities, advertising, brochure, and message of religion to increase
30 consumer preference in studies 2 and 3. These results could combine into promotion and brand
31 image in the short-term and long-term based on .company goals.
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34 *7.3 Practical implication*

35 The religious messages may improve Muslim consumers' consciousness be able to be realized
36 into social network sites (SNSs) communication (e.g., Facebook, Instagram, and Twitter) and
37 provide cheaper, easier and faster information of a consumer with specific religious attention.
38 Furthermore, these online communication and interaction give a particular site for consumers'
39 religiosity dimensions provided a precise subject. The religious brands or products can be equal
40 to the consumers' desire outline (e.g., descriptive religiosity). For instance, corporations could
41 build market share with specific religious products or services to connect with consumers. It
42 was also possible to seek words, which are linked to extrinsic religiosity (e.g., search terms of
43 "religion member organization" or "religious product base"). In addition, the bank manager
44 should consider the consumer religion aspect, especially when trying to establish products. The
45 religious concept can also be used for the economic and social sector; these tactics could also
46 apply to social and public policymakers to encourage more pro-social and self-controlled
47 consumer behavior.
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51 *7.4 Limitations and future research*

52 Although this research tries to combine age, culture, education, and income among Indonesian
53 Muslim people, future studies need to discover another marketplace attitude and potential
54 awareness factors to influence consumers' decision making. It is possible to learn the different
55 fields of religiosity, such as praying and attending religious discussions to stimulate consumers
56 marvelous, which is more applicable for cross-cultural dimensions. Thus, future studies need
57 requirements to authorize the conclusions with other affiliations and states.
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3 An additional study might also use different instruments to address religions' effects based
4 on brand image and materialism reactance. Whether consumers with more religiosity level have
5 determined by advisory factors, such as distinguish interpretation of scripture is a necessity to
6 ones' organizations or council of scholar judgment (Fatwa) related to products. Moreover, the
7 participants' religious background, knowledge, and intention to attend a seminar or sacred
8 assembly to elaborated *Fiqh muamallah* (Islamic rulings governing commercial transactions
9 and Islamic banking and finance) can be applied as a control.

10
11 Recent research also warranted understanding why consumers with lower extrinsic
12 religiosity have an insignificant effect of mediating between brand image and materialism to
13 religious products preference. Future studies also need to seek alternative mechanisms and
14 variables to bridge the relationship between religion and consumers' behavior. Hence, further
15 examination would validate belief cues in marketing primarily related to the brand, whether
16 religious base or conventional base, to identify how religious versus non-religious belief and
17 brands affect to increase or decrease self-control.

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55 **Appendix. Scale items**

56 Extrinsic religiosity (Ji and Ibrahim, 2007)

- 57 1. My reason to go and join member of Mosque is to establish in the community.
- 58 2. Although I am a religious person, I refuse to let religious considerations influence my
59 everyday life.
60

3. A primary reason for my interest in religion is that my Mosque has congenial social activities.
4. Occasionally I find it necessary to compromise my religious beliefs in order to protect my social and economic interest.
5. The Mosque is most important as a place to formulate good social relationship.

Intrinsic religiosity (Ji and Ibrahim, 2007)

1. I enjoy reading the literature about my faith and join the Koran study group.
2. I try to carry my religion over into all my other dealing in life.
3. I have been aware of the presence of God or the divine being.
4. My religious beliefs are what really lie behind my whole approach to life.
5. It is important for me to spend periods of time in private religious thought and meditation.

Brand image (Tabrani *et al.*, 2017)

1. I commit to stay in a relationship with Islamic banks.
2. I have a strong attachment with Islamic banks.
3. I have a strong sense of belonging with Islamic banks.
4. I remain loyal to IBs due to the high cost to switch to other banks.

Consumer materialism (Usman *et al.*, 2017)

1. I choose a bank that benefits me and the society regardless of Islamic law.
2. I choose a bank that refrains from dirty practices that can be detrimental to the public.
3. I choose a IBs because the penalty of the financing is lower than a conventional bank.
4. I choose a IBs because the profit-sharing of Islamic bank is higher than a conventional bank.
5. I choose a IBs because the overall of Islamic bank's product and service is better than a conventional bank.

Customer preference (Junaidi *et al.*, 2021)

1. I consider use Islamic bank as my first choice
2. I feel using Islamic bank is a good idea
3. I am interested to use Islamic banking.
4. I am interested to use banking in the future.
5. I will definitely recommend Islamic banking to others.

Figure 1: Conceptual model of Muslim preference to conventional and Islamic bank

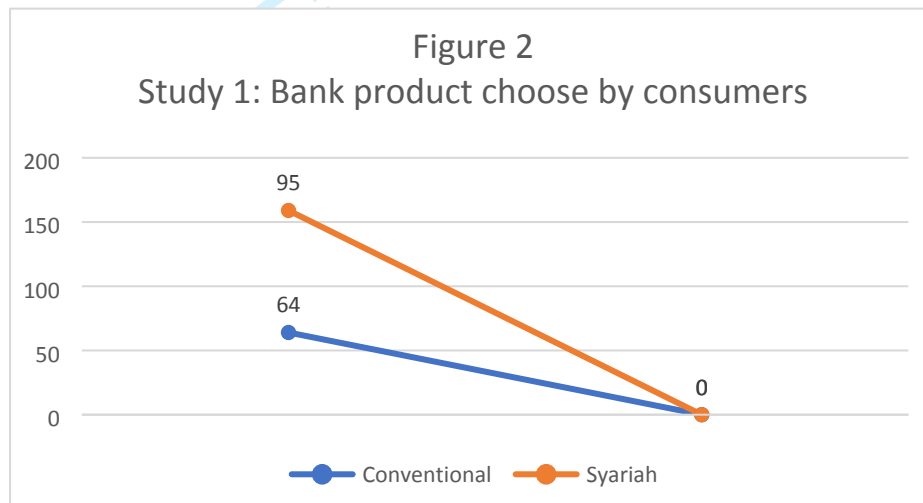
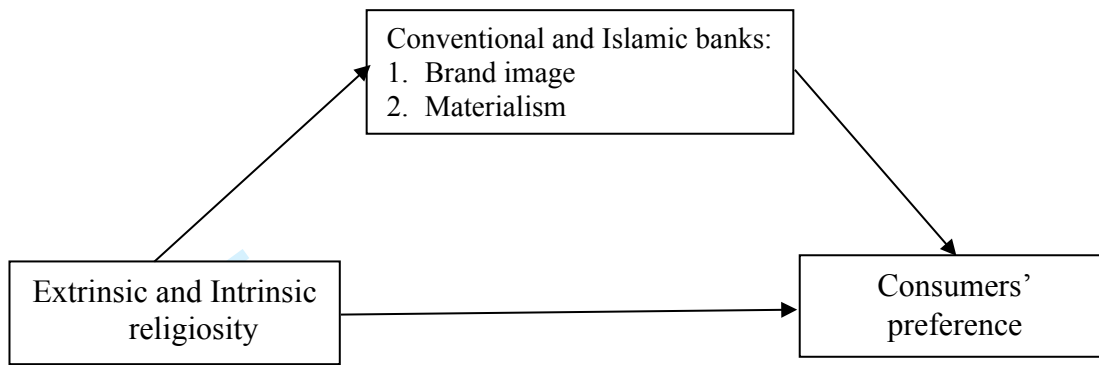
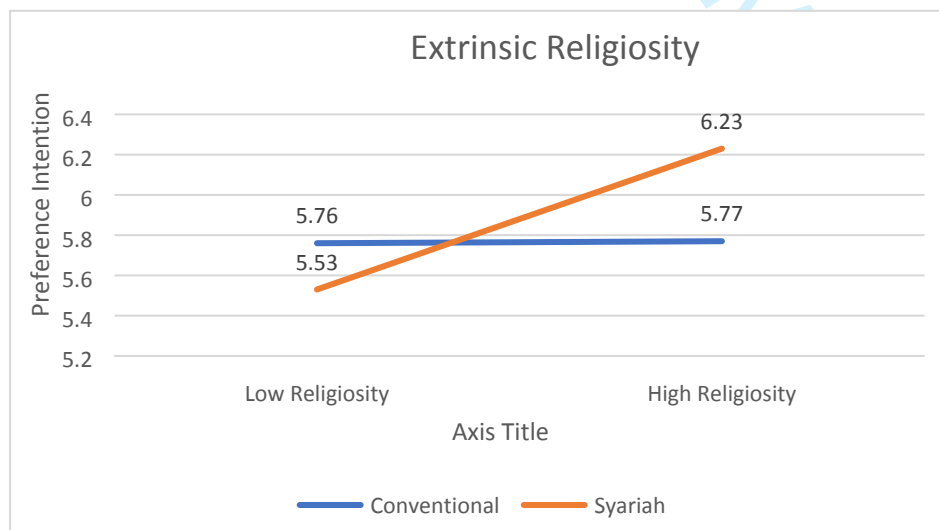


Figure 3: Brand image mediation effect between religiosity and consumer preference among Muslim consumers.



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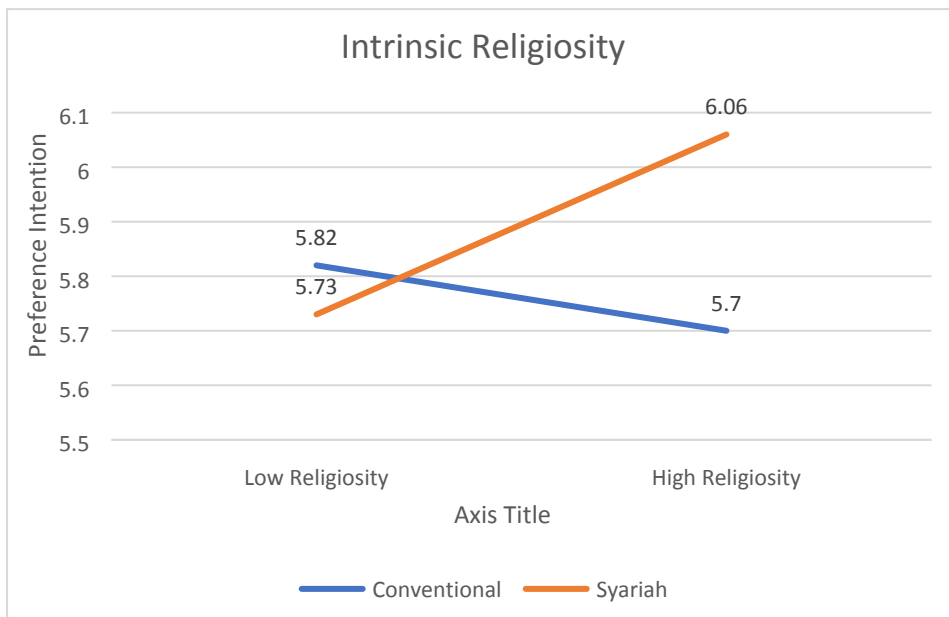
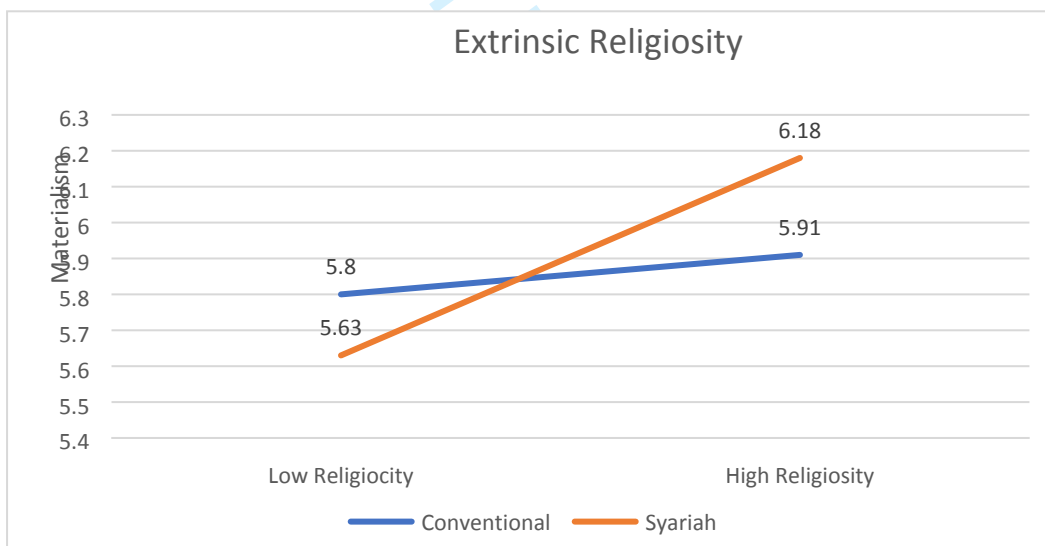
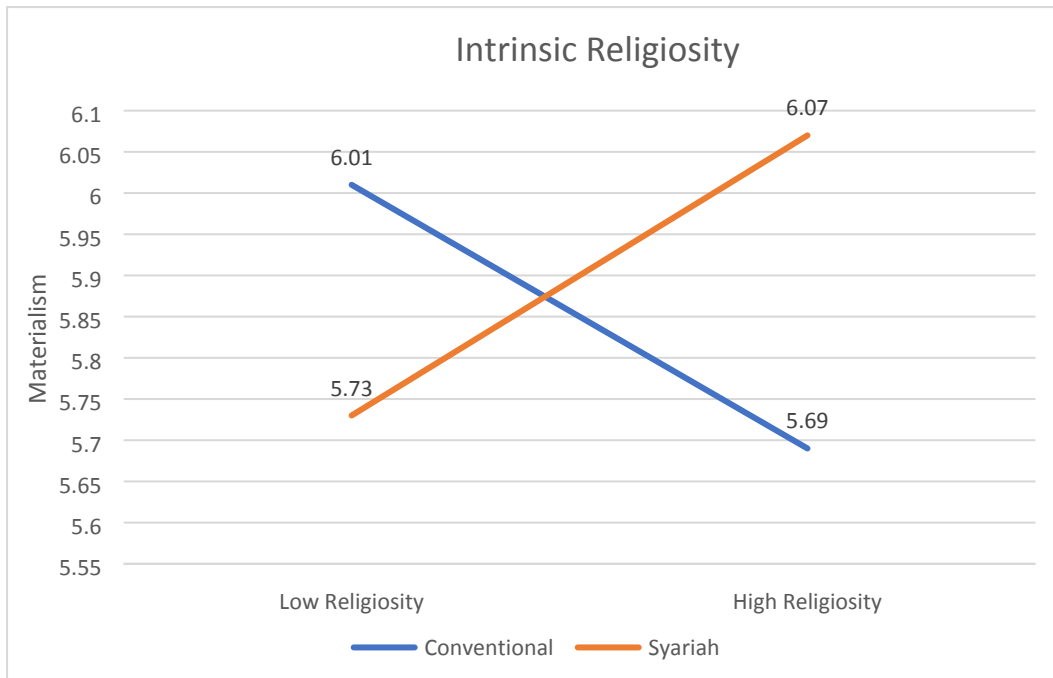


Figure 4: Materialism mediation effect between religiosity and consumer preference among Muslim consumers



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Journal of Islamic Marketing

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Table 1: Mediation effect result

IV	M	DV	IV->DV (c)	IV->M (a)	IV+M->DV		Bootstrapping 95% CI	
					IV (c')	M(b)	Percentile method	Bias-corrected
Study 2								
ED	BI	PI	0.491***	0.445***	0.177**	0.703***	[0.061, 0.377]	[0.075, 0.481]
Standard Error (SE)			0.120	0.138	0.072	0.034		
ID	BI	PI	0.241**	0.311**	0.019	0.719***	[0.117, 0.494]	[0.149, 0.613]
Standard Error (SE)			0.107	0.122	0.063	0.034		
Study 3								
ED	MI	PI	0.312**	0.170**	0.219	0.550*	[0.413, 0.198]	[0.504, 0.244]
Standard Error (SE)			0.153	0.077	0.149	0.141		
ID	MI	PI	0.280**	0.141**	0.203	0.550*	[0.006,0.164]	[0.009,0.199]
Standard Error (SE)			0.134	0.067	0.130	0.141		

Notes: BI: Brand image, MI = Hedonic/Materialism, ED = Extrinsic religiosity, ID = Intrinsic religiosity, PI = Preference intention
Significant at *: $p < 0.05$; **: $p < 0.01$; ***: $p < 0.001$.

**6. Bukti konfirmasi review dan hasil review
ketiga
(8 September 2021)**



Journal of Islamic Marketing <onbehalf@manuscriptcentral.com>

Sep 8,
2021,
9:20
AM

to Junaidi

Dear Dr. Junaidi:

Manuscript ID JIMA-03-2021-0067.R2 entitled "Determinants to adopt conventional and Islamic banking: Evidence from Indonesia" which you submitted to the Journal of Islamic Marketing, has been reviewed. The comments of the reviewer(s) are included at the bottom of this letter.

The reviewer(s) have recommended publication, but also suggest some minor revisions to your manuscript. Therefore, I invite you to respond to the reviewer(s)' comments and revise your manuscript.

To revise your manuscript, log into <https://mc.manuscriptcentral.com/jima> and enter your Author Centre, where you will find your manuscript title listed under "Manuscripts with Decisions." Under "Actions," click on "Create a Revision." Your manuscript number has been appended to denote a revision.

You will be unable to make your revisions on the originally submitted version of the manuscript. Instead, revise your manuscript using a word processing program and save it on your computer. Please also highlight the changes to your manuscript within the document by using the track changes mode in MS Word or by using bold or coloured text.

Once the revised manuscript is prepared, you can upload it and submit it through your Author Centre.

When submitting your revised manuscript, you will be able to respond to the comments made by the reviewer(s) in the space provided. You can use this space to document any changes you make to the original manuscript. In order to expedite the processing of the revised manuscript, please be as specific as possible in your response to the reviewer(s).

IMPORTANT: Your original files are available to you when you upload your revised

manuscript. Please delete any redundant files before completing the submission.

Because we are trying to facilitate timely publication of manuscripts submitted to the Journal of Islamic Marketing, your revised manuscript should be uploaded as soon as possible. If it is not possible for you to submit your revision in a reasonable amount of time, we may have to consider your paper as a new submission.

Once again, thank you for submitting your manuscript to the Journal of Islamic Marketing and I look forward to receiving your revision.

Sincerely,
Prof. Jonathan Wilson
Editor, Journal of Islamic Marketing
jw@islamicmarketing.co.uk

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If your article has been rejected or revisions have been requested, you may benefit from Editage's services. For a full list of services, visit: authorservices.emeraldpublishing.com/

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Reviewer(s)' Comments to Author:
Reviewer: 1

Recommendation: Accept

Comments:
I think it is suitable for publication.

Additional Questions:

1. Originality: Does the paper contain new and significant information adequate to justify publication?: yes
2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: yes
3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been

well designed? Are the methods employed appropriate?: yes

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: yes

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: yse

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: yes

Reviewer 2

Recommendation: Major Revision

proof-reading by the expert needs to be done for the entire paper. too many grammar mistakes. Some examples are as follows :

1. Prior studies carried out on consumers' preference shows that religiosity plays a positive role in South Korea
- 2.They offered exciting products and services to invite consumers, including economic, as well as better facilities.
3. H2: Brand image has a positive effect of mediating between religiosity and consumer preference

Design/methodology/approach in the abstract : is not presented clearly in terms of the software that has been used for the analysis

is there any possibility of rejecting the paper prof - pls advice

once this paper has been rejected, prof - sorry Prof

proof-reading by the expert needs to be done for the entire paper. too many grammar mistakes. Some examples are as follows :

1. Prior studies carried out on consumers' preference shows that religiosity plays a positive role in South Korea
- 2.They offered exciting products and services to invite consumers, including economic, as well

as better facilities.

3. H2: Brand image has a positive effect of mediating between religiosity and consumer preference

Design/methodology/approach in the abstract : is not presented clearly in terms of the software that has been used for the analysis

is there any possibility of rejecting the paper prof - pls advice - since it has too many grammar mistakes, and some comments made are not properly corrected although the paper has been reviewed by a reviewer, nevertheless the paper needs to be improved thoroughly. Hence, I have decided to reject the paper based on the following reasons

1. the literature is not exhaustive enough especially concerning the constructs and the establishment of the hypothesis
2. language flaws (need to be sent for proofread)
3. the philosophy of Islamic banking is not highlighted
4. Religiosity and Materialism - need to explain between the two especially in the context of Islamic banking
5. the establishment of the hypothesis is not clear
6. measures was not elaborated in this study
7. research methodology is not clear
8. type of sampling is not indicated clearly
9. gap of the study – this paper has indicated religion as one of the gap, however, religiosity has been very much discussed in previous studies
10. this current study employed experiment as its method of research, however, the explanation on the experiment that had been conducted is not elaborated
11. The conclusion is not explained clearly.
 - a. the authors mentioned religiosity dimensions (extrinsic and intrinsic) – which was not expounded in the earlier part of the literature
 - b. halal concept was introduced in the conclusion part and not in the introduction section
 - c the write up needs to be evaluated (especially in the conclusion part)
 - eg. The consumers' intrinsic religious is more approachable to Islamic bank, meanwhile consumers' extrinsic religiosity is lower reactant

**7. Bukti konfirmasi review dan hasil review
ketiga
(12 September 2021)**

Journal of Islamic Marketing - JIMA-03-2021-0067.R3

External

Inbox



Journal of Islamic Marketing <onbehalf@manuscriptcentral.com>

Sun, Sep
12, 2021,
6:57 PM

to Junaidi

12-Sep-2021

Dear Dr. Junaidi:

Your revised manuscript entitled "Determinants to adopt conventional and Islamic banking: Evidence from Indonesia" has been successfully submitted online and is presently being given full consideration for publication in the Journal of Islamic Marketing.

Your manuscript ID is JIMA-03-2021-0067.R3.

Please mention the above manuscript ID in all future correspondence or when calling the office for questions. If there are any changes in your street address or e-mail address, please log in to Manuscript Central at <https://mc.manuscriptcentral.com/jima> and edit your user information as appropriate.

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Thank you for submitting your manuscript to the Journal of Islamic Marketing.

Sincerely,
Jonathan Wilson
Journal of Islamic Marketing

<https://orcid.org/0000-0003-1450-1933>



**Determinants to adopt conventional and Islamic banking:
Evidence from Indonesia**

Journal:	<i>Journal of Islamic Marketing</i>
Manuscript ID	JIMA-03-2021-0067.R3
Manuscript Type:	Research Article
Keywords:	Religiosity, Brand image, Materialism, Consumer Preference

We would like to thank the Editor and Reviewers for their detailed and helpful feedback regarding our manuscript, and for providing us with the opportunity to revise our manuscript. We have revised the manuscript according to the Reviewers' recommendations. We did our best to give diligent and thoughtful consideration to each of the issues raised by the Reviewers in revising the paper.

Response to Reviewer1's

Thanks so much for your thoughtful and helpful review. We have addressed your concerns below. If there were specific ways, you would like us to address any remaining concerns, please let us know.

Reviewer(s)' Comments to Author:

Reviewer: 1

Recommendation: Accept

Comments:

I think it is suitable for publication.

Response: Thank you so much for your positive comments and suggestions.

Response to Reviewer2's Comments

Thanks so much for your thoughtful and helpful review. We have addressed your concerns below. If there were specific ways, you would like us to address any remaining concerns, please let us know.

1. The literature is not exhaustive enough especially concerning the constructs and the establishment of the hypothesis

The introduction part has been modified as suggested.

2. Language flaws (need to be sent for proofread)

Response: Thank you so much for your positive comment. Our manuscript has been checked by English expert. We attached the certificate.

3. The philosophy of Islamic banking is not highlighted

Response: Thank you so much for your positive comment. We have added one sentences in the 2.4 *Islamic banking and finance* part.

The basic philosophy of Islamic banking based on some prohibitions and encouragements. The prohibition on Riba and permission to trade, as enshrined in verse

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3 Al-Bawarah:275 of Holy Qur'an (ALLAH has allowed (profit from) trade and
4 prohibited Riba, drive the financial activities in an Islamic economy through asset-
5 backed business and transactions. Furthermore, the Islamic bank operation system
6 avoid interest, gharar, gambling and games and refers to activity based on *Islamic* law
7 (*Syariah*) (Ayub, 2012; Hassan *et al.*, 2018). Hence, the Islamic banking products and
8 services has become alternative financing principles toward four main approaches . . .
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14 4. Religiosity and Materialism - need to explain between the two especially in the
15 context of Islamic banking.

16 Response: Thank you so much for your positive comment. We have added two sentences in the
17 *2.3 Religiosity and Materialism* part has been modified.
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21 5. The establishment of the hypothesis is not clear

22 Response: The hypothesis parts have been modified
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26 6. Measures was not elaborated in this study

27 Response: The research instruments has provided after references
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31 7. Research methodology is not clear

32 Response: As experiment study, the research methodology has provided in each study
33 (Study 1-3).
34

35 Some examples are follows:

- 36 1. Arli, D., Septianto, F. and Chowdhury, R.M.M.I. (2021). Religious But Not Ethical:
37 The Effects of Extrinsic Religiosity, Ethnocentrism and Self-righteousness
38 on Consumers' Ethical Judgments. *Journal of Business Ethics*, Vol. 171, pp. 295-
39 316.
- 40 2. Minton, E. A. (2015) In Advertising We Trust: Religiosity's Influence on
41 Marketplace and Relational Trust, *Journal of Advertising*, Vol. 44 No. 4, pp. 403-
42 414.
- 43 3. Minton, E. A. (2018). Affective and cognitive religiosity: Influences on consumer
44 reactance and self - control. *Journal of Consumer Behaviour*, Vol. 17, pp. 175-186.
- 45 4. Minton, E. A., Johnson, K. A. and Liu, R. L. (2019). Religiosity and special food
46 consumption: The explanatory effects of moral priorities. *Journal of Business*
47 *Research*, Vol. 95, pp. 442-454.
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56 8. Type of sampling is not indicated clearly

57 Response: Thank you so much for your positive comment. We added one sentence in
58 this part.
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4 The current study applies two approaches (e.g., experimental and survey) to explore the
5 connection between religiosity and consumer preference among Muslim people in
6 Indonesia.
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9 Some examples are follows:

- 10 1. Arli, D., Septianto, F. and Chowdhury, R.M.M.I. (2021). Religious But Not Ethical:
11 The Effects of Extrinsic Religiosity, Ethnocentrism and Self-righteousness
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- 14 2. Minton, E. A. (2015) In Advertising We Trust: Religiosity's Influence on
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16 414.
- 17 3. Minton, E. A. (2018). Affective and cognitive religiosity: Influences on consumer
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31 9. Gap of the study – this paper has indicated religion as one of the gap, however,
32 religiosity has been very much discussed in previous studies.

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34 Response: Thank you so much for your positive comment. We added one sentence
35 in this part.

36
37 Prior studies concluded religiosity plays a positive role on consumers' to adopt
38 banking products and services in South Korea (Hur *et al.*, 2020), South Asia (Rauf
39 *et al.*, 2018), and Indonesia (Junaidi *et al.*, 2021), Malaysia (Amin, 2020; Zainudin
40 *et al.*, 2019), and also influence consumers' materialism (Pace, 2013; Raggiotto *et*
41 *al.*, 2018) in Azerbaijan (Ahmadova and Aliyev, 2021) and Saudi Arabia (Abalkhail,
42 2021). On the other hand, religiosity has a significant correlation with decision-
43 making process. However, prior studies more prone to examine a decision-making
44 process, which mainly using correlation techniques such as surveys (e.g., Hassan *et*
45 *al.*, 2018; Junaidi, 2021; Junaidi *et al.*, 2021; Kaakeh *et al.*, 2019; Naveed *et al.*,
46 2020). Furthermore, Bananuka et al. (2019), Kaakeh et al. (2019), and Naveed et al.
47 (2020) recommended future studies need to investigate the essential role of
48 religiosity in business and marketing fields with the distinguish approach. It is,
49 therefore, worth exploring the consumers' prone across the countries and combining
50 the method (e.g., experimental and survey). It provided internal validity and
51 established causal relationship tools among variables (Kardes and Herr 2019).
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10. This current study employed experiment as its method of research, however, the explanation on the experiment that had been conducted is not elaborated.

Response: Thank you so much for your positive comment. We added one sentence in this part.

The current study applies two approaches (e.g., experimental and survey) to explore the connection between religiosity and consumer preference among Muslim people in Indonesia. In particular, the experimental approach possibly validates internal validity and causal relationships among the investigated variables (Kardes and Herr, 2019). The advantages of the experiment method are fully prepared for accurate observation and possibly the observation under the same condition, enabling other experiments to control the result independently with different situations and variations of products.

11. The conclusion is not explained clearly.

Response: Thank you so much for your positive comment. We added one sentence in this part.

a. The authors mentioned religiosity dimensions (extrinsic and intrinsic) – which was not expounded in the earlier part of the literature.

Response: We have elaborated the concept of religiosity (e.g., extrinsic and intrinsic) in religiosity part. We also try to describe the correlation among variables (e.g., religiosity) in some parts such as introduction part, hypotheses, etc.

b. Halal concept was introduced in the conclusion part and not in the introduction section.

Response: Thank you so much for your positive comment. We added one sentence in this part.

In the Islamic view, the brand of “Halal” will help the consumers to avoid any element of doubt or forbidden based on Islamic principle in their view as a potential deal-breaker (Wilson and Liu, 2011). Commonly, Islamic brand has three primary constructs, which are based on origin, target audience, and halal products (Alserhan, 2016) with three reasons. First, the religious sense refers to all the activities of Muslims that are responsible to Allah (God). Therefore, all transactions must be under Islamic law. Second, the Islamic finance institution (IFI) success dominated the region with Muslim people as majority and minority countries (e.g., UK, Singapore). It proves the recognition of Islamic viewpoints in a business context. The religious and social background forms last, legal reason due to the legal context of a country.

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4 c. The write up needs to be evaluated (especially in the conclusion part) eg. The
5 consumers' intrinsic religious is more approachable to Islamic bank, meanwhile
6 consumers' extrinsic religiosity is lower reactant.
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8 Response: Thank you so much for your positive comment. We added one sentence
9 in this part.
10

11 There are confirms Muslim consumers' religiosity is high when they have a higher
12 intention to interact with others Muslim and communities. However, reading Koran,
13 discussing religious principles, and distinguishing between conventional and Islamic
14 bank principles in the group or community over their activities have a more
15 negligible effect than extrinsic religiosity. It also corroborates that the Mosque has
16 become a pivotal role in bridging people's minds and knowledge about worship and
17 economic principle in Islamic law.
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Determinants to adopt conventional and Islamic banking: Evidence from Indonesia

Abstract

Purpose - *This research investigates how extrinsic and intrinsic religiosity influences the mediator variables, such as consumers' brand image and materialism in the Indonesian banking sector (e.g., conventional and Islamic). It also examines how mediators influence consumers' preferences.*

Design/methodology/approach - *The sample consists of 575 bank consumers. The experiment method was used to test the research hypotheses through three studies.*

Findings - *The empirical results indicate that religiosity positively affects consumers' decision-making process, precisely when bank products are based on Islamic principles. Furthermore, mediator variables, such as consumers' brand image and materialism, have a partial role in religiosity and consumers' preferences.*

Research limitations/implications - *This study was limited to Indonesian bank consumers. Therefore, future study is needed to analyze cross-region.*

Practical implications - *Bank managers and regulators need to enhance Islamic banks' products and services and the varying principle between conventional banks. They also need to enlighten consumers from the perspective of business and religiosity.*

Originality/value - *This study contributes to consumers' behavior literature and the decision-making process associated with developing and testing a model of religious determinants of consumer preference towards bank products.*

Keywords: Religiosity, Brand image, Materialism, Consumer preference

Paper type: Research Paper

1. Introduction

In 2030, half of the population worldwide is Muslims; during the period, in the U.S. and several European countries will reach 6.2 million (Junaidi *et al.*, 2021; Solomon, 2018). It has prosperous economic and social demand for Halal products and services (Hassan *et al.*, 2018). However, a unique strategy to attract consumers' concerns and interests are needed. One way to strengthen consumers' preference is to launch the products regarding their beliefs. In the banking sector, Islamic banks in Indonesia compete with foreign banks that invest in the financial industry and conventional banks.

Prior studies concluded religiosity has essential role on consumers' preference in South Korea (Hur *et al.*, 2020), South Asia (Rauf *et al.*, 2018), Indonesia (Junaidi, 2021), Malaysia (Amin, 2020; Zainudin *et al.*, 2019), and also influence consumers' materialism (Pace, 2013; Raggiotto *et al.*, 2018) in Azerbaijan (Ahmadova and Aliyev, 2021) and Saudi Arabia (Abalkhail, 2021). On the other hand, religiosity has a significant correlation with consumers' decision-making process. However, prior studies more prone to examine a decision-making process, which mainly using correlation techniques such as surveys (e.g., Hassan *et al.*, 2018; Junaidi, 2021; Junaidi *et al.*, 2021; Naveed *et al.*, 2020). Furthermore, the authors also recommended future studies need to investigate the essential role of religiosity in business and marketing fields with the distinguish approach. It is, therefore, worth exploring the consumers' prone across the countries and combining the method (e.g., experimental and survey). It provided internal validity and established causal relationship tools among variables (Kardes

and Herr 2019). Furthermore, this study addresses two research questions to fill the current research gap:

RQ1. Whether religion has positive effect on consumer brand image and materialism?

RQ2. Whether consumer brand image and materialism have positive effect on consumer preference?

This study makes two significant contributions in business and it will utilize banking sector more comprehensively. First, this study validates the effect of religiosity and consumer preference in the conventional and Islamic banking. Similarly, the mediator variables (e.g., brand image and materialism) play a crucial role to bridge religiosity and consumer preferences. These studies not only enlighten in Indonesia context but also in a region with a dual banking system.

Second, the exception of literature and studies concerning the effect of religion on business is limited. Hence, they need legitimacy and transparency of the products and services (Hur *et al.*, 2020; Liu and Minton, 2018). The result from this study, uncovers the crucial role of religion in the competition. It offers a detailed view of its impact on consumer preferences which neglected in preliminary studies. Third, the current research has significant practical implications for the demand for religious products and services (Ahmadova and Aliyev, 2021; Hassan *et al.*, 2018). Finally, this study provides an insight into the existing situation of the current banking practice. The stakeholders would discover how the consumers' consciousness of religious versus non-religious products influences their decision. A comparative study of worldview will deploy effective strategies and attract new acolytes due to business and religion having mutual relationships (Ayyub *et al.*, 2019; Ireland, 2018). We turn to bank brand image, products, materialism, and religiosity dimensions (e.g., extrinsic and intrinsic) to gain insight into whether consumers choose conventional or Islamic banks. Therefore, the aim of this study is (1) to examine how religiosity influence consumers preference, (2) explore religiosity (e.g., extrinsic and intrinsic) as a mediator to validate consumer behavior, (3) validate the level of the religious dimensions as a facilitator in the correlation between consumer decision process when faced to the more beneficial products.

2. Literature review

2.1 Religiosity

According to Md-Ilyas (1992) the fundamental principle of Islamic comprises knowledge (Ma'rifah) which provided Qur'an and Sunnah, belief (Aqidah), and practice (Amal). It has the foundation belief of humans to build their lives (Ahmadova and Aliyev, 2021; Abalkhail, 2021; Junaidi *et al.*, 2021). For a region with a Muslim population, religion is a substance of an individual religious commitment and harmonization to the state laws to their people consumption and use, namely Islamic law (*Shariah* principle). It has become a guideline among Muslims what is acceptable (*Halal*) and forbidden (*Haram*) (Shome *et al.*, 2018). On the other hand, the company's operation and products must comply with the people belief to protect the consumer shake principle and gain the consumer influx.

Commonly, the concept of religion in business has been explored from two key dimensions: religious affiliation and religious commitment (Minton, 2018; Stillman *et al.*, 2012). Furthermore, religiosity has two dimensions: Intrinsic religiosity is correlated with the people's spiritual aspects, and extrinsic religiosity maintains more behavioral characteristics (Ji and Ibrahim, 2007). Both religious dimensions could affect the consumers' behavior through the influence of the core value of belief and moral judgment. It can be seen that religiosity should influence consumer behavior with particular acts, spiritual rituals, and specific ways of behavior. Individuals with high religious attributes usually have a relatively higher level of

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3 motivation to avoid worldly desires. Therefore, the possibility to scan the connection between
4 religiosity and product preference. In the context of the emergence of Islamic finance and
5 Muslim consumers.
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7 8 *2.2 Islamic brand image*

9 In business literature, brand plays a crucial role in the intermediate relationship between seller
10 and buyer. The process includes establishing the brand in the consumers' inspiration and
11 behavior (Aaker, 1996). For instance, if the consumer has positive attitudes and satisfaction
12 towards the brand image, they will repeat the uses and purchases the products and services.
13 This phenomenon will help the company or seller to increase the market share. This
14 phenomenon pursues global firm launch the brand identified with a famous image and based
15 on religiosity context such as Islamic brand. However, many definitions from scholars caused
16 the meaning not clear of the mean of Islamic brand (Wilson and Liu, 2011), which caused by
17 the elementary and lack of study and few kinds of literature based on Islamic brand (Temporal,
18 2011). *In the Islamic view, the brand of "Halal" will help the consumers to avoid any element
19 of doubt or forbidden based on Islamic principle in their view as a potential deal-breaker
20 (Wilson and Liu, 2011).*
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23 Commonly, Islamic brand has three primary constructs, which are based on origin, target
24 audience, and halal products (Alserhan, 2016) with three reasons. First, the religious sense
25 refers to all the activities of Muslims that are responsible to Allah (God). Therefore, all
26 transactions must be under Islamic law. Second, the Islamic finance institution (IFI) success
27 dominated the region with Muslim people as majority and minority countries (e.g., UK,
28 Singapore). It proves the recognition of Islamic viewpoints in a business context. The religious
29 and social background forms last, legal reason due to the legal context of a country.
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32 *2.3 Religiosity and Materialism*

33 The relationship between spirituality and materialism among scholars is still questioned with
34 congregating in one concept of spiritual materialism. *In Islamic law, religion has essential role
35 in promoting care, harmony, love, peace, patience, and rules and regulations that serve as a
36 belief code of conduct. It has guidelines for individual and social life. Hence, business and
37 religion are unity with regard to which products and services are authorized and which are
38 prohibited (Amin, 2020). These principles have been adopted among Muslims to adopt Islamic
39 bank products and services (Junaidi *et al.*, 2021; Kok, 2021; Zainudin *et al.*, 2019).*
40 Furthermore, four concepts of Islamic banking operational system (1) the whole of Muslim live
41 are referred to as the Tawhid concept, (2) Business and religion have a close relationship and
42 support each other, (3) concerning Maqasid-Shariah concept, and (4) mainly, Islamic bank
43 system based on the religious aspect. It is an essential field of consumer consideration to
44 worldly possessions (Stillman *et al.*, 2012).
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47 Commonly, some people assume the ranks of materialism are the major reason for pleasure
48 and displeasure (Belk, 1984 p. 291). It refers to the evil character for some people, which
49 negatively values the community and individuals. According to Belk (1985), materialism has
50 three dimensions: possessiveness, non-generosity, and envy. According to Raggiotto *et al.*
51 (2018) and Stillman *et al.* (2012) there are two dimensions of materialism. First, self-
52 enhancement versus self-transcendence. This concept divides values into personal-centric and
53 other-centric. *In contrast, spirituality refers to community values. Hence, religiosity potentially
54 shifted from individual and hedonic desire to more prone to social orientation.* Second, the
55 openness to change versus conservation refers to personal experiences and value or against
56 alteration toward prominence on self-restriction. Hence, this sense of the sacred of source
57 consumption is a brand community to engagements religious magniloquence and influences
58 ways to build innovation products and services (Pace, 2013).
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In other words, materialism can be viewed as the value a consumer places on the acquisition and possession of material objects, and also more prone to luxury good and consumption pattern of food. In the banking context, materialism relates to individuals' approaches and desires to increase their economic and social status, known as extrinsic materialism. It is related to competitiveness, egoism, envy, jealousy, and self-interest. However, in Islamic banking, materialism is not just related to how much income will get but also whether a banking product Halal (allowed) or Haram (prohibited) is based on Islamic law compliance (Abalkhail, 2021; Junaidi *et al.*, 2021).

2.4 Islamic banking and finance

The basic philosophy of Islamic banking based on some prohibitions and encouragements. The prohibition on Riba and permission to trade, as enshrined in verse Al-Baqarah: 275 of Holy Qur'an (ALLAH has allowed (profit from) trade and prohibited Riba. It has address the financial activities in an Islamic economy through asset-backed business and transactions. Furthermore, the Islamic bank operation system refers to activity based on *Islamic* law (*Syariah*) and avoid interest, gharar, gambling and games (Ayub, 2012; Hassan *et al.*, 2018). Hence, the Islamic banking products and services has become alternative financing principles toward four main approaches: *Mudharaba* (financing engagement among two people), *Musharaka* (joint venture based on profit and loss sharing), *Murabaha* (trade transaction), and *Ijara* (leasing). All products are shared profit and risk without *Riba* (interest), gambling, and *Gharar* (speculative trading) applications. From an Islamic outlook, all the trade functions and transactions are deliberated as religious service, namely '*Ibadah*', and must be responsible to Allah (God). However, sometimes behavior control and benefits are the essential factors perceived by the consumers to select Islamic banks rather than religiosity factors (Ayyub *et al.*, 2019; Ireland, 2018). Therefore, the Islamic bank system makes no profit, and this complies with Islamic law; furthermore, the money is converted into tangible assets before the transaction occurs. This is an alternative solution to support the *Fiqh Muamallah* related in financial transactions.

*** Insert Figure 1 here ***

3 Hypotheses

Islamic ethical code (*Sharia*) makes clear distinguishes between *Halal* (permissible), and *Haram* (prohibited) of products included alcohol and interest (Shome *et al.*, 2018). In Islam, the Muslim life is predominant with the religion behavior including all of life is a servant of God (Allah). Furthermore, the achievement is neither purely based on economic possessions or assets represent the factual basis of delight. These results have caused the decline numbers of consumer disappointment, materialistic, and reduces their complaining. Preliminary studies found religiosity has become an essential key point among consumers to choose Islamic bank toward religion tenet (Hassan *et al.*, 2018; Junaidi, 2021). Furthermore, religion also directly affects influence consumer behavior in UAE (Shome *et al.*, 2018), India (Islam and Rahman, 2017; Rauf *et al.*, 2018), Indonesia (Junaidi *et al.*, 2021). Thus, the relationship between business and religion inseparable. Given the consideration, the hypothesis that:

H1: The Muslim people have a greater intention to choose Islamic bank than conventional bank

In general, Islamic brand encompasses three sources: compliance, origin, and consumer (target audience). It was rigorously attracted to *Sharia* principle compliance, which predominantly focused on the food sector and finance related to halal products. Furthermore, brand religiosity

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3 has positive effect on consumer decisions (Abalkhail, 2021). Halal products are associated with
4 emotions, and this aspect commonly recognizes the Muslim consumers' personality and
5 behavior to produce a successful Islamic brand. Temporal (2011) is defined Islamic brands
6 related to the marketing and product concept among people in Muslim countries. This
7 definition has applied in counties with both Muslims as majority and minority, targeting a
8 potential market. From Islamic law and a marketing perspective, Halal products and services
9 are essential standards, but from marketing perspective, economics and quality are an
10 additional imperative. Every aspect of life, such as culture, economy, religion, and society, is
11 inseparable from the brand (Stolz and Usunier, 2019). **Previous studies concluded religion has**
12 **strong correlation to brand image and consumer preference (Ahmadova and Aliyev, 2021;**
13 **Bananuka et al., 2019; Islam and Rahman, 2017; Tabrani et al., 2018).** Given these
14 considerations, the hypothesis:

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18 **H2:** Brand image has a positive effect to mediate religiosity and consumer preference.
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21 The consumer with a high spiritual level would select religious doctrines through the same
22 method to choose a commercial good and service (Pace, 2013). It has positive effect on self-
23 caring and also would be a screen behind the self-control of consumers. Islamic law
24 recommends that people should understand boundary materialism to access economic
25 resources. God and religious awareness are the dimensions of the intrinsic religiosity
26 dimension, which positively correlates to adopting permitted products while forbidding evil.
27 While, extrinsic religiosity is incorporating ethical principle, which available in the Holy
28 Qur'an and reliable prophet Muhammad conducted to Muslim people. It is all externally,
29 internally, and moral terms, which must be applied to the actions of the individual Muslim as
30 a concept of personal well-being (toward consuming legitimate products and services by
31 Islamic law) and societal well-being to preserve the ideal society (Alserhan, 2016). Besides, in
32 their lives, Muslim people's activity is based on religion and accountable to God. Therefore,
33 the business transaction must be following Islamic law (Islam and Rahman, 2017; Shome et
34 al., 2018). It prove religion has a crucial effect on Muslim consumers to drive Islamic banking
35 products' choice (Junaidi et al., 2021; Shome et al., 2018).
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38 Moreover, the success of a business should be measured by Islam principles (Halal) instead
39 of purely measuring it in terms of material. Islamic banking does not wholly alleviate obstacles
40 to financing, but it can provide a solution as a substitute for conventional products and services.
41 The level of personal religion is likely to be more dogmatic than fewer individuals with lower
42 religiosity levels. Hence, Muslim with more religious is more probable to align their life based
43 on Islamic law. Moreover, Muslims with a firm commitment to religion can make assessments
44 consistent with their belief.
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47 The principle between Islamic and conventional is quite different. Specifically, the financial
48 instruments which applied interest-free conducted with Islamic law. Therefore, consumers
49 commonly have various Islamic bank deposits and financing responses (Ayyub et al., 2019;
50 Hassan et al., 2018). There is a solid inclination for a profit-loss sharing banking system from
51 a segment of people who have a strong desire to abide by Islamic law. However, the
52 measurement of economic benefits is valued less to consumers with higher religion than by
53 less (Ireland, 2018; Hassan et al., 2018; Pace, 2013). **Prior studies concluded the level of**
54 **religiosity strongly emphasizes a decreased materialism (Ireland, 2018; Islam and Rahman,**
55 **2017; Junaidi et al., 2021).** Given these considerations, it is a hypothesis that:
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58 **H3:** Materialism negative effect to mediate between religiosity and consumer preference.
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60 **4. Study 1: The basic pattern of Indonesian people to use bank product**

This study explores the basic pattern of consumers' use of financial products offered by the Islamic bank (IB). It compares it to the conventional bank (CB) for consumption or investment purposes. We measure that the aggregate number of financial products offered by IB and CB to potential consumers. This study designed in a one-direction where participants were accidentally given to a condition: IB product as a represent religious product because it a symbol to local conventional bank system as based on interest and consumer-minded preference that interest is prohibited in Islamic law. All participants saw the same condition with two alternative products before answering the questions, and lastly, four covariances such as gender, age, education, and income were included in basic sociodemographic factors and product type preferences.

4.1 Methodology

The current study applies two approaches (e.g., experimental and survey) to explore the connection between religiosity and consumer preference among Muslim people in Indonesia. In particular, the experimental approach possibly validates internal validity and causal relationships among the investigated variables (Kardes and Herr, 2019). The advantages of the experiment method are fully prepared for accurate observation and possibly the observation under the same condition, enabling other experiments to control the result independently with different situations and variations of products. One hundred and fifty-nine participated in this study in exchange for charity donations for every survey were completed. This study was focused on the financial and loan products of banks in Indonesia. We assigned an Islamic operation system and no religious symbol on the cover/full brochure for products. The Islamic label, shaped like free interest, is widely recognized as the symbol of an Islamic product among Indonesians. Firstly, the participants are informed that they would be obtained with bank products, then they briefly overview the products. The file/brochure itself is without a bank logo to eliminate the potential influence of the content on manipulating the product's type. The number of consumers divided by Islamic and conventional bank products choice.

*** Insert Figure 2 here ***

4.2. Result and discussion

We compute the comparative result between IB and CB products. The main result consumers' preferences were significantly different, with the value of IB is larger than CB. If product type did not affect, the ratio is 1.00 would be predictable in t-test method. In study 1, the mean value was 1.40 ($t(35.95) = 2.80, p < .001$), and all the amount of the product was more than 1.00 ($p < .001$, binomial). This result has consistent with the hypothesis (H1). Thus, we can justify studying 2 for the expected pattern of both IB and CB products.

5. Study 2: Mediation through brand image and materialism

The recent study examines whether consumers are more inclined to use financial products offered by IB than their similar coming from CB (H1). The usage patterns of IB' are differential religiosity versus CB' on brand image and materialism to influence Muslim people with to overuse IB' products than less religious (H2). This study examine the relationship between product type (e.g., conventional and Islamic bank) and participants' religiosity level (e.g., extrinsic and intrinsic).

5.1 Method

In study 2, the religiosity dimensions were added. Two hundred and thirty-five respondents are participated in this study in exchange for charity donations for every survey were completed, which randomly assign them to the condition of IB' or CB' products. The initial side of the

questionnaire contains the modifying of product kinds. In IB's product condition, "X" is framed as a pro-Islamic product with religious principles such as free interest. Bank description indicates that "X" is committed to offering an ethical product based on Islamic law in which the consumer will get the benefit not only material but also spiritual. In CB's product condition, "Y" is described as a company with a fast process, high-quality, low-interest rate, long-term payback period, and a mission for consumers' services.

Furthermore, all the participants delivered a narrative of the features of Y products, which are with the same conditions. Then, all the participants are given a brochure with content, logo, and symbol. They are asked to reply how they would choose by demonstrating the strength of the products after reading the randomly assigned scenario. Participants completed measure using 7-point Likert scale assessing they are perceived about the image of the bank (Hassan *et al.* 2018; Islam and Rahman, 2017) ("religious/not religious", "different/similarly with conventional /Islamic bank", "very good/very bad", $\alpha = .605$). We also measured the participants' level of religiosity dimensions refers to Ji and Ibrahim (2007) scales. Because the instruments are applied in prior studies and built from Indonesian Muslim perspective, namely extrinsic dimension, $M = 6.44$, $SD = .92$, $\alpha = .918$ and intrinsic dimension, $M = 6.38$, $SD = .95$, $\alpha = .854$) with all the ratings are on seven-point scale Likert. We accompanied double spotlights analysis of the experimental product condition, brand image, and preference intention at high and low religiosity in this study to validate two-way interaction.

5.2 Discussion

The result of spotlight analysis of the participants perceived IB' products was a success regarding extrinsic religiosity value ($M = 2.95$, $SD = 0.57$) and intrinsic religiosity ($M = 8.91$, $SD = 0.51$). Moreover, to better understand the interaction effect, a simple slopes test was conducted between product choices (Figure 3). Consumer prefer to IB significantly with the extrinsic religiosity value ($r = 2.95$, $p < .000$), as well as intrinsic religiosity ($r = 8.91$, $p < .000$) were significant. On the other hand, consumers with high religiosity levels prefer IB. In contrast, consumers low in religious dimensions reported incline to CB brand, thereby supporting H2. This result also confirmed prior literature and studies that the religious dimension positively affects consumers' preference, mediated by brand image (Abalkhail, 2021; Hassan *et al.*, 2018; Stolz and Usunier, 2019; Temporal, 2011; Wilson and Liu, 2011).

*** Insert Figure 3 here ***

6. Study 3: Religiosity dimension and consumer indulgence among Muslim consumer

To apprehend the effect of Muslim religiosity on their decision in study 3. We examined the consistency of participant choice with conventional product indulgence (e.g. materialism propose) and Islamic bank with beneficial material and spiritual preference intention, mediated by religiosity level dimensions.

6.1 Method

In study 2, we have highlighted the critical factor of the effectiveness of religious dimension in product chosen pattern with the same method for participants' spiritual dimension level in study 3. The primary goal of this study is to validate the probability of indulgences of the product, whether practical to increase the preference of IB (H3) with religiosity level as mediator variables, also to examine the consistency of prior results on products preference.

Two hundred and forty-seven respondents in this stage with an exchange for charity donation for every survey were completed, which accidentally consigned to one of the three experimental circumstances manipulating the product type and the information with a description of the banks' mission to convey the status of each product.

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4 After reading the product descriptions, which are detained perpetual across conditions,
5 participants are obtainable with a brochure of CB's and IB's products description. They are
6 asked to show how they would get an economic impact only, using the simple calculation of
7 the product. Note that a similar effect in a brochure is offered to all participants in similar
8 situations to control the prospect of product description might distort the results. We measure
9 product preference with the frequent participants' selection of the products. Next, the
10 participant reported their preference intention ("not at all/greatly, a small amount/a great
11 amount, very unwilling/very willing"; $\alpha = .763$).
12

13 6.2 Result

14 It is well-meaning to note were positive and significant correlations between participant
15 preference or religiosity level and the dependent variable (regularity of choice bank products).
16 From simple slopes tests, it can be seen that religiosity significant emerged with the value ($r =$
17 $.39, p = .010$) and ($r = 3.28, p = .022$). Spotlight investigation toward standard deviation value
18 for extrinsic religiosity ($M = 2.50, SD = .060$) and intrinsic religiosity ($M = 2.12, SD = .051$) was
19 applied to additional observation of consumers preference pattern based on religious
20 information (figure 4). On the other hand, the participants' religiosity level has a different
21 perceived materialism feeling of bank products.
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23 *** Insert figure 4 here ***
24

25 6.3 Discussion

26 Comparable to study 2, the participant's product preference correlates with extrinsic and
27 intrinsic religiosity. It subsequently positive effect on Muslim materialistic behavior and bank
28 product preference, thereby supporting H3. Thus, regardless of whether religion has a positive
29 impact on consumer product brand image (study 2) or is a material indulgence (study 3), and
30 also can subsequently be an effective way of influencing Muslim consumer behavior. These
31 conclusions also support previous studies that consumers' religiosity levels significantly affect
32 Muslim brand image, materialism, and consumers' preference (Hur *et al.*, 2020; Abalkhail,
33 2021; Pace, 2013). Meanwhile, opposite with Pepinsky (2013) and Wilson *et al.* (2011). It was
34 also a proven consumer decision to change when presented with a religious product and the
35 spiritual value of an Islamic bank.
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37 The authentic objective of the religious product effect is well-intentioned to study further.
38 The consumers' extrinsic and intrinsic religiosity levels have a positive impact on marketing
39 the Muslim decision-making process. Moreover, brand image and materialism have a keen
40 sense of belonging for Muslim preparations or could respond to an internal struggle of the
41 desire of wealth mindset, which will affect religious scripture, symbol, or brand. Remarkably,
42 all the direct effects of extrinsic religiosity dimensions on Muslim preference. Whereas non-
43 significantly between intrinsic religiosity on consumer preference intention.
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45 6.4 Mediation effect

46 This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for
47 SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the
48 mediation effects of brand image and materialism between religiosity and consumers'
49 preference. CIs result has represented significance at a 95% confidence level.
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51 It can be seen in Table 1, the participants who choose the IB product is different from CB
52 products (see figure 3) proven the manipulation of products type were succeed. The model
53 included product type (IB = 1 and CB = -1). To confirm the effect of religiosity on brand image.
54 Study 2 examines how the brand image mediates between religiosity (e.g., extrinsic and
55 intrinsic) and consumer preference (H2). We found a significant effect of interaction between
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3 experiment product condition (e.g., religious and non-religious) and consumer preference
4 emerged.
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8 9 **7. General Discussion**

10 Islamic brand image influences consumer preference, such as Halal products, which controlled
11 product indulgence. This interaction particularly interesting was conducted in the context of
12 the consumers' behavior and decision making, thereby providing evidence of the outcome of
13 religiosity level consumers upon disclosure of Islamic bank of products. The product
14 indulgences with consumers' more significant level of religiosity were more reactive to the
15 religious consequences. The positive connection fits with concepts that religiosity affects
16 consumer inclination due to belief and faith in sacred scripture. Studies 2 and 3 show the
17 positive relationship between religiosity and consumer preference facilitated by brand image
18 and materialism.
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20 This study contributes to the literature on the business field's religious dimension,
21 specifically, how consumers change their decision after exposure to the Islamic principle
22 information. This research also contributes to the consumer intrinsic motivators to demonstrate
23 that religiosity dimensions could be part of a consumers' value and inducement information to
24 evaluate potential study (e.g., when religious prompts are incorporated into business efforts).
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26 27 *7.1. Conclusion*

28 Religion is an essential key point to marketplace behavior, such as Islamic banking products
29 related to financing, investment, and saving to avoid conventional products with an exciting
30 base. The religiosity dimensions (extrinsic and intrinsic) had differential on the marketplace
31 when bank products were launched based on Islamic principles, precisely, material or logical
32 consideration response. Whereas consumers' intrinsic religiosity level, less self-controlled
33 when showing to the same position. Hence, understanding the consumers' religious context
34 can influence business activities and real consumer demand. **There are confirms Muslim
35 consumers' religiosity is high when they have a higher intention to interact with others Muslim
36 and communities. However, reading Koran, discussing religious principles, and distinguishing
37 between conventional and Islamic bank principles in the group or community over their
38 activities have a more negligible effect than extrinsic religiosity. It also corroborates that the
39 Mosque has become a pivotal role in bridging people's minds and knowledge about worship
40 and economic principle in Islamic law.**
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44 45 *7.2 Academic contribution*

46 Moreover, this study contributes to business literature on the crucial role of religiosity (e.g.,
47 extrinsic and intrinsic) in the marketing field, which has played a different role in influencing
48 consumer behavior based on the rule allowed and prohibited context. This research also
49 highlights the significance of religious code and principle as a mechanism of the behavior,
50 belief, expectations, and values to influence consumer decisions.
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52 In addition to theoretical contributions, the recent study provided information for
53 government, marketers, and practitioners. When planning to launch specific products (e.g.,
54 exercise halal products), understand consumers' religiosity as critical insights into their
55 preferences. The consumers' intrinsic religion is more approachable to an Islamic bank.
56 Meanwhile, consumers' extrinsic religiosity is a lower reactant. Also, the recent study
57 demonstrates a diversity of approaches for promoting religious-based products (study 1) and
58 religious knowledge, activities, advertising, brochure, and message of religion to increase
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3 consumer preference in studies 2 and 3. These results could combine into promotion and brand
4 image in the short-term and long-term based on the company goals.
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6 7 *7.3 Practical implication*

8 The religious messages may improve Muslim consumers' consciousness be able to be realized
9 a consumer with specific religious attention. Furthermore, these online communication and
10 interaction give a particular site for consumers' religiosity dimensions provided a precise
11 subject. The religious brands or products can be equal to the consumers' desire outline (e.g.,
12 descriptive religiosity). For instance, corporations could build market share with specific
13 religious products or services to connect with consumers. It was also possible to seek words,
14 which are linked to extrinsic religiosity (e.g., search terms of "religion member organization"
15 or "religious product base"). In addition, the bank manager should consider the consumer
16 religion aspect, especially when trying to establish products. The religious concept can also be
17 used for the economic and social sector; these tactics could also apply to social and public
18 policymakers to encourage more pro-social and self-controlled consumer behavior.
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21 22 *7.4 Limitations and future research*

23 Although this research tries to combine age, culture, education, and income among Indonesian
24 Muslim people, future studies need to discover another marketplace attitude and potential
25 awareness factors to influence consumers' decision making. It is possible to learn the different
26 fields of religiosity, such as praying and attending religious discussions to stimulate consumers
27 marvelous, which is more applicable for cross-cultural dimensions. Thus, future studies need
28 requirements to authorize the conclusions with other affiliations and states.
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30 An additional study might also use different instruments to address religions' effects based
31 on brand image and materialism reactance. Whether consumers with more religiosity level have
32 determined by advisory factors, such as distinguish interpretation of scripture is a necessity to
33 ones' organizations or council of scholar judgment (Fatwa) related to products. Moreover, the
34 participants' religious background, knowledge, and intention to attend a seminar or sacred
35 assembly to elaborated *Fiqh muamallah* (Islamic rulings governing commercial transactions
36 and Islamic banking and finance) can be applied as a control.
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38 Recent research also warranted understanding why consumers with lower extrinsic
39 religiosity have an insignificant effect of mediating between brand image and materialism to
40 religious products preference. Future studies also need to seek alternative mechanisms and
41 variables to bridge the relationship between religion and consumers' behavior. Hence, further
42 examination would validate belief cues in marketing primarily related to the brand, whether
43 religious base or conventional base, to identify how religious versus non-religious belief and
44 brands affect to increase or decrease self-control.
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47 **References**

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Appendix. Scale items

Extrinsic religiosity (Ji and Ibrahim, 2007)

1. My reason to go and join member of Mosque is to establish in the community.
2. Although I am a religious person, I refuse to let religious considerations influence my everyday life.
3. A primary reason for my interest in religion is that my Mosque has congenial social activities.
4. Occasionally I find it necessary to compromise my religious beliefs in order to protect my social and economic interest.
5. The Mosque is most important as a place to formulate good social relationship.

Intrinsic religiosity (Ji and Ibrahim, 2007)

1. I enjoy reading the literature about my faith and join the Koran study group.
2. I try to carry my religion over into all my other dealing in life.
3. I have been aware of the presence of God or the divine being.
4. My religious beliefs are what really lie behind my whole approach to life.
5. It is important for me to spend periods of time in private religious thought and meditation.

Brand image (Tabrani *et al.*, 2017)

1. I commit to stay in a relationship with Islamic banks.
2. I have a strong attachment with Islamic banks.
3. I have a strong sense of belonging with Islamic banks.
4. I remain loyal to IBs due to the high cost to switch to other banks.

Consumer materialism (Junaidi *et al.*, 2021)

1. I choose a bank that benefits me and the society regardless of Islamic law.
2. I choose a bank that refrains from dirty practices that can be detrimental to the public.
3. I choose a IBs because the penalty of the financing is lower than a conventional bank.
4. I choose a IBs because the profit-sharing of Islamic bank is higher than a conventional bank.
5. I choose a IBs because the overall of Islamic bank's product and service is better than a conventional bank.

Customer preference (Junaidi *et al.*, 2021)

1. I consider use Islamic bank as my first choice
2. I feel using Islamic bank is a good idea
3. I am interested to use Islamic banking.
4. I am interested to use banking in the future.
5. I will definitely recommend Islamic banking to others.

Figure 1: Conceptual model of Muslim preference to conventional and Islamic bank

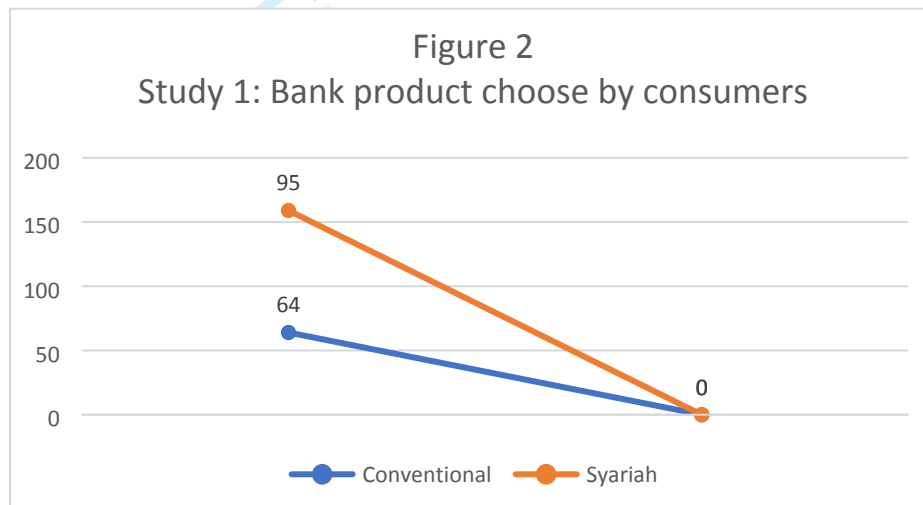
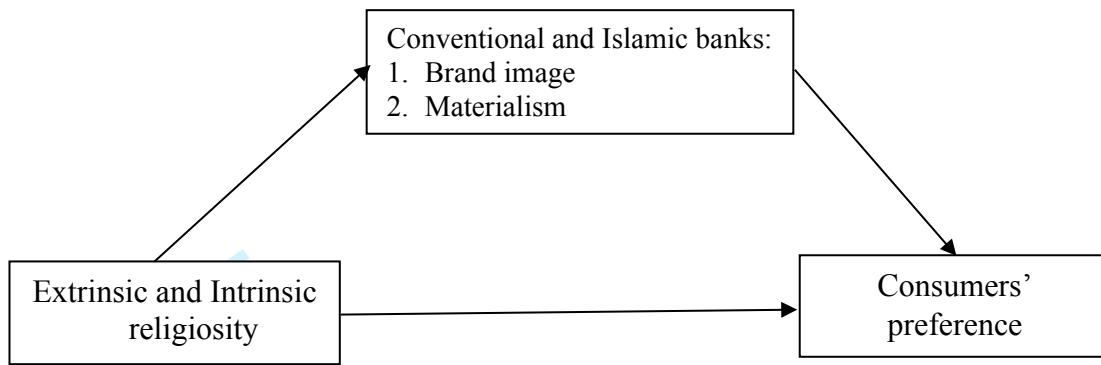
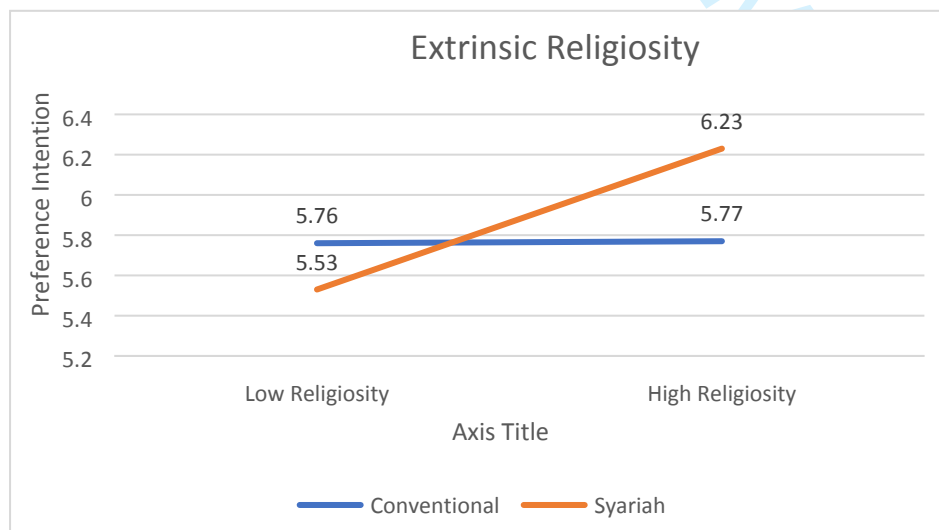


Figure 3: Brand image mediation effect between religiosity and consumer preference among Muslim consumers.



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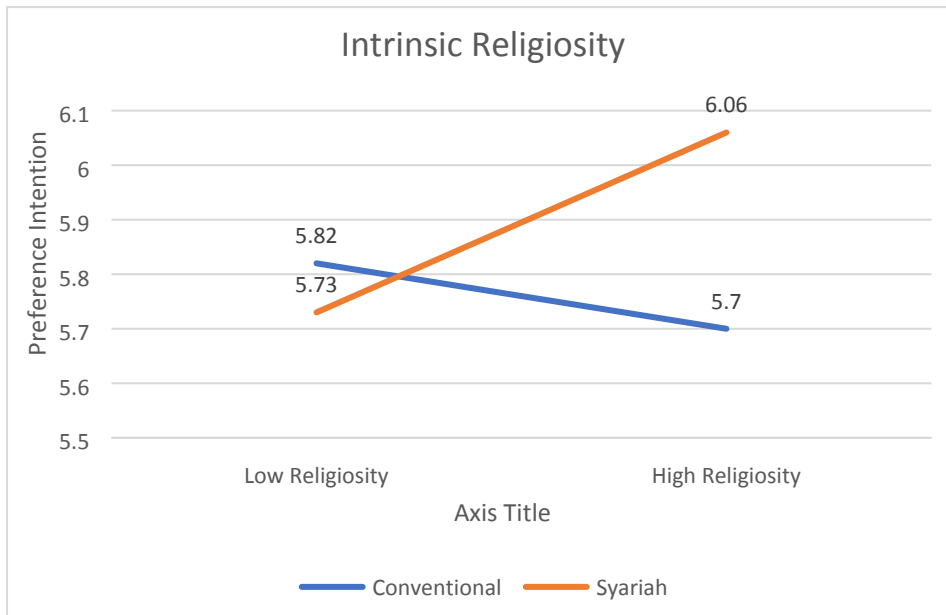
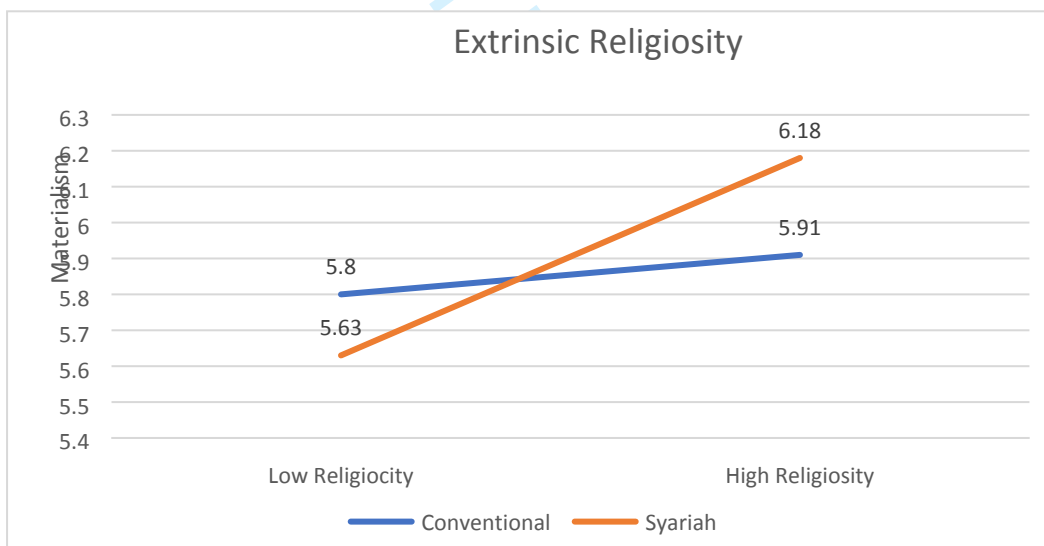
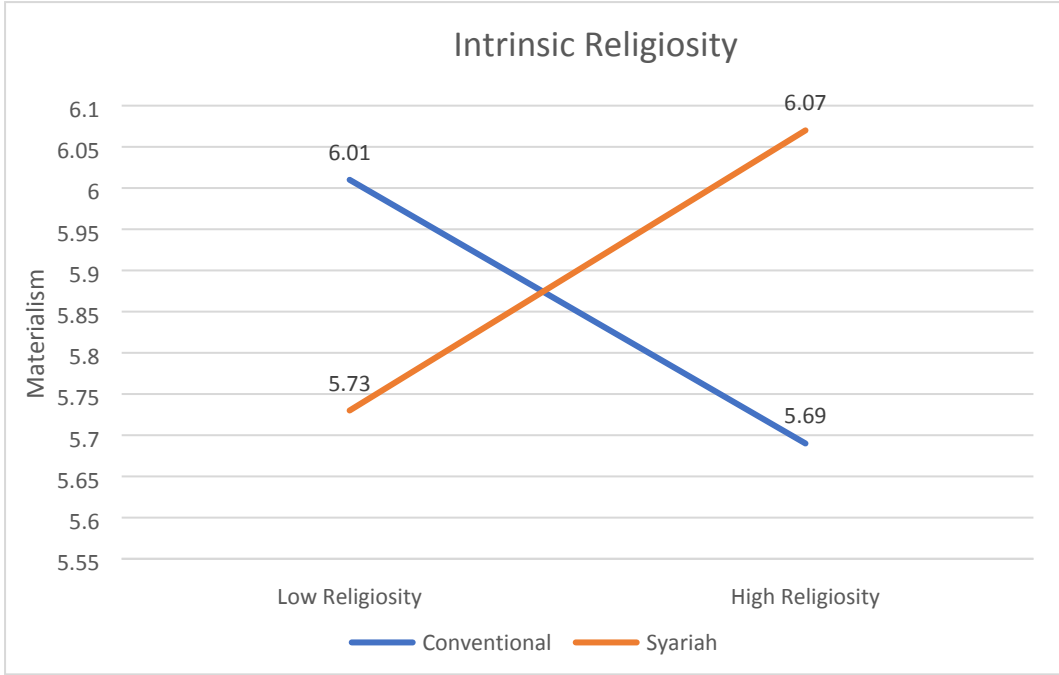


Figure 4: Materialism mediation effect between religiosity and consumer preference among Muslim consumers



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Journal of Islamic Marketing

Table 1: Mediation effect result

IV	M	DV	IV->DV (c)	IV->M (a)	IV+M->DV		Bootstrapping 95% CI	
					IV (c')	M(b)	Percentile method	Bias- corrected
Study 2								
ED	BI	PI	0.491***	0.445***	0.177**	0.703***	[0.061, 0.377]	[0.075, 0.481]
Standard Error (SE)			0.120	0.138	0.072	0.034		
ID	BI	PI	0.241**	0.311**	0.019	0.719***	[0.117, 0.494]	[0.149, 0.613]
Standard Error (SE)			0.107	0.122	0.063	0.034		
Study 3								
ED	MI	PI	0.312**	0.170**	0.219	0.550*	[0.413, 0.198]	[0.504, 0.244]
Standard Error (SE)			0.153	0.077	0.149	0.141		
ID	MI	PI	0.280**	0.141**	0.203	0.550*	[0.006,0.164]	[0.009,0.199]
Standard Error (SE)			0.134	0.067	0.130	0.141		

Notes: BI: Brand image, MI = Hedonic/Materialism, ED = Extrinsic religiosity, ID = Intrinsic religiosity, PI = Preference intention
Significant at *: $p < 0.05$; **: $p < 0.01$; ***: $p < 0.001$.

**8. Bukti konfirmasi review dan hasil review
keempat
(27 Nopember 2021)**

Journal of Islamic Marketing - Decision on Manuscript ID JIMA-03-2021-0067.R3

External

Inbox



Journal of Islamic Marketing <onbehalf@manuscriptcentral.com>

Sat, Nov
27, 2021,
11:00 AM

to Junaidi

Dear Dr. Junaidi:

Manuscript ID JIMA-03-2021-0067.R3 entitled "Determinants to adopt conventional and Islamic banking: Evidence from Indonesia" which you submitted to the Journal of Islamic Marketing, has been reviewed. The comments of the reviewer(s) are included at the bottom of this letter.

The reviewer(s) have recommended publication, but also suggest some revisions to your manuscript. Therefore, I invite you to respond to the reviewer(s)' comments and revise your manuscript.

To revise your manuscript, log into <https://mc.manuscriptcentral.com/jima> and enter your Author Centre, where you will find your manuscript title listed under "Manuscripts with Decisions." Under "Actions," click on "Create a Revision." Your manuscript number has been appended to denote a revision.

You will be unable to make your revisions on the originally submitted version of the manuscript. Instead, revise your manuscript using a word processing program and save it on your computer. Please also highlight the changes to your manuscript within the document by using the track changes mode in MS Word or by using bold or coloured text. Once the revised manuscript is prepared, you can upload it and submit it through your Author Centre.

When submitting your revised manuscript, you will be able to respond to the comments made by the reviewer(s) in the space provided. You can use this space to document any changes you make to the original manuscript. In order to expedite the processing of the revised manuscript, please be as specific as possible in your response to the reviewer(s).

IMPORTANT: Your original files are available to you when you upload your revised

manuscript. Please delete any redundant files before completing the submission.

Because we are trying to facilitate timely publication of manuscripts submitted to the Journal of Islamic Marketing, your revised manuscript should be uploaded as soon as possible. If it is not possible for you to submit your revision in a reasonable amount of time, we may have to consider your paper as a new submission.

Once again, thank you for submitting your manuscript to the Journal of Islamic Marketing and I look forward to receiving your revision.

Sincerely,
Prof. Jonathan Wilson
Editor, Journal of Islamic Marketing
jw@islamicmarketing.co.uk

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Reviewer(s)' Comments to Author:
Reviewer: 1

Recommendation: Major Revision

Comments:

Dear Authors

We are pleased to have your manuscript entitled "Determinants to adopt conventional and Islamic banking: Evidence from Indonesia" for publication in the Journal of Islamic Marketing.

Having reviewed your manuscript, we would like to inform you as follows:

1. Introduction

- a. The authors have not explained the problem well. Besides that, the Introduction has not been supported by the logic of thinking about the urgency of this research.
- b. The author's decision to select IB and CB customers in Indonesia as samples are not clear.
- c. There is no research gap in the Introduction.
- d. The authors do not explain the reason for the selection of moderator variables.

e. Why do authors insert RQ1 and RQ2 specifically into the Introduction? Is it necessary?

2. Literature Review

a. Literature has not been updated (more than ten years ago). Please update

b. The literature review was written section by section without continuous storyline development.

c. The authors explain too much definition to literature.

d. The literature review has not shown the process of adopting or elaborating a theory, including explanations in theoretical frameworks or conceptual frameworks so that novelty in this research can be explained.

e. The conceptual framework (figure 1) has not described working patterns between variables, especially revealing variable moderating.

3. Methodology

a. The authors do not explain the solid reasons for the selection of research objects, also methods and techniques for determining sample on Study 1 (159 participants), Study 2 (235 participants), and Study 3 (247 participants)

b. Experimental research explanations are too general without explaining the type of experimental design used.

c. The authors place the study in section 4, while the methodology in section 4.1. Why?

4. Finding and Discussion

a. The description in figure 2 is not clear. The first point reveals 95 (Sharia) and 64 (Conventional), then the next point indicates the value of 0 on both (Sharia and Conventional). Why?

b. The presentation of data on the study results is not clear. The author should elaborate on the results of Study 1, Study 2, and Study 3 (figure or table statistics) in a systematic presentation and discussion.

c. The author only focuses on statistical results (correlation and significance) without doing an in-depth discussion.

d. Most of the results of the discussion are not supported by the literature.

Additional Questions:

1. Originality: Does the paper contain new and significant information adequate to justify publication?: The authors have not described the process of elaboration or adoption of a model, so the novelty is not clear. Be careful for "claiming" a novelty or contribution.

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: The literature review has not been written with a good storyline. Some literature has not been updated (more than ten years ago). In addition, the literature review was written section by section without continuous storyline development.

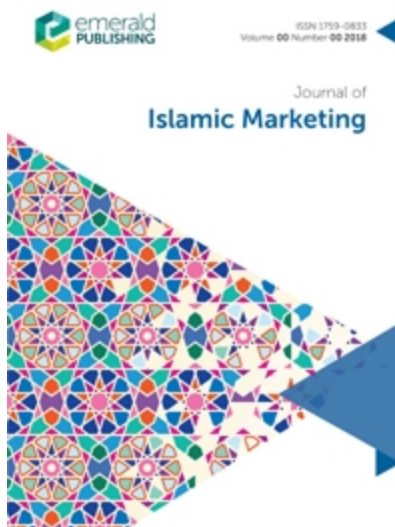
3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: The authors do not explain the solid reasons for the selection of research objects, also methods and techniques for determining sample. In addition, experimental research explanations are too general without explaining the type of experimental design used.

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: Some descriptions of figures are not clear. Then, the presentation of the results is not yet clear. In addition, the discussion of results has not been supported by the literature.

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: The author has presented the implications in detail and clearly.

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: The authors have not explained the problem well, and there has been no gap research. Then the author needs to improve the storyline so that introduction and literature review can be an exciting story.

**9. Bukti konfirmasi review dan hasil review
keempat
(1 Desember 2021)**



**Determinants to adopt conventional and Islamic banking:
Evidence from Indonesia**

Journal:	<i>Journal of Islamic Marketing</i>
Manuscript ID	JIMA-03-2021-0067.R4
Manuscript Type:	Research Article
Keywords:	Religiosity, Brand image, Materialism, Consumer Preference

We would like to thank the Editor and Reviewers for their detailed and helpful feedback regarding our manuscript and for providing us with the opportunity to revise our manuscript. We have revised the manuscript according to the Reviewers' recommendations. We did our best to give diligent and thoughtful consideration to each of the issues raised by the Reviewers in revising the paper.

Response to Reviewer1's

Comments:

Dear Authors

We are pleased to have your manuscript entitled "Determinants to adopt conventional and Islamic banking: Evidence from Indonesia" for publication in the Journal of Islamic Marketing.

1. Introduction

a. The authors have not explained the problem well. Besides that, the Introduction has not been supported by the logic of thinking about the urgency of this research.

Response: Thank you so much for your positive comment. The introduction has been revised as suggested.

Despite has most Muslim people worldwide, the Islamic bank market share in Indonesia is around 5% (Junaidi *et al.*, 2021). . . .

However, other scholars found distinguish result the role of religion in Islamic business and marketing; for instance, Forghani *et al.* (2019) found religion less effective to Muslim consumers in Malaysia. Religiosity level does not correlate with Muslim people choosing Islamic banks in Indonesia, and most of them are more prone to select conventional banks (Pepinsky, 2013; Wilson *et al.*, 2013). Other scholars, such as Bananuka *et al.* (2019), attempt to examine Muslim consumers in Uganda. Recently, Adil (2021) found religiosity has a positive effect on Muslim consumers' materialism and ethical behavior in India. Junaidi *et al.* (2021) found that religiosity also positively affects consumers' commitment and materialism in Indonesia. Religiosity also has a crucial role in influencing brand image in Saudi Arabia (Abalkhail, 2021), UK (Kok, 2021) and US (Liu and Minton, 2018). Unfortunately, the authors avoided simultaneously validating the role of materialism and Islamic brand image among Muslims in conventional and Islamic bank contexts.

b. The author's decision to select IB and CB customers in Indonesia as samples are not clear.

Response: Thank you so much for your positive comment. The introduction has been

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3 revised as suggested (page 2 par. 3).
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5 Despite the fact that some scholars found consumers more inclined to adopt
6 conventional banks than Islamic banks in some Muslim countries. Lack of study to
7 compare Muslim motivation toward comparative study between conventional and
8 Islamic banks.
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13 c. There is no research gap in the Introduction.

14 Response: Thank you so much for your positive comment. The introduction has been
15 revised as suggested (page 2 par. 3).
16

17 The recent study attempts to fill this gap by examining the role of religiosity to
18 consumer materialism, which adopted brand image and consumers materialism as a
19 mediator variable toward comparative study among Muslim conventional and
20 Islamic bank consumers'. It provided internal validity and established causal
21 relationship tools among variables (Kardes and Herr 2019). It is, therefore, worth
22 exploring the consumers' prone across the countries and combining the method (e.g.,
23 experimental and survey).
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29 d. The authors do not explain the reason for the selection of moderator variables.

30 Response: Thank you so much for your positive comment. The introduction has been
31 revised as suggested (page 2 par. 3).
32

33 However, other scholars found distinguish result the role of religion in Islamic
34 business and marketing; for instance, Forghani et al. (2019) found faithless effective
35 to Muslim consumers in Malaysia. Religiosity level does not correlate with Muslim
36 people choosing Islamic banks in Indonesia, and most of them are more prone to
37 choose conventional banks (Pepinsky, 2013; Wilson *et al.*, 2013). Other scholars,
38 such as Bananuka et al. (2019), attempt to examine Muslim consumers in Uganda.
39 Recently, Adil (2021) found religiosity has a positive effect to materialism and
40 ethical behavior that religiosity also positively affects. (2021) concluded religiosity
41 also has positive effect to consumers' commitment and materialism in Indonesia.
42 Religiosity also has a crucial role in influencing brand image in Saudi Arabia
43 (Abalkhail, 2021), UK (Kok, 2021) and US (Liu and Minton, 2018). Unfortunately,
44 the authors avoided simultaneously validating the role of materialism and Islamic
45 brand image among Muslims in conventional and Islamic bank contexts.
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54 e. Why do authors insert RQ1 and RQ2 specifically into the Introduction? Is it necessary?

55 Response: Thank you so much for your positive comment. The research questions
56 in the introduction are common in the manuscript unless the reviewer has a different
57 opinion. It also helps the authors and readers easier to understand the state of the art
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manuscript.

2. Literature Review

a. Literature has not been updated (more than ten years ago). Please update

Response: Thank you so much for your positive comment. We have updated the literature and references and most of the literature publisher after 2016, and some of the references published in 2021.

b. The literature review was written section by section without continuous storyline development.

Response: Thank you so much for your positive comment and some of literature parts have revised as suggested.

c. The authors explain too much definition to literature.

Response: Thank you so much for your positive comment, and some of the literature parts have been revised and deleted as suggested.

d. The literature review has not shown the process of adopting or elaborating a theory, including explanations in theoretical frameworks or conceptual frameworks so that novelty in this research can be explained.

Response: Thank you so much for your positive comment. The novelty of the study has been provided in the introduction part (after research questions). Commonly, the experiment study does not need to elaborate a theory due. As follows:

1. Liu, R. L. and Minton, E. A. (2018), "Faith-filled brands: The interplay of religions branding and brand engagement in the self-concept", *Journal of Retailing and Consumer Services*, Vol. 44, pp. 304-314.
2. Minton, E. A. (2018), "Affective and cognitive religiosity: Influences on consumer reactance and self-control", *Journal of Consumer Behavior*, Vol. 17 No. 2, pp. 175-186.

e. The conceptual framework (figure 1) has not described working patterns between variables, especially revealing variable moderating.

Response: Thank you so much for your positive comment. The research framework has been described in the introduction part, as well as our motivation and contribution.

3. Methodology

a. The authors do not explain the solid reasons for the selection of research objects, also methods and techniques for determining sample on Study 1 (159 participants), Study 2 (235 participants), and Study 3 (247 participants).

Response: Thank you so much for your positive comment. The research method for the experimental study has been added and provided in section 5.1. for study 2.

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In study 2, the religiosity dimensions were added. Two hundred and thirty-five respondents participated in this study in exchange for charity donations for every survey that was completed, which randomly assigned them to the condition of IB' or CB' products. The initial side of the questionnaire contains the modifying of product kinds. In IB's product condition, "X" is framed as a pro-Islamic product with religious principles such as free interest. Bank description indicates that "X" is committed to offering an ethical product based on Islamic law in which the consumer will get the benefit not only material but also spiritual. In CB's product condition, "Y" is described as a company with a fast process, high-quality, low-interest rate, long-term payback period, and a mission for consumers' services.

Furthermore, all the participants delivered a narrative of the features of Y products, which are with the same conditions. Then, all the participants are given a brochure with content, logo, and symbol. They are asked to reply how they would choose by demonstrating the strength of the products after reading the randomly assigned scenario.

Methodology in study 3 (part 6.1).

In study 2, we have highlighted the critical factor of the effectiveness of religious dimension in product chosen pattern with the same method for participants' spiritual dimension level in study 3. The primary goal of this study is to validate the probability of indulgences of the product, whether practical to increase the preference of IB (H3) with religiosity level as mediator variables, also to examine the consistency of prior results on products preference.

Two hundred and forty-seven respondents in this stage with an exchange for charity donation for every survey were completed, which accidentally consigned to one of the three experimental circumstances manipulating the product type and the information with a description of the banks' mission to convey the status of each product.

After reading the product descriptions, which are detained perpetual across conditions, participants are obtainable with a brochure of CB's and IB's products description. They are asked to show how they would get an economic impact only, using the simple calculation of the product. Note that a similar effect in a brochure is offered to all participants in similar situations to control the prospect of product description might distort the results. We measure product preference with the frequent participants' selection of the products. Next, the participant reported their preference intention ("not at all/greatly, a small amount/a great amount, very unwilling/very willing"; $\alpha = .763$).

Furthermore, as an experimental study, the research methodology has been provided in each study and the type of experiment study (Study 1-3). Some examples are as follows:

1. Arli, D., Septianto, F. and Chowdhury, R.M.M.I. (2021). Religious But Not Ethical: The Effects of Extrinsic Religiosity, Ethnocentrism and Self-righteousness on Consumers' Ethical Judgments. *Journal of Business Ethics*, Vol. 171, pp. 295-316.
 2. Minton, E. A. (2015) In Advertising We Trust: Religiosity's Influence on Marketplace and Relational Trust, *Journal of Advertising*, Vol. 44 No. 4, pp. 403-414.
 3. Minton, E. A. (2018). Affective and cognitive religiosity: Influences on consumer reactance and self-control. *Journal of Consumer Behaviour*, Vol. 17, pp. 175-186.
 4. Minton, E. A., Johnson, K. A. and Liu, R. L. (2019). Religiosity and special food consumption: The explanatory effects of moral priorities. *Journal of Business Research*, Vol. 95, pp. 442-454.
- b. The authors place the study in section 4, while the methodology in section 4.1. Why?
 Response: Thank you so much for your positive comment. The experiment study is quite different from the quantitative study. This is an experimental study. Each study comprises of methodology, result and discussion. For example, study 1 is part 4, which comprises methodology 4.1, result, and discussion 4.2. The same pattern was applied in study 2, part 5, and study 3, part 6.

4. Finding and Discussion

- a. The description in figure 2 is not clear. The first point reveals 95 (Sharia) and 64 (Conventional), then the next point indicates the value of 0 on both (Sharia and Conventional). Why?

Response: Thank you so much for your positive comment. Unfortunately, we did not find this point in our manuscript (The first point reveals 95 (Sharia) and 64 (Conventional), then the next point indicates the value of 0 on both (Sharia and Conventional)).

- b. The presentation of data on the study results is not clear. The author should elaborate on the results of Study 1, Study 2, and Study 3 (figure or table statistics) in a systematic presentation and discussion.
- c. The author only focuses on statistical results (correlation and significance) without doing an in-depth discussion.
- d. Most of the results of the discussion is not supported by the literature.

Response: Thank you so much for your positive comment. We added 4.2 parts

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to describe study 1 result, as well as study 2 and 3 results. We also refer to recent literature cited in this study. Part 7 (conclusion) also has been updated to enhance the quality of the manuscript.

The key finding in this study shows that most participants are more inclined to adopt Islamic banks than conventional banks. Interestingly, religious symbols such as free interest and the Islamic view possibly influence the Muslim perspective on financial products and services. It implies that the managers need to enhance the Islamic bank operation system's socialization and discuss their opinions and dissatisfaction with consumers. Furthermore, as regulator and shariah supervise board (SSB), the government also needs to collaborate to develop Muslim awareness and commitment to an Islamic bank. It also supports prior studies that commonly Muslim people are more prone to Islamic banks (Bananuka *et al.*, 2019; Junaidi, 2021; Shome *et al.*, 2018; Zainudin *et al.*, 2019).

Determinants to adopt conventional and Islamic banking: Evidence from Indonesia

Abstract

Purpose - *This research investigates how extrinsic and intrinsic religiosity influences the mediator variables, such as consumers' brand image and materialism in the Indonesian banking sector (e.g., conventional and Islamic). It also examines how mediators influence consumers' preferences.*

Design/methodology/approach - *The sample consists of 575 bank consumers. The experiment method was used to test the research hypotheses through three studies.*

Findings - *The empirical results indicate that religiosity positively affects consumers' decision-making process, precisely when bank products are based on Islamic principles. Furthermore, consumers' brand image and materialism partially mediate religiosity and consumers' preferences.*

Research limitations/implications - *This study was limited to Indonesian bank consumers. Therefore, future study is needed to analyze cross-region.*

Practical implications - *Bank managers and regulators need to enhance Islamic banks' products and services and the varying principle between conventional banks. They also need to enlighten consumers from the perspective of business and religiosity.*

Originality/value - *This study contributes to consumers' behavior literature and the decision-making process of developing and testing a model of religious determinants of consumer preference towards bank products.*

Keywords: Religiosity, Brand image, Materialism, Consumer preference

Paper type: Research Paper

1. Introduction

In 2030, half of the population worldwide is Muslims; during the period, the U.S. and several European countries will reach 6.2 million (Junaidi *et al.*, 2021; Solomon, 2018). It has prosperous economic and social demand for Halal products and services (Hassan *et al.*, 2018). In some Muslim countries, the people are strongly committed to products and services compliant with Islamic law. The main difference between Islamic banks and conventional banks is applied profit and loss sharing and avoiding collaboration in alcohol, smoking, and speculation activities. Indonesia is one of the countries that adopted a dual banking system where Islamic banks and conventional banks compete. Hence, Islamic banks need a unique strategy to attract consumers' concerns and interests. One way to strengthen consumers' preference is to launch the products regarding their beliefs.

Despite his most Muslim people worldwide, Indonesia's Islamic bank market share is around 5% (Junaidi *et al.*, 2021). Interestingly, prior studies concluded religiosity has an essential role in consumers' preference in South Korea (Hur *et al.*, 2020), South Asia (Rauf *et al.*, 2018) Malaysia (Amin, 2020; Zainudin *et al.*, 2019). It also influences consumers' materialism (Pace, 2013; Raggiotto *et al.*, 2018) in Azerbaijan (Ahmadova and Aliyev, 2021) and Saudi Arabia (Abalkhail, 2021), and Iran (Ramazani and Kermani, 2021). On the other hand, religiosity has a significant correlation with consumers' decision-making process. However, other scholars found religion has a crucial role in Islamic business and marketing; for instance, Forghani *et al.* (2019) found religion less effective to Muslim consumers in Malaysia. Religiosity level

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3 does not correlate with Muslim people choosing an Islamic bank in Indonesia, and most of
4 them are more prone to select a conventional bank (Pepinsky, 2013; Wilson *et al.*, 2013). Other
5 scholars, such as Bananuka *et al.* (2019), attempt to examine Muslim consumers in Uganda.
6 Recently, Adil (2021) found religiosity has a significant effect on Muslim consumers'
7 materialism and ethical behavior in India. Junaidi *et al.* (2021) concluded that religiosity also
8 positively affects consumers' commitment and materialism in Indonesia. Religiosity also has a
9 crucial role in influencing brand image in Saudi Arabia (Abalkhail, 2021), the U.K. (Kok,
10 2021), and the U.S. (Liu and Minton, 2018). Unfortunately, the authors avoided simultaneously
11 validating the role of materialism and Islamic brand image among Muslims in conventional
12 and Islamic bank context

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15 s.

16 Lack of study to compare Muslim motivation toward comparative study between
17 conventional and Islamic banks. The other weakness of prior studies is more prone to examine
18 a decision-making process, which mainly uses correlation and cross-sectional techniques such
19 as surveys (e.g., Adil, 2021; Hassan *et al.*, 2018; Naveed *et al.*, 2020). Hence, fall to provide
20 comprehensive results on Muslim behavior on Islamic banks even though some scholars found
21 consumers more inclined to adopt conventional banks than Islamic banks in some Muslim
22 countries. Furthermore, the authors also recommended that future studies investigate the
23 essential role of religiosity in business and marketing fields with the distinguish approach.

24 The recent study attempts to fill this gap by examining the role of religiosity to consumer
25 materialism, which adopted brand image and consumers materialism as a mediator variable
26 toward comparative study among Muslim conventional and Islamic bank consumers'. It is,
27 therefore, worth exploring the consumers' prone across the countries and combining the
28 method (e.g., experimental and survey). It provided internal validity and established causal
29 relationship tools among variables (Kardes and Herr 2019). Furthermore, this study addresses
30 two research questions to fill the current research gap:

31 RQ1. Whether religion has a positive effect on consumer brand image and materialism?

32 RQ2. Whether consumer brand image and materialism have a positive effect on consumer
33 preference?

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39 This study makes two significant contributions in business, and it will utilize the banking sector
40 more comprehensively. First, this study validates the effect of religiosity and consumer
41 preference in conventional and Islamic banking. Similarly, the mediator variables (e.g., brand
42 image and materialism) play a crucial role in bridging religiosity and consumer preferences.
43 These studies not only enlighten in Indonesia context but also in a region with a dual banking
44 system.

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46 Second, the exception of literature and studies concerning the effect of religion on business
47 is limited. Hence, they need legitimacy and transparency of the products and services (Hur *et*
48 *al.*, 2020; Liu and Minton, 2018). The result from this study uncovers the crucial role of religion
49 in the competition. It offers a detailed view of its impact on consumer preferences which was
50 neglected in preliminary studies. Third, the current research has significant practical
51 implications for the demand for religious products and services (Ahmadova and Aliyev, 2021;
52 Hassan *et al.*, 2018). Finally, this study provides an insight into the existing situation of the
53 current banking practice. The stakeholders would discover how the consumers' consciousness
54 of religious versus non-religious products influences their decision. A comparative worldview
55 study will deploy effective strategies and attract new acolytes due to business and religion
56 having mutual relationships (Ayyub *et al.*, 2019; Ireland, 2018). We turn to bank brand image,
57 products, materialism, and religiosity dimensions (e.g., extrinsic and intrinsic) to understand
58 whether consumers choose conventional or Islamic banks. Therefore, the aim of this study is
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(1) to examine how religiosity influences consumers preference, (2) explore religiosity (e.g., extrinsic and intrinsic) as a mediator to validate consumer behavior, (3) validate the level of the religious dimensions as a facilitator in the correlation between consumer decision process when faced to the more beneficial products.

2. Literature review

2.1 Religiosity

According to Md-Ilyas (1992), the fundamental principle of Islamic comprises knowledge (Ma'rifah) which provides Qur'an and Sunnah, belief (Aqidah), and practice (Amal). It has the foundation belief of humans to build their lives (Ahmadova and Aliyev, 2021; Abalkhail, 2021; Junaidi *et al.*, 2021). For a region with a Muslim population, religion is a substance of an individual religious commitment and harmonization to the state laws to their people consumption and use, namely Islamic law (*Shariah* principle). It has become a guideline among Muslims what is acceptable (*Halal*) and forbidden (*Haram*) (Shome *et al.*, 2018). On the other hand, the company's operation and products must comply with the people's belief to protect the consumer shake principle and gain the consumer influx.

Commonly, the concept of religion in business has been explored from two key dimensions: religious affiliation and religious commitment (Minton, 2018; Stillman *et al.*, 2012). Furthermore, religiosity has two dimensions: Intrinsic religiosity is correlated with the people's spiritual aspects, and extrinsic religiosity maintains more behavioral characteristics (Ji and Ibrahim, 2007). Both religious dimensions could affect the consumers' behavior through the influence of the core value of belief and moral judgment. It can be seen that religiosity should influence consumer behavior with particular acts, spiritual rituals, and specific ways of behavior. **Individuals with high religious attributes usually have a relatively higher motivation to avoid worldly desires. They are aware of products and services that comply with their beliefs in the context of the emergence of Islamic finance and Muslim consumers. Religion also possibly influences the Muslim image of Islamic and conventional banks.**

2.2 Islamic brand image

In business literature, brand plays a crucial role in the intermediate relationship between seller and buyer. The process includes establishing the brand in the consumers' inspiration and behavior (Aaker, 1996). For instance, if consumers have positive attitudes and satisfaction towards the brand image, they will repeat the uses and purchase the products and services. This phenomenon will help the company or seller to increase the market share. This phenomenon pursues global firm launch the brand identified with a famous image and based on religiosity context such as Islamic brand. However, many definitions from scholars caused the meaning not clear of the mean of Islamic brand (Wilson and Liu, 2011), which caused by the elementary and lack of study and few kinds of literature based on Islamic brand (Temporal, 2011). In the Islamic view, the brand of "Halal" will help the consumers to avoid any element of doubt or forbidden based on Islamic principle in their view as a potential deal-breaker (Wilson and Liu, 2011).

Commonly, Islamic brand has three primary constructs: origin, target audience, and halal products (Alserhan, 2016) for three reasons. First, the religious sense refers to all the activities of Muslims that are responsible to Allah (God). Therefore, all transactions must be under Islamic law. Second, the Islamic finance institution (IFI) success dominated the region with Muslim people as majority and minority countries (e.g., UK, Singapore). It proves the recognition of Islamic viewpoints in a business context. The religious and social background forms last, legal reason due to the legal context of a country.

2.3 Religiosity and Materialism

The relationship between spirituality and materialism among scholars is still questioned, assembling in one spiritual materialism concept. In Islamic law, religion has an essential role in promoting care, harmony, love, peace, patience, and rules and regulations that serve as a belief code of conduct. It has guidelines for individual and social life. Hence, business and religion are unity with regard to which products and services are authorized and which are prohibited (Amin, 2020). Muslims have adopted these principles to adopt Islamic bank products and services (Junaidi *et al.*, 2021; Kok, 2021; Zainudin *et al.*, 2019).

According to Raggiotto *et al.* (2018) and Stillman *et al.* (2012), materialism has two dimensions. First, self-enhancement versus self-transcendence. This concept divides values into personal-centric and other-centric. In contrast, spirituality refers to community values. Hence, religiosity potentially shifted from individual and hedonic desire to more prone to social orientation. Second, the openness to change versus conservation refers to personal experiences and value or against alteration toward prominence on self-restriction. Hence, this sense of the sacred of source consumption is a brand community to engagements religious magniloquence and influences ways to build innovative products and services (Pace, 2013).

In other words, materialism can be viewed as the value a consumer places on the acquisition and possession of material objects, and also more prone to luxury goods and consumption patterns of food. In the banking context, materialism relates to individuals' approaches and desires to increase their economic and social status, known as extrinsic materialism. It is related to competitiveness, egoism, envy, jealousy, and self-interest. However, in Islamic banking, materialism is not just related to how much income will get but also whether a banking product Halal (allowed) or Haram (prohibited) is based on Islamic law compliance (Abalkhail, 2021; Junaidi *et al.*, 2021).

2.4 Islamic banking and finance

The basic philosophy of Islamic banking is based on some prohibitions and encouragements. The prohibition on Riba and permission to trade, as enshrined in verse Al-Baqarah: 275 of Holy Qur'an (ALLAH has allowed (profit from) trade and prohibited Riba. It has addressed the financial activities in an Islamic economy through asset-backed business and transactions. Furthermore, the Islamic bank operation system refers to activity based on *Islamic* law (*Syariah*) and avoids interest, gharar, gambling, and games (Ayub, 2012; Hassan *et al.*, 2018). Hence, Islamic banking products and services have become alternative financing principles toward four main approaches: *Mudharaba* (financing engagement among two people), *Musharaka* (joint venture based on profit and loss sharing), *Murabaha* (trade transaction), and *Ijara* (leasing). However, sometimes behavior control and benefits are the essential factors the consumers perceive to select Islamic banks rather than religiosity factors (Ayyub *et al.*, 2019; Ireland, 2018). Therefore, the Islamic bank system makes no profit, which complies with Islamic law; furthermore, the money is converted into tangible assets before the transaction occurs. It is an alternative solution to support the *Fiqh Muamallah* related to financial transactions.

*** Insert Figure 1 here ***

3 Hypotheses

Islamic ethical code (*Sharia*) makes clear distinguishes between *Halal* (permissible) and *Haram* (prohibited) of products included alcohol and interest (Shome *et al.*, 2018). In Islam, the Muslim life is predominant with the religious behavior including all of life is a servant of God (Allah). Furthermore, the achievement is neither purely based on economic possessions nor assets representing delight's factual basis. These results have caused the decline numbers of consumer disappointment, materialistic, and reduced their complaining. Preliminary studies

found religiosity has become an essential key point among consumers to choose Islamic banks toward religion tenet (Hassan *et al.*, 2018; Junaidi, 2021). Furthermore, religion also directly affects influence consumer behavior in UAE (Shome *et al.*, 2018), India (Islam and Rahman, 2017; Rauf *et al.*, 2018), Indonesia (Junaidi *et al.*, 2021). Thus, the relationship between business and religion is inseparable. Given the consideration, the hypothesis that:

H1: The Muslim people have a greater intention to choose Islamic bank than conventional bank

In general, Islamic brand encompasses three sources: compliance, origin, and consumer (target audience). It was rigorously attracted to *Sharia* principle compliance, which predominantly focused on halal products' food sector and finance. Furthermore, brand religiosity has a positive effect on consumer decisions (Abalkhail, 2021). Halal products are associated with emotions, and this aspect commonly recognizes the Muslim consumers' personality and behavior to produce a successful Islamic brand. Temporal (2011) is defined Islamic brands related to the marketing and product concept among people in Muslim countries. This definition has applied in counties with both Muslims as majority and minority, targeting a potential market. From Islamic law and a marketing perspective, Halal products and services are essential standards, but economics and quality are imperative from a marketing perspective. Every aspect of life, such as culture, economy, religion, and society, is inseparable from the brand (Stolz and Usunier, 2019). Previous studies concluded that belief strongly correlates to brand image and consumer preference (Ahmadova and Aliyev, 2021; Bananuka *et al.*, 2019; Islam and Rahman, 2017; Tabrani *et al.*, 2018). Given these considerations, the hypothesis:

H2: Brand image has a positive effect on mediating religiosity and consumer preference.

The consumer with a high spiritual level would select religious doctrines through the same method to choose a commercial good and service (Pace, 2013). It has a positive effect on self-caring and also would be a screen behind the self-control of consumers. Islamic law recommends that people should understand boundary materialism to access economic resources. God and religious awareness are the dimensions of the intrinsic religiosity dimension, which positively correlates to adopting permitted products while forbidding evil. While, extrinsic religiosity incorporates ethical principles, which are available in the Holy Qur'an and reliable prophet Muhammad conducted to Muslim people. It is all externally, internally, and moral terms, which must be applied to the actions of the individual Muslim as a concept of personal well-being (toward consuming legitimate products and services by Islamic law) and societal well-being to preserve the ideal society (Alserhan, 2016). Besides, in their lives, Muslim people's activity is based on religion and accountable to God. Therefore, the business transaction must be following Islamic law (Islam and Rahman, 2017; Shome *et al.*, 2018). It proves religion has a crucial effect on Muslim consumers to drive Islamic banking products' choice (Junaidi *et al.*, 2021; Shome *et al.*, 2018).

Moreover, the success of a business should be measured by Islam principles (Halal) instead of purely measuring it in terms of material. Islamic banking does not wholly alleviate obstacles to financing, but it can provide a solution as a substitute for conventional products and services. The level of personal religion is likely to be more dogmatic than fewer individuals with lower religiosity levels. Hence, Muslims with more religion is more likely to align their life based on Islamic law. Moreover, Muslims with a firm commitment to faith can make assessments consistent with their belief.

The principle between Islamic and conventional is quite different. Specifically, the financial instruments which applied interest-free conducted with Islamic law. Therefore, consumers

commonly have various Islamic bank deposits and financing responses (Ayyub *et al.*, 2019; Hassan *et al.*, 2018). There is a solid inclination for a profit-loss sharing banking system from a segment of people who strongly desire to abide by Islamic law. However, the measurement of economic benefits is valued less to consumers with higher religion than by less (Ireland, 2018; Hassan *et al.*, 2018; Pace, 2013). Prior studies concluded that religiosity strongly emphasizes decreased materialism (Ireland, 2018; Islam and Rahman, 2017; Junaidi *et al.*, 2021). Given these considerations, it is a hypothesis that:

H3: Materialism negative effect to mediate between religiosity and consumer preference.

4. Study 1: The basic pattern of Indonesian people to use bank product

This study explores the basic pattern of consumers' financial products offered by the Islamic bank (IB). It compares it to the conventional bank (CB) for consumption or investment purposes. We measure that the aggregate number of financial products offered by IB and CB to potential consumers. This study was designed in a one-direction where participants were accidentally given a condition: IB product as a represent religious product because it a symbol to the local conventional bank system as based on interest and consumer-minded preference that interest is prohibited in Islamic law. All participants saw the same condition with two alternative products before answering the questions, and lastly, four covariances such as gender, age, education, and income were included in fundamental sociodemographic factors and product type preferences.

4.1 Methodology

The current study applies two approaches (e.g., experimental and survey) to explore the connection between religiosity and consumer preference among Muslim people in Indonesia. In particular, the experimental approach possibly validates internal validity and causal relationships among the investigated variables (Kardes and Herr, 2019). The advantages of the experiment method are fully prepared for accurate observation and possibly the observation under the same condition, enabling other experiments to control the result independently with different situations and variations of products. One hundred and fifty-nine participated in this study in exchange for charity donations for every survey were completed. This study was focused on the financial and loan products of banks in Indonesia. We assigned an Islamic operation system and no religious symbol on the cover/full brochure for products. The Islamic label, shaped like free interest, is widely recognized as the symbol of an Islamic product among Indonesians. Firstly, the participants are informed that they would be obtained with bank products and briefly overview them. The file/brochure itself is without a bank logo to eliminate the potential influence of the content on manipulating the product's type. The number of consumers is divided by Islamic and conventional bank products choice.

*** Insert Figure 2 here ***

4.2. Result

We compute the comparative result between IB and CB products. Consumers' preferences were significantly different, with the value of IB being larger than CB. If product type did not affect, the ratio is 1.00 would be predictable in t-test method. In study 1, the mean value was 1.40 ($t(35.95) = 2.80, p < .001$), and all the amount of the product was more than 1.00 ($p < .001$, binomial). This result has consistent with the hypothesis (H1). Thus, we can justify studying 2 for the expected pattern of both IB and CB products.

4.3. Discussion

The key finding in this study shows that most of the participants are more inclined to adopt Islamic banks rather than a conventional banks. Interestingly, religious symbols such as free interest and Islamic view possibly influence Muslim opinions on financial products and services. It implies that the managers need to enhance the Islamic bank operation system's socialization and discuss their opinions and dissatisfaction with consumers. Furthermore, as regulator and shariah supervise board (SSB), the government also needs to collaborate to develop Muslim awareness and commitment to an Islamic bank. It also supports prior studies that commonly Muslim people are more prone to Islamic banks (Bananuka *et al.*, 2019; Junaidi, 2021; Shome *et al.*, 2018; Zainudin *et al.*, 2019). However, some scholars argued brand image and materialism possibly influence the Muslim consumer decision-making process. Hence, we need to examine the role of brand image and materialism as a mediator to bridge religiosity and consumers' preference.

5. Study 2: Mediation through brand image and materialism

The recent study examines whether consumers are more inclined to use financial products offered by IB than their similar coming from CB (H1). The usage patterns of IB' are differential religiosity versus CB' on brand image and materialism to influence Muslim people with to overuse IB' products than less religious (H2). This study examines the relationship between product type (e.g., conventional and Islamic bank) and participants' religiosity level (e.g., extrinsic and intrinsic).

5.1 Method

In study 2, the religiosity dimensions were added. Two hundred and thirty-five respondents participated in this study in exchange for charity donations for every completed survey, which randomly assigned them to the condition of IB' or CB' products. The initial side of the questionnaire contains the modifying of product kinds. In IB's product condition, "X" is framed as a pro-Islamic product with religious principles such as free interest. Bank description indicates that "X" is committed to offering an ethical product based on Islamic law in which the consumer will get the benefit not only material but also spiritual. In CB's product condition, "Y" is described as a company with a fast process, high-quality, low-interest rate, long-term payback period, and a mission for consumers' services.

Furthermore, all the participants delivered a narrative of the features of Y products, which are with the same conditions. Then, all the participants are given a brochure with content, logo, and symbol. They are asked to reply how they would choose by demonstrating the strength of the products after reading the randomly assigned scenario. Participants completed measure using 7-point Likert scale assessing they are perceived about the image of the bank (Hassan *et al.* 2018; Islam and Rahman, 2017) ("religious/not religious", "different/similarly with conventional /Islamic bank", "very good/very bad", $\alpha = .605$). We also measured the participants' level of religiosity dimensions referring to Ji and Ibrahim (2007) scales. Because the instruments are applied in prior studies and built from Indonesian Muslim perspective, namely extrinsic dimension, $M = 6.44$, $SD = .92$, $\alpha = .918$ and intrinsic dimension, $M = 6.38$, $SD = .95$, $\alpha = .854$) with all the ratings are on seven-point scale Likert. In this study, we accompanied double spotlights analysis of the experimental product condition, brand image, and preference intention at high and low religiosity to validate two-way interaction.

5.2 Discussion

The result of spotlight analysis of the participants perceived IB' products was a success regarding extrinsic religiosity value ($M = 2.95$, $SD = 0.57$) and intrinsic religiosity ($M = 8.91$, $SD = 0.51$). Moreover, a simple slope test was conducted between product choices to better understand the interaction effect (Figure 3). Consumer prefer to IB significantly with the

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3 extrinsic religiosity value ($r = 2.95, p < .000$), as well as intrinsic religiosity ($r = 8.91, p < .000$)
4 were significant. It implies the distinctive pattern of effect extrinsic and intrinsic religiosity
5 dimensions such as the frequent to attend religiosity discussion, pray and the presence of
6 ALLAH (God) have a crucial role to reduce Muslim desire on wealth, the beneficial and facility
7 of a conventional bank. On the other hand, consumers with high religiosity levels prefer IB,
8 and Muslims also think and behave in line with their beliefs and value. Hence religiosity has
9 an essential role in influencing Muslim attitudes regarding Islamic bank products and services.
10 In contrast, consumers low in religious dimensions reported incline to CB brand, thereby
11 supporting H2. This result confirmed prior literature and studies that the religious dimension
12 positively affects consumers' preference, mediated by brand image (Abalkhail, 2021; Hassan
13 *et al.*, 2018; Stolz and Usunier, 2019; Temporal, 2011; Wilson and Liu, 2011). The
14 implication of this study to practice is the Islamic concept is quite different from a conventional
15 bank. Moreover, the concept of materialism is Halal (permitted) or Haram (forbidden). It was
16 also compliant with Islamic law. Whereas in a conventional bank, the concept of materialism
17 is the amount of income for Muslim consumers.
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24 **6. Study 3: Religiosity dimension and consumer indulgence among Muslim consumer**

25 To apprehend the effect of Muslim religiosity on their decision in study 3. We examined the
26 consistency of participant choice with conventional product indulgence (e.g. materialism
27 propose) and Islamic bank with beneficial material and spiritual preference intention, mediated
28 by religiosity level dimensions.
29

30 6.1 Method

31 In study 2, we have highlighted the critical factor of the effectiveness of religious dimension
32 in product chosen pattern with the same method for participants' spiritual dimension level in
33 study 3. The primary goal of this study is to validate the probability of indulgences of the
34 product, whether practical to increase the preference of IB (H3) with religiosity level as
35 mediator variables, also to examine the consistency of prior results on products preference.
36

37 Two hundred and forty-seven respondents in this stage with an exchange for charity
38 donation for every survey were completed, which accidentally consigned to one of the three
39 experimental circumstances manipulating the product type and the information with a
40 description of the banks' mission to convey the status of each product.
41

42 After reading the product descriptions, which are detained perpetual across conditions,
43 participants are obtainable with a brochure of CB's and IB's products description. They are
44 asked to show how they would get an economic impact only, using the simple calculation of
45 the product. Note that a similar effect in a brochure is offered to all participants in similar
46 situations to control the prospect of product description might distort the results. We measure
47 product preference with the frequent participants' selection of the products. Next, the
48 participant reported their preference intention ("not at all/greatly, a small amount/a great
49 amount, very unwilling/very willing"; $\alpha = .763$).
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51

52 6.2 Result

53 It is well-meaning to note were positive and significant correlations between participant
54 preference or religiosity level and the dependent variable (regularity of choice bank products).
55 From simple slopes tests, it can be seen that religiosity significant emerged with the value ($r =$
56 $.39, p = .010$) and ($r = 3.28, p = .022$). Spotlight investigation toward standard deviation value
57 for extrinsic religiosity ($M = 2.50, SD = .060$) and intrinsic religiosity ($M = 2.12, SD = .051$) was
58 applied to additional observation of consumers preference pattern based on religious
59
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information (figure 4). On the other hand, the participants' religiosity level has different perceived materialism of bank products.

*** Insert figure 4 here ***

6.3 Discussion

Comparable to study 2, the participant's product preference correlates with extrinsic and intrinsic religiosity. It subsequently positive effect on Muslim materialistic behavior and bank product preference, thereby supporting H3. Thus, regardless of whether religion has a positive impact on consumer product brand image (study 2) or is a material indulgence (study 3), and also can subsequently be an effective way of influencing Muslim consumer behavior. These conclusions also support previous studies that consumers' religiosity levels significantly affect Muslim brand image, materialism, and consumers' preference (Hur *et al.*, 2020; Abalkhail, 2021; Pace, 2013). Meanwhile, opposite with Pepinsky (2013) and Wilson *et al.* (2011). It was also a proven consumer decision to change when presented with a religious product and the spiritual value of an Islamic bank.

The authentic objective of the religious product effect is well-intentioned to study further. The consumers' extrinsic and intrinsic religiosity levels have a positive impact on marketing the Muslim decision-making process. Moreover, brand image and materialism have a keen sense of belonging for Muslim preparations or could respond to an internal struggle of the desire of wealth mindset, which will affect religious scripture, symbol, or brand. Remarkably, all the direct effects of extrinsic religiosity dimensions on Muslim preference. Whereas non-significantly between intrinsic religiosity on consumer preference intention.

6.4 Mediation effect

This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the mediation effects of brand image and materialism between religiosity and consumers' preference. CIs result has represented significance at a 95% confidence level.

It can be seen in Table 1, the participants who chose the IB product is different from CB products (see figure 3), proving the manipulation of products type were successful. The model included product type (IB = 1 and CB = -1). To confirm the effect of religiosity on brand image. Study 2 examines how the brand image mediates between religiosity (e.g., extrinsic and intrinsic) and consumer preference (H2). We found a significant effect of interaction between experiment product condition (e.g., religious and non-religious) and consumer preference emerged.

*** Insert Table 1 here ***

7. General Discussion

Islamic brand image influences consumer preference, such as Halal products, which control product indulgence. This interesting interaction was conducted in the context of the consumers' behavior and decision making, thereby providing evidence of the outcome of religiosity level consumers upon disclosure of Islamic bank of products. The product indulgences with consumers' more significant level of religiosity were more reactive to the religious consequences. The positive connection fits with concepts that religiosity affects consumer inclination due to belief and faith in sacred scripture. Studies 2 and 3 show the positive relationship between religiosity and consumer preference facilitated by brand image and materialism.

Toward three studies, we validated the role of religiosity on Muslim preference to adopt conventional and Islamic banks. We also applied brand image and materialism as mediator variables between religiosity (e.g., extrinsic and intrinsic) and Muslim consumers' preference. Our conclusions fulfill the two research questions and the aims of the study in the introduction part. We found (1) that Muslim consumers are more prone to adopt Islamic banks if the contents and religious symbols are described to people than the conventional bank. Furthermore, the income benefit has a more negligible effect of influencing Muslim decisions if they have a good understanding of Islamic law and Islamic bank products (studies 1 and 2). (2) the awareness of Islamic bank products has a greater effect on influencing Muslim consumers' decision-making process than conventional bank brand image and facilities (study 3). This study contributes to the literature on the business field's religious dimension, specifically, how consumers change their decision after exposure to the principal Islamic information. This research also contributes to the consumer principal Islamic to demonstrate that religiosity dimensions could be part of a consumers' value and inducement information to evaluate potential study (e.g., when religious prompts are incorporated into business efforts).

7.1. Conclusion

Religion is an essential key point to marketplace behavior, such as Islamic banking products related to financing, investment, and saving to avoid conventional products with an exciting base. The religiosity dimensions (extrinsic and intrinsic) had differential on the marketplace when bank products were launched based on Islamic principles, precisely, material or logical consideration response. Whereas consumers' intrinsic religiosity level, less self-controlled when showing to the same position. Hence, understanding the consumers' religious context can influence business activities and real consumer demand. There are confirms that Muslim consumers' religiosity is high when they have a higher intention to interact with other Muslims and communities. However, reading Koran, discussing religious principles, and distinguishing between conventional and Islamic bank principles in the group or community over their activities have a more negligible effect than extrinsic religiosity. It also corroborates that the Mosque has become pivotal in bridging people's minds and knowledge about worship and economic principles in Islamic law.

7.2 Academic contribution

Moreover, this study contributes to business literature on the crucial role of religiosity (e.g., extrinsic and intrinsic) in the marketing field, which has played a different role in influencing consumer behavior based on the rule allowed and prohibited context. This research also highlights the significance of religious code and principle as a mechanism of the behavior, belief, expectations, and values to influence consumer decisions.

In addition to theoretical contributions, the recent study provided information for government, marketers, and practitioners. When planning to launch specific products (e.g., exercise halal products), understand consumers' religiosity as critical insights into their preferences. The consumers' intrinsic religion is more approachable to an Islamic bank. Meanwhile, consumers' extrinsic religiosity is a lower reactant. Also, the recent study demonstrates a diversity of approaches for promoting religious-based products (study 1) and religious knowledge, activities, advertising, brochure, and message of religion to increase consumer preference in studies 2 and 3. These results could combine into promotion and brand image in the short-term and long-term based on the company goals.

7.3 Practical implication

The religious messages may improve Muslim consumers' consciousness to be realized by consumers with specific spiritual attention. Furthermore, these online communication and

interaction provide a particular site for consumers' religiosity dimensions to give a precise subject. The religious brands or products can equal the consumers' desire outline (e.g., descriptive religiosity). For instance, corporations could build market share with specific religious products or services to connect with consumers. It was also possible to seek words, which are linked to extrinsic religiosity (e.g., search terms of "religion member organization" or "religious product base"). In addition, the bank manager should consider the consumer religion aspect, especially when trying to establish products. The religious concept can also be used for the economic and social sector; these tactics could also apply to social and public policymakers to encourage more pro-social and self-controlled consumer behavior.

7.4 Limitations and future research

Although this research tries to combine age, culture, education, and income among Indonesian Muslim people, future studies need to discover another marketplace attitude and potential awareness factors to influence consumers' decision making. It is possible to learn the different fields of religiosity, such as praying and attending religious discussions to stimulate consumers marvelous, which is more applicable for cross-cultural dimensions. Thus, future studies need requirements to authorize the conclusions with other affiliations and states.

An additional study might also use different instruments to address religions' effects based on brand image and materialism reactance. Whether consumers with more religiosity level have determined by advisory factors, such as distinguish interpretation of scripture is a necessity to ones' organizations or council of scholar judgment (Fatwa) related to products. Moreover, the participants' religious background, knowledge, and intention to attend a seminar or sacred assembly to elaborate *Fiqh muamallah* (Islamic rulings governing commercial transactions and Islamic banking and finance) can be applied as a control.

Recent research also warranted understanding why consumers with lower extrinsic religiosity have an insignificant effect mediating between brand image and materialism to religious products preference. Future studies also need to seek alternative mechanisms and variables to bridge the relationship between religion and consumers' behavior. Hence, further examination would validate belief cues in marketing primarily related to the brand, whether religious base or conventional base, to identify how religious versus non-religious belief and brands affect increasing or decreasing self-control.

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13 Research*, Vol. 10 No. 4, pp. 591-606.

14 15 16 17 **Appendix. Scale items**

18 Extrinsic religiosity (Ji and Ibrahim, 2007)

- 19 1. My reason to go and join member of Mosque is to establish in the community.
- 20 2. Although I am a religious person, I refuse to let religious considerations influence my
21 everyday life.
- 22 3. A primary reason for my interest in religion is that my Mosque has congenial social
23 activities.
- 24 4. Occasionally I find it necessary to compromise my religious beliefs in order to protect my
25 social and economic interest.
- 26 5. The Mosque is most important as a place to formulate good social relationship.

27
28
29
30 Intrinsic religiosity (Ji and Ibrahim, 2007)

- 31 1. I enjoy reading the literature about my faith and join the Koran study group.
- 32 2. I try to carry my religion over into all my other dealing in life.
- 33 3. I have been aware of the presence of God or the divine being.
- 34 4. My religious beliefs are what really lie behind my whole approach to life.
- 35 5. It is important for me to spend periods of time in private religious thought and meditation.

36
37
38 Brand image (Tabrani *et al.*, 2017)

- 39 1. I commit to stay in a relationship with Islamic banks.
- 40 2. I have a strong attachment with Islamic banks.
- 41 3. I have a strong sense of belonging with Islamic banks.
- 42 4. I remain loyal to IBs due to the high cost to switch to other banks.

43
44
45 Consumer materialism (Junaidi *et al.*, 2021)

- 46 1. I choose a bank that benefits me and the society regardless of Islamic law.
- 47 2. I choose a bank that refrains from dirty practices that can be detrimental to the public.
- 48 3. I choose a IBs because the penalty of the financing is lower than a conventional bank.
- 49 4. I choose a IBs because the profit-sharing of Islamic banks is higher than a conventional
50 bank.
- 51 5. I choose a IBs because the overall of Islamic bank's product and service is better than a
52 conventional bank.

53
54
55 Customer preference (Junaidi *et al.*, 2021)

- 56 1. I consider use Islamic bank as my first choice
- 57 2. I feel using Islamic bank is a good idea
- 58 3. I am interested to use Islamic banking.
- 59 4. I am interested to use banking in the future.
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5. I will definitely recommend Islamic banking to others.

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Figure 1: Conceptual model of Muslim preference to conventional and Islamic bank

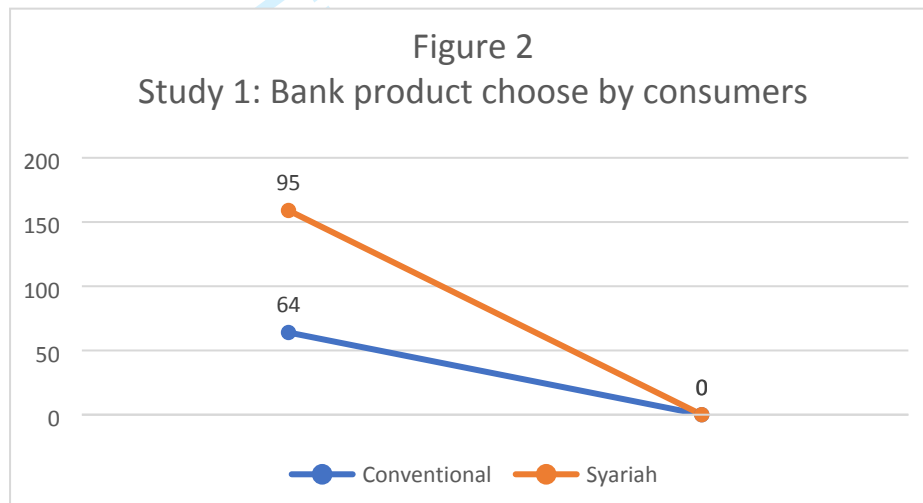
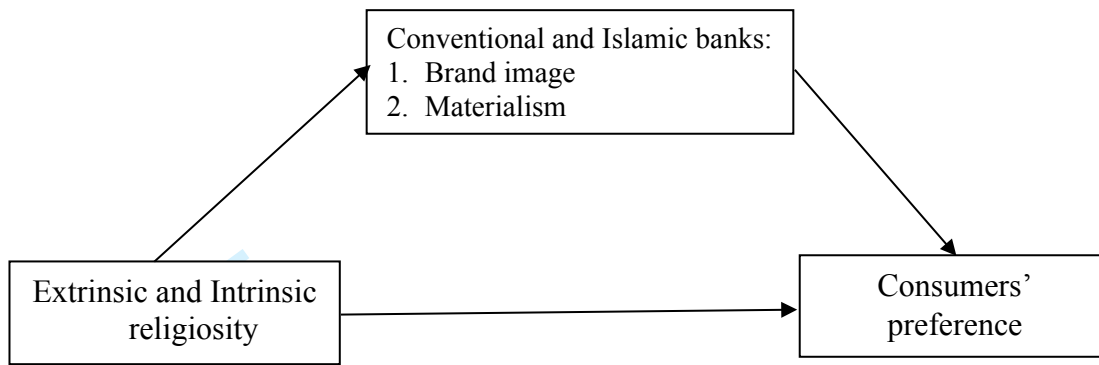
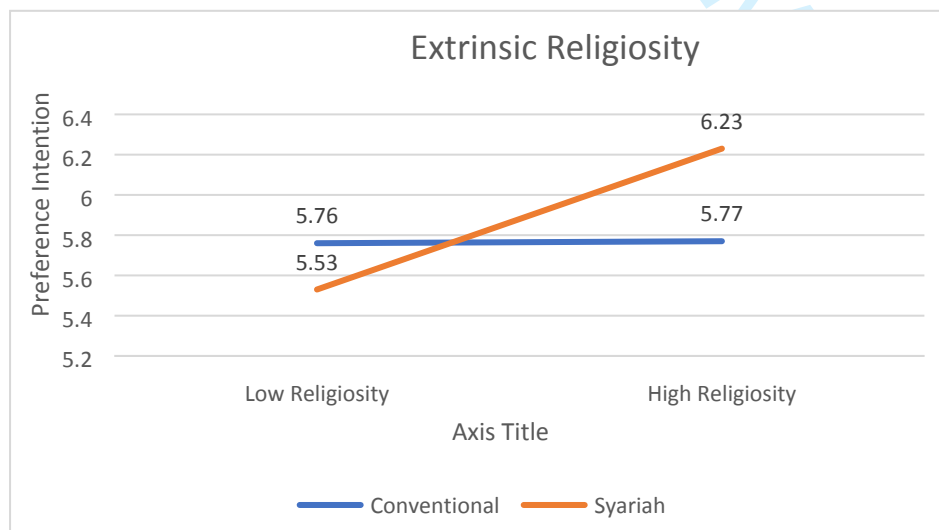


Figure 3: Brand image mediation effect between religiosity and consumer preference among Muslim consumers.



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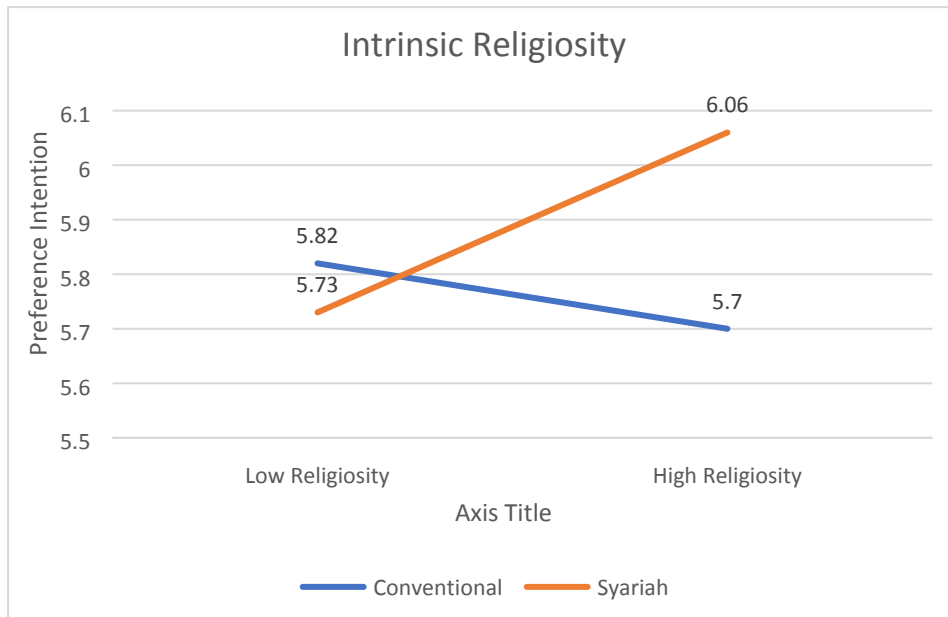
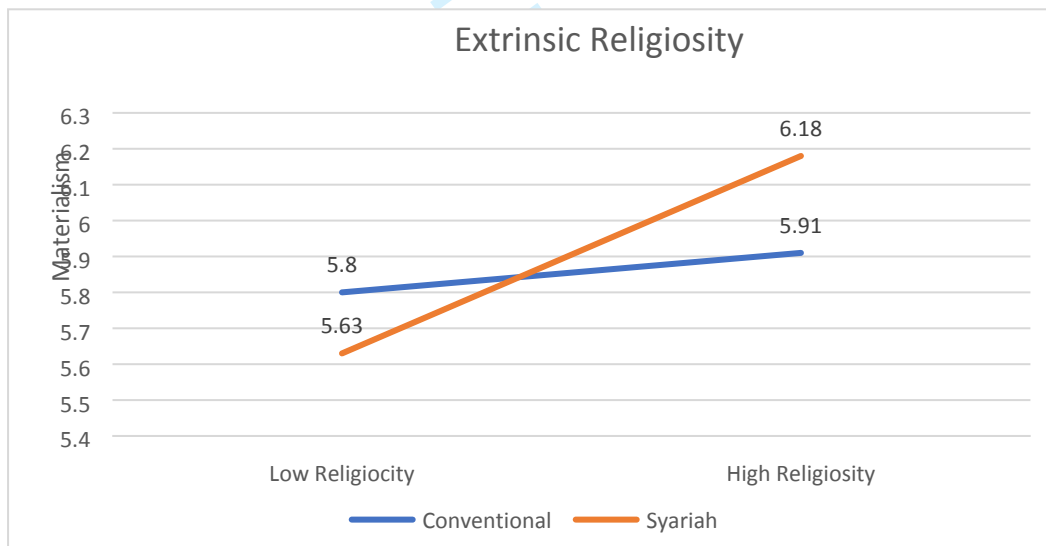


Figure 4: Materialism mediation effect between religiosity and consumer preference among Muslim consumers



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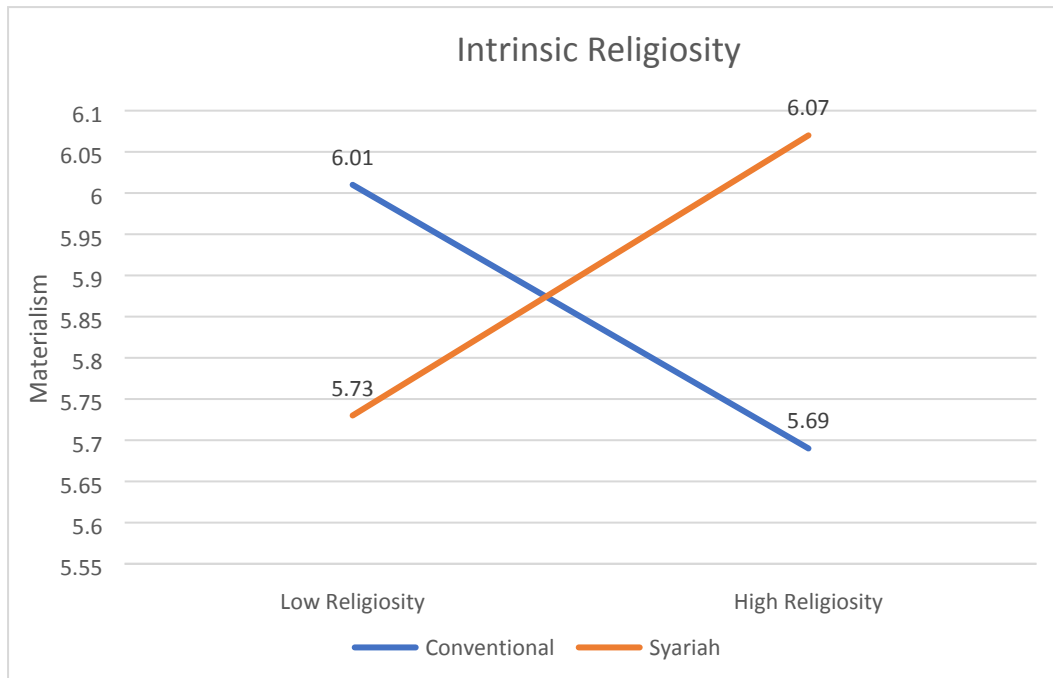


Table 1: Mediation effect result

IV	M	DV	IV->DV (c)	IV->M (a)	IV+M->DV		Bootstrapping 95% CI	
					IV (c')	M(b)	Percentile method	Bias-corrected
Study 2								
ED	BI	PI	0.491***	0.445***	0.177**	0.703***	[0.061, 0.377]	[0.075, 0.481]
Standard Error (SE)			0.120	0.138	0.072	0.034		
ID	BI	PI	0.241**	0.311**	0.019	0.719***	[0.117, 0.494]	[0.149, 0.613]
Standard Error (SE)			0.107	0.122	0.063	0.034		
Study 3								
ED	MI	PI	0.312**	0.170**	0.219	0.550*	[0.413, 0.198]	[0.504, 0.244]
Standard Error (SE)			0.153	0.077	0.149	0.141		
ID	MI	PI	0.280**	0.141**	0.203	0.550*	[0.006,0.164]	[0.009,0.199]
Standard Error (SE)			0.134	0.067	0.130	0.141		

Notes: BI: Brand image, MI = Hedonic/Materialism, ED = Extrinsic religiosity, ID = Intrinsic religiosity, PI = Preference intention
Significant at *: $p < 0.05$; **: $p < 0.01$; ***: $p < 0.001$.

**10. Bukti bahwa artikel diterima
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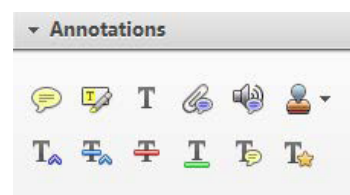
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Determinants to adopt conventional and Islamic banking: evidence from Indonesia

Adopt conventional and Islamic banking

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Abstract

Purpose – This paper aims to investigate how extrinsic and intrinsic religiosity influences the mediator variables, such as consumers’ brand image and materialism in the Indonesian banking sector (e.g. conventional and Islamic). It also examines how mediators influence consumers’ preferences.

Design/methodology/approach – The sample consists of 575 bank consumers. The experiment method was used to test the research hypotheses through three studies.

Findings – The empirical results indicate that religiosity positively affects consumers’ decision-making process, precisely when bank products are based on Islamic principles. Furthermore, consumers’ brand image and materialism partially mediate religiosity and consumers’ preferences.

Research limitations/implications – This study was limited to Indonesian bank consumers. Therefore, future study is needed to analyze cross-region.

Practical implications – Bank managers and regulators need to enhance Islamic banks’ products and services and the varying principle between conventional banks. They also need to enlighten consumers from the perspective of business and religiosity.

Originality/value – This study contributes to consumers’ behavior literature and the decision-making process of developing and testing a model of religious determinants of consumer preference toward bank products.

Keywords Religiosity, Brand image, Materialism, Consumer preference

Paper type Research paper



Ethical approval: All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards.

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1. Introduction

In 2030, half of the population worldwide is Muslims; during the period, the USA and several European countries will reach 6.2 million (Junaidi *et al.*, 2021; Solomon, 2018). It has prosperous economic and social demand for halal products and services (Hassan *et al.*, 2018). In some Muslim countries, the people are strongly committed to products and services compliant with Islamic law. The main difference between Islamic banks and conventional banks is applied profit and loss sharing and avoiding collaboration in alcohol, smoking and speculation activities. Indonesia is one of the countries that adopted a dual banking system where Islamic banks and conventional banks compete. Hence, Islamic banks need a unique strategy to attract consumers' concerns and interests. One way to strengthen consumers' preference is to launch the products regarding their beliefs.

Despite his most Muslim people worldwide, Indonesia's Islamic bank market share is around 5% (Junaidi *et al.*, 2021). Interestingly, prior studies concluded religiosity has an essential role in consumers' preference in South Korea (Hur *et al.*, 2020), South Asia (Rauf *et al.*, 2018) and Malaysia (Amin, 2020; Zainudin *et al.*, 2019). It also influences consumers' materialism (Pace, 2013; Raggiotto *et al.*, 2018) in Azerbaijan (Ahmadova and Aliyev, 2021) and Saudi Arabia (Abalkhail, 2021) and Iran (Ramazani and Kermani, 2021). On the other hand, religiosity has a significant correlation with consumers' decision-making process. However, other scholars found religion has a crucial role in Islamic business and marketing; for instance, Forghani *et al.* (2019) found religion less effective to Muslim consumers in Malaysia. Religiosity level does not correlate with Muslim people choosing an Islamic bank in Indonesia, and most of them are more prone to select a conventional bank (Pepinsky, 2013; Wilson *et al.*, 2013). Other scholars, such as Bananuka *et al.* (2019), attempt to examine Muslim consumers in Uganda. Recently, Adil (2021) found religiosity has a significant effect on Muslim consumers' materialism and ethical behavior in India. Junaidi *et al.* (2021) concluded that religiosity also positively affects consumers' commitment and materialism in Indonesia. Religiosity also has a crucial role in influencing brand image in Saudi Arabia (Abalkhail, 2021), the UK (Kok, 2021) and the USA (Liu and Minton, 2018). Unfortunately, the authors avoided simultaneously validating the role of materialism and Islamic brand image among Muslims in conventional and Islamic bank contexts.

Lack of study to compare Muslim motivation toward comparative study between conventional and Islamic banks. The other weakness of prior studies is more prone to examine a decision-making process, which mainly uses correlation and cross-sectional techniques such as surveys (Adil, 2021; Hassan *et al.*, 2018; Naveed *et al.*, 2020). Hence, fall to provide comprehensive results on Muslim behavior on Islamic banks even though some scholars found consumers more inclined to adopt conventional banks than Islamic banks in some Muslim countries. Furthermore, the authors also recommended that future studies investigate the essential role of religiosity in business and marketing fields with the distinguish approach.

The recent study attempts to fill this gap by examining the role of religiosity to consumer materialism, which adopted brand image and consumers materialism as a mediator variable toward comparative study among Muslim conventional and Islamic bank consumers. It is, therefore, worth exploring the consumers' prone across the countries and combining the method (e.g. experimental and survey). It provided internal validity and established causal relationship tools among variables (Kardes and Herr, 2019). Furthermore, this study addresses two research questions to fill the current research gap:

RQ1. Whether religion has a positive effect on consumer brand image and materialism?

RQ2. Whether consumer brand image and materialism have a positive effect on consumer preference?

Adopt
conventional
and Islamic
banking

This study makes two significant contributions in business, and it will utilize the banking sector more comprehensively. First, this study validates the effect of religiosity and consumer preference in conventional and Islamic banking. Similarly, the mediator variables (e.g. brand image and materialism) play a crucial role in bridging religiosity and consumer preferences. These studies enlighten not only in Indonesia context but also in a region with a dual banking system.

Second, the exception of literature and studies concerning the effect of religion on business is limited. Hence, they need legitimacy and transparency of the products and services (Hur *et al.*, 2020; Liu and Minton, 2018). The result from this study uncovers the crucial role of religion in the competition. It offers a detailed view of its impact on consumer preferences which was neglected in preliminary studies. Third, the current research has significant practical implications for the demand for religious products and services (Ahmadova and Aliyev, 2021; Hassan *et al.*, 2018). Finally, this study provides an insight into the existing situation of the current banking practice. The stakeholders would discover how the consumers' consciousness of religious versus non-religious products influences their decision. A comparative worldview study will deploy effective strategies and attract new acolytes due to business and religion having mutual relationships (Ayyub *et al.*, 2019; Ireland, 2018). We turn to bank brand image, products, materialism, and religiosity dimensions (e.g. extrinsic and intrinsic) to understand whether consumers choose conventional or Islamic banks. Therefore, the aim of this study is to examine how religiosity influences consumers preference, explore religiosity (e.g. extrinsic and intrinsic) as a mediator to validate consumer behavior, validate the level of the religious dimensions as a facilitator in the correlation between consumer decision process when faced to the more beneficial products.

2. Literature review

2.1 Religiosity

According to Md-Ilyas (1992), the fundamental principle of Islamic comprises knowledge (Ma'rifah) which provides Qur'an and Sunnah, belief (Aqidah) and practice (Amal). It has the foundation belief of humans to build their lives (Ahmadova and Aliyev, 2021; Abalkhail, 2021; Junaidi *et al.*, 2021). For a region with a Muslim population, religion is a substance of an individual religious commitment and harmonization to the state laws to their people consumption and use, namely, Islamic law (Shariah principle). It has become a guideline among Muslims what is acceptable (halal) and forbidden (haram) (Shome *et al.*, 2018). On the other hand, the company's operation and products must comply with the people's belief to protect the consumer shake principle and gain the consumer influx.

Commonly, the concept of religion in business has been explored from two key dimensions: religious affiliation and religious commitment (Minton, 2018; Stillman *et al.*, 2012). Furthermore, religiosity has two dimensions: Intrinsic religiosity is correlated with the people's spiritual aspects, and extrinsic religiosity maintains more behavioral characteristics (Ji and Ibrahim, 2007). Both religious dimensions could affect the consumers' behavior through the influence of the core value of belief and moral judgment. It can be seen that religiosity should influence consumer behavior with particular acts, spiritual rituals and specific ways of behavior. Individuals with high religious attributes usually have a relatively higher motivation to avoid worldly desires. They are aware of products and services that comply with their beliefs in the context of the emergence of Islamic finance and

Muslim consumers. Religion also possibly influences the Muslim image of Islamic and conventional banks.

2.2 Islamic brand image

In business literature, brand plays a crucial role in the intermediate relationship between seller and buyer. The process includes establishing the brand in the consumers' inspiration and behavior (Aaker, 1996). For instance, if consumers have positive attitudes and satisfaction toward the brand image, they will repeat the uses and purchase the products and services. This phenomenon will help the company or seller to increase the market share. This phenomenon pursues global firm launch the brand identified with a famous image and based on religiosity context such as Islamic brand. However, many definitions from scholars caused the meaning not clear of the mean of Islamic brand (Wilson and Liu, 2011), which caused by the elementary and lack of study and few kinds of literature based on Islamic brand (Temporal, 2011). In the Islamic view, the brand of "Halal" will help the consumers to avoid any element of doubt or forbidden based on Islamic principle in their view as a potential deal-breaker (Wilson and Liu, 2011).

Commonly, Islamic brand has three primary constructs: origin, target audience and halal products (Alserhan, 2016) for three reasons. First, the religious sense refers to all the activities of Muslims that are responsible to Allah (God). Therefore, all transactions must be under Islamic law. Second, the Islamic finance institution (IFI) success dominated the region with Muslim people as majority and minority countries (e.g. UK, Singapore). It proves the recognition of Islamic viewpoints in a business context. The religious and social background forms last, legal reason due to the legal context of a country.

2.3 Religiosity and materialism

The relationship between spirituality and materialism among scholars is still questioned, assembling in one spiritual materialism concept. In Islamic law, religion has an essential role in promoting care, harmony, love, peace, patience and rules and regulations that serve as a belief code of conduct. It has guidelines for individual and social life. Hence, business and religion are unity with regard to which products and services are authorized and which are prohibited (Amin, 2020). Muslims have adopted these principles to adopt Islamic bank products and services (Junaidi *et al.*, 2021; Kok, 2021; Zainudin *et al.*, 2019).

According to Raggiotto *et al.* (2018) and Stillman *et al.* (2012), materialism has two dimensions. First, self-enhancement versus self-transcendence. This concept divides values into personal-centric and other-centric. In contrast, spirituality refers to community values. Hence, religiosity potentially shifted from individual and hedonic desire to more prone to social orientation. Second, the openness to change versus conservation refers to personal experiences and value or against alteration toward prominence on self-restriction. Hence, this sense of the sacred of source consumption is a brand community to engagements religious magniloquence and influences ways to build innovative products and services (Pace, 2013).

In other words, materialism can be viewed as the value a consumer places on the acquisition and possession of material objects, and also more prone to luxury goods and consumption patterns of food. In the banking context, materialism relates to individuals' approaches and desires to increase their economic and social status, known as extrinsic materialism. It is related to competitiveness, egoism, envy, jealousy and self-interest. However, in Islamic banking, materialism is not just related to how much income will get but also whether a banking product halal (allowed) or haram (prohibited) is based on Islamic law compliance (Abalkhail, 2021; Junaidi *et al.*, 2021).

Adopt conventional and Islamic banking

2.4 Islamic banking and finance

The basic philosophy of Islamic banking is based on some prohibitions and encouragements. The prohibition on *riba* and permission to trade, as enshrined in verse Al-Baqarah: 275 of Holy Qur'an [Allah has allowed (profit from) trade and prohibited *riba*]. It has addressed the financial activities in an Islamic economy through asset-backed business and transactions. Furthermore, the Islamic bank operation system refers to activity based on Islamic law (*Syariah*) and avoids interest, *gharar*, gambling and games (Ayub, 2012; Hassan et al., 2018). Hence, Islamic banking products and services have become alternative financing principles toward four main approaches: *Mudharaba* (financing engagement among two people), *Musharaka* (joint venture based on profit and loss sharing), *Murabaha* (trade transaction) and *Ijara* (leasing). However, sometimes behavior control and benefits are the essential factors the consumers perceive to select Islamic banks rather than religiosity factors (Ayyub et al., 2019; Ireland, 2018). Therefore, the Islamic bank system makes no profit, which complies with Islamic law; furthermore, the money is converted into tangible assets before the transaction occurs. It is an alternative solution to support the *Fiqh Muamallah* related to financial transactions (Figure 1).

F1

3. Hypotheses

Islamic ethical code (Sharia) makes clear distinguishes between halal (permissible) and haram (prohibited) of products included alcohol and interest (Shome et al., 2018). In Islam, the Muslim life is predominant with the religious behavior including all of life is a servant of God (Allah). Furthermore, the achievement is neither purely based on economic possessions nor assets representing delight's factual basis. These results have caused the decline numbers of consumer disappointment, materialistic and reduced their complaining. Preliminary studies found religiosity has become an essential key point among consumers to choose Islamic banks toward religion tenet (Hassan et al., 2018; Junaidi, 2021). Furthermore, religion also directly affects influence consumer behavior in UAE (Shome et al., 2018), India (Islam and Rahman, 2017; Rauf et al., 2018) and Indonesia (Junaidi et al., 2021). Thus, the relationship between business and religion is inseparable. Given the consideration, the hypothesis that:

H1. The Muslim people have a greater intention to choose Islamic bank than conventional bank.

In general, Islamic brand encompasses three sources: compliance, origin and consumer (target audience). It was rigorously attracted to Sharia principle compliance, which predominantly focused on halal products' food sector and finance. Furthermore, brand religiosity has a positive effect on consumer decisions (Abalkhail, 2021). Halal products are associated with emotions, and this aspect commonly recognizes the Muslim consumers' personality and behavior to produce a successful Islamic brand. Temporal (2011) is defined Islamic brands related to the marketing and product concept among people in Muslim

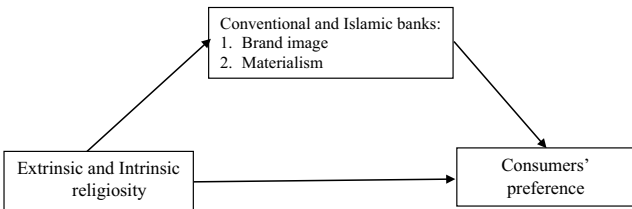


Figure 1. Conceptual model of Muslim preference to conventional and Islamic bank

countries. This definition has applied in counties with both Muslims as majority and minority, targeting a potential market. From Islamic law and a marketing perspective, halal products and services are essential standards, but economics and quality are imperative from a marketing perspective. Every aspect of life, such as culture, economy, religion and society, is inseparable from the brand (Stolz and Usunier, 2019). Previous studies concluded that belief strongly correlates to brand image and consumer preference (Ahmadova and Aliyev, 2021; Bananuka *et al.*, 2019; Islam and Rahman, 2017; Tabrani *et al.*, 2018). Given these considerations, the hypothesis:

H2. Brand image has a positive effect on mediating religiosity and consumer preference.

The consumer with a high spiritual level would select religious doctrines through the same method to choose a commercial good and service (Pace, 2013). It has a positive effect on self-caring and also would be a screen behind the self-control of consumers. Islamic law recommends that people should understand boundary materialism to access economic resources. God and religious awareness are the dimensions of the intrinsic religiosity dimension, which positively correlates to adopting permitted products while forbidding evil. While, extrinsic religiosity incorporates ethical principles, which are available in the Holy Qur'an and reliable prophet Muhammad conducted to Muslim people. It is all externally, internally and moral terms, which must be applied to the actions of the individual Muslim as a concept of personal well-being (toward consuming legitimate products and services by Islamic law) and societal well-being to preserve the ideal society (Alserhan, 2016). Besides, in their lives, Muslim people's activity is based on religion and accountable to God. Therefore, the business transaction must be following Islamic law (Islam and Rahman, 2017; Shome *et al.*, 2018). It proves religion has a crucial effect on Muslim consumers to drive Islamic banking products' choice (Junaidi *et al.*, 2021; Shome *et al.*, 2018).

Moreover, the success of a business should be measured by Islam principles (halal) instead of purely measuring it in terms of material. Islamic banking does not wholly alleviate obstacles to financing, but it can provide a solution as a substitute for conventional products and services. The level of personal religion is likely to be more dogmatic than fewer individuals with lower religiosity levels. Hence, Muslims with more religion is more likely to align their life based on Islamic law. Moreover, Muslims with a firm commitment to faith can make assessments consistent with their belief.

The principle between Islamic and conventional is quite different. Specifically, the financial instruments which applied interest-free conducted with Islamic law. Therefore, consumers commonly have various Islamic bank deposits and financing responses (Ayyub *et al.*, 2019; Hassan *et al.*, 2018). There is a solid inclination for a profit-loss sharing banking system from a segment of people who strongly desire to abide by Islamic law. However, the measurement of economic benefits is valued less to consumers with higher religion than by less (Ireland, 2018; Hassan *et al.*, 2018; Pace, 2013). Prior studies concluded that religiosity strongly emphasizes decreased materialism (Ireland, 2018; Islam and Rahman, 2017; Junaidi *et al.*, 2021). Given these considerations, it is a hypothesis that:

H3. Materialism negative effect to mediate between religiosity and consumer preference.

4. Study 1: the basic pattern of Indonesian people to use bank product

This study explores the basic pattern of consumers' financial products offered by the Islamic bank (IB). It compares it to the conventional bank (CB) for consumption or

investment purposes. We measure that the aggregate number of financial products offered by IB and CB to potential consumers. This study was designed in a one-direction where participants were accidentally given a condition: IB product as a represent religious product because it a symbol to the local conventional bank system as based on interest and consumer-minded preference that interest is prohibited in Islamic law. All participants saw the same condition with two alternative products before answering the questions, and lastly, four covariances such as gender, age, education and income were included in fundamental sociodemographic factors and product type preferences.

4.1 Methodology

The current study applies two approaches (e.g. experimental and survey) to explore the connection between religiosity and consumer preference among Muslim people in Indonesia. In particular, the experimental approach possibly validates internal validity and causal relationships among the investigated variables (Kardes and Herr, 2019). The advantages of the experiment method are fully prepared for accurate observation and possibly the observation under the same condition, enabling other experiments to control the result independently with different situations and variations of products. One hundred and fifty-nine participated in this study in exchange for charity donations for every survey were completed. This study was focused on the financial and loan products of banks in Indonesia. We assigned an Islamic operation system and no religious symbol on the cover/full brochure for products. The Islamic label, shaped like free interest, is widely recognized as the symbol of an Islamic product among Indonesians. First, the participants are informed that they would be obtained with bank products and briefly overview them. The file/brochure itself is without a bank logo to eliminate the potential influence of the content on manipulating the product's type. The number of consumers is divided by Islamic and conventional bank products choice (Figure 2).

F2

4.2 Results

We compute the comparative result between IB and CB products. Consumers' preferences were significantly different, with the value of IB being larger than CB. If product type did not affect, the ratio is 1.00 would be predictable in t-test method. In Study 1, the mean value was 1.40 ($alic > t(35.95) = 2.80, p < 0.001$), and all the amount of the product was more than 1.00 ($p < 0.001$, binomial). This result has consistent with the hypothesis (H1). Thus, we can justify studying 2 for the expected pattern of both IB and CB products.

4.3 Discussion

The key finding in this study shows that most of the participants are more inclined to adopt Islamic banks rather than a conventional banks. Interestingly, religious symbols such as

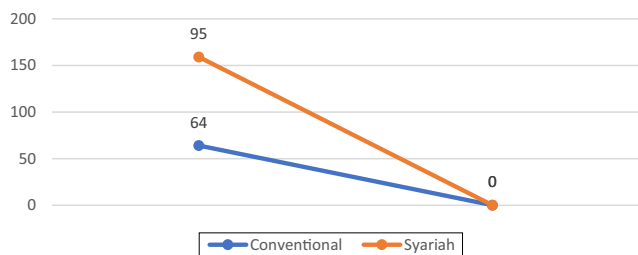


Figure 2.
Study 1: Bank
product choose by
consumers

free interest and Islamic view possibly influence Muslim opinions on financial products and services. It implies that the managers need to enhance the Islamic bank operation system's socialization and discuss their opinions and dissatisfaction with consumers. Furthermore, as regulator and Shariah supervise board (SSB), the government also needs to collaborate to develop Muslim awareness and commitment to an Islamic bank. It also supports prior studies that commonly Muslim people are more prone to Islamic banks (Bananuka *et al.*, 2019; Junaidi, 2021; Shome *et al.*, 2018; Zainudin *et al.*, 2019). However, some scholars argued brand image and materialism possibly influence the Muslim consumer decision-making process. Hence, we need to examine the role of brand image and materialism as a mediator to bridge religiosity and consumers' preference.

5. Study 2: mediation through brand image and materialism

The recent study examines whether consumers are more inclined to use financial products offered by IB than their similar coming from CB (*H1*). The usage patterns of IB' are differential religiosity versus CB' on brand image and materialism to influence Muslim people with to overuse IB' products than less religious (*H2*). This study examines the relationship between product type (e.g. conventional and Islamic bank) and participants' religiosity level (e.g. extrinsic and intrinsic).

5.1 Method

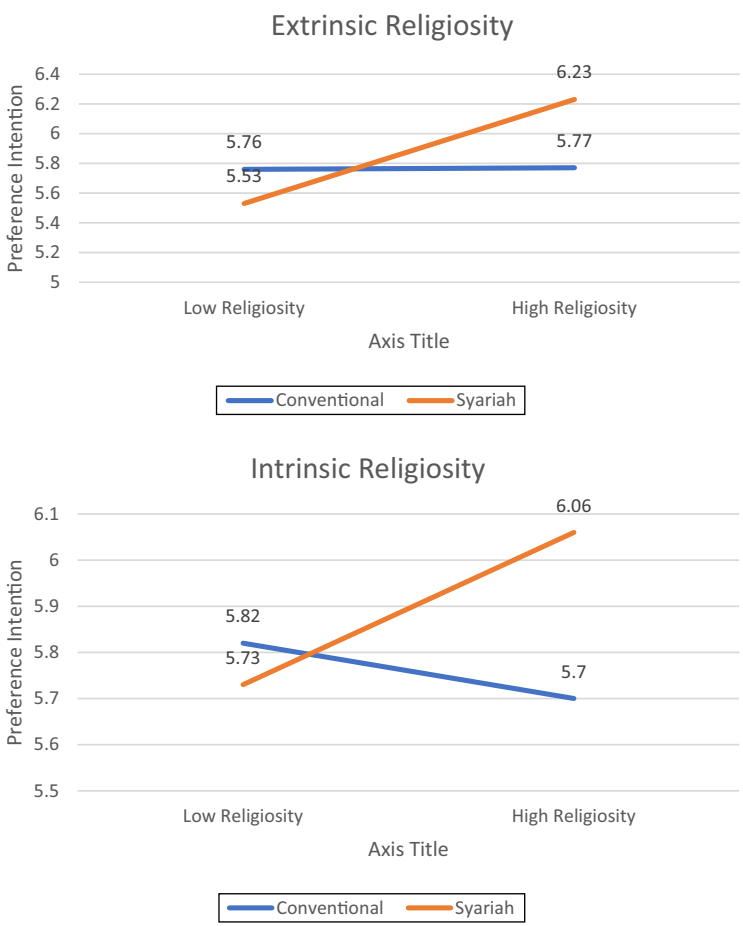
In Study 2, the religiosity dimensions were added. Two hundred and thirty-five respondents participated in this study in exchange for charity donations for every completed survey, which randomly assigned them to the condition of IB' or CB' products. The initial side of the questionnaire contains the modifying of product kinds. In IB's product condition, "X" is framed as a pro-Islamic product with religious principles such as free interest. Bank description indicates that "X" is committed to offering an ethical product based on Islamic law in which the consumer will get the benefit not only material but also spiritual. In CB's product condition, "Y" is described as a company with a fast process, high-quality, low-interest rate, long-term payback period and a mission for consumers' services.

Furthermore, all the participants delivered a narrative of the features of Y products, which are with the same conditions. Then, all the participants are given a brochure with content, logo, and symbol. They are asked to reply how they would choose by demonstrating the strength of the products after reading the randomly assigned scenario. Participants completed measure using seven-point Likert scale assessing they are perceived about the image of the bank (Hassan *et al.*, 2018; Islam and Rahman, 2017) ("religious/not religious", "different/similarly with conventional/Islamic bank", "very good/very bad", $\alpha = 0.605$). We also measured the participants' level of religiosity dimensions referring to Ji and Ibrahim (2007) scales. Because the instruments are applied in prior studies and built from Indonesian Muslim perspective, namely extrinsic dimension, $M = 6.44$, $SD = 0.92$, $\alpha = 0.918$ and intrinsic dimension, $M = 6.38$, $SD = 0.95$, $\alpha = 0.854$) with all the ratings are on seven-point scale Likert. In this study, we accompanied double spotlights analysis of the experimental product condition, brand image and preference intention at high and low religiosity to validate two-way interaction.

5.2 Discussion



The result of spotlight analysis of the participants perceived IB' products was a success regarding extrinsic religiosity value ($M = 2.95$, $SD = 0.57$) and intrinsic religiosity ($M = 8.91$, $SD = 0.51$). Moreover, a simple slope test was conducted between product choices to better understand the interaction effect (Figure 3). Consumer prefer to IB significantly with the



Adopt conventional and Islamic banking

Figure 3. Brand image mediation effect between religiosity and consumer preference among Muslim consumers

extrinsic religiosity value ($r = 2.95, p < 0.000$), as well as intrinsic religiosity ($r = 8.91, p < 0.000$) were significant. It implies the distinctive pattern of effect extrinsic and intrinsic religiosity dimensions such as the frequent to attend religiosity discussion, pray and the presence of Allah (God) have a crucial role to reduce Muslim desire on wealth, the beneficial and facility of a conventional bank. On the other hand, consumers with high religiosity levels prefer IB, and Muslims also think and behave in line with their beliefs and value. Hence religiosity has an essential role in influencing Muslim attitudes regarding Islamic bank products and services. In contrast, consumers low in religious dimensions reported incline to CB brand, thereby supporting $H2$. This result confirmed prior literature and studies that the religious dimension positively affects consumers' preference, mediated by brand image (Abalkhail, 2021; Hassan *et al.*, 2018; Stolz and Usunier, 2019; Temporal, 2011; Wilson and Liu, 2011). The implication of this study to practice is the Islamic concept is quite different from a conventional bank. Moreover, the concept of materialism is halal (permitted) or haram (forbidden). It was also compliant with Islamic law. Whereas in a conventional bank, the concept of materialism is the amount of income for Muslim consumers.

6. Study 3: religiosity dimension and consumer indulgence among Muslim consumer

To apprehend the effect of Muslim religiosity on their decision in Study 3. We examined the consistency of participant choice with conventional product indulgence (e.g. materialism propose) and Islamic bank with beneficial material and spiritual preference intention, mediated by religiosity level dimensions.

6.1 Method

In Study 2, we have highlighted the critical factor of the effectiveness of religious dimension in product chosen pattern with the same method for participants' spiritual dimension level in Study 3. The primary goal of this study is to validate the probability of indulgences of the product, whether practical to increase the preference of IB (*H3*) with religiosity level as mediator variables, also to examine the consistency of prior results on products preference.

Two hundred and forty-seven respondents in this stage with an exchange for charity donation for every survey were completed, which accidentally consigned to one of the three experimental circumstances manipulating the product type and the information with a description of the banks' mission to convey the status of each product.

After reading the product descriptions, which are detained perpetual across conditions, participants are obtainable with a brochure of CB's and IB's products description. They are asked to show how they would get an economic impact only, using the simple calculation of the product. Note that a similar effect in a brochure is offered to all participants in similar situations to control the prospect of product description might distort the results. We measure product preference with the frequent participants' selection of the products. Next, the participant reported their preference intention ("not at all/greatly, a small amount/a great amount, very unwilling/very willing"; $\alpha = 0.763$).

6.2 Results

It is well-meaning to note were positive and significant correlations between participant preference or religiosity level and the dependent variable (regularity of choice bank products). From simple slopes tests, it can be seen that religiosity significant emerged with the value ($r = 0.39, p = 0.010$) and ($r = 3.28, p = 0.022$). Spotlight investigation toward standard deviation value for extrinsic religiosity ($M = 2.50, SD = 0.060$) and intrinsic religiosity ($M = 2.12, SD = 0.051$) was applied to additional observation of consumers preference pattern based on religious information (Figure 4). On the other hand, the participants' religiosity level has different perceived materialism of bank products.

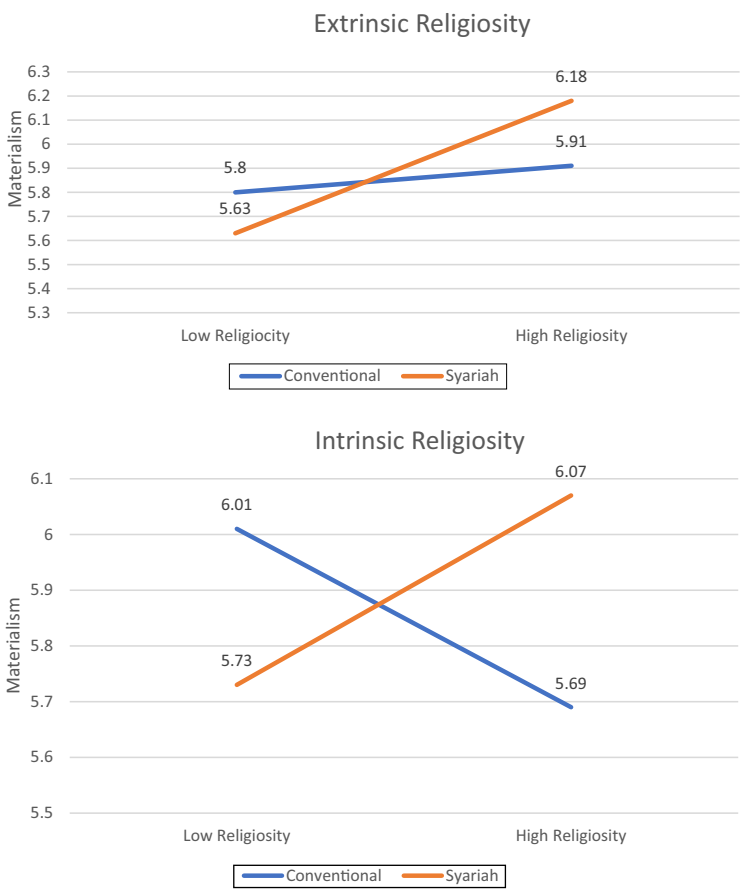
F4

6.3 Discussion

Comparable to Study 2, the participant's product preference correlates with extrinsic and intrinsic religiosity. It subsequently positive effect on Muslim materialistic behavior and bank product preference, thereby supporting *H3*. Thus, regardless of whether religion has a positive impact on consumer product brand image (Study 2) or is a material indulgence (Study 3), and also can subsequently be an effective way of influencing Muslim consumer behavior. These conclusions also support previous studies that consumers' religiosity levels significantly affect Muslim brand image, materialism and consumers' preference (Hur *et al.*, 2020; Abalkhail, 2021; Pace, 2013). Meanwhile, opposite with Pepinsky (2013) and Wilson *et al.* (2011). It was also a proven consumer decision to change when presented a religious product and the spiritual value of an Islamic bank.

AQ: 3

The authentic objective of the religious product effect is well-intentioned to study further. The consumers' extrinsic and intrinsic religiosity levels have a positive impact on marketing



Adopt conventional and Islamic banking

Figure 4. Materialism mediation effect between religiosity and consumer preference among Muslim consumers

the Muslim decision-making process. Moreover, brand image and materialism have a keen sense of belonging for Muslim preparations or could respond to an internal struggle of the desire of wealth mindset, which will affect religious scripture, symbol, or brand. Remarkably, all the direct effects of extrinsic religiosity dimensions on Muslim preference. Whereas non-significantly between intrinsic religiosity on consumer preference intention.

6.4 Mediation effect

This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the mediation effects of brand image and materialism between religiosity and consumers' preference. CIs result has represented significance at a 95% confidence level.

T1

It can be seen in Table 1, the participants who chose the IB product is different from CB products (Figure 3), proving the manipulation of products type were successful. The model included product type (IB = 1 and CB = -1). To confirm the effect of religiosity on brand image. Study 2 examines how the brand image mediates between religiosity (e.g. extrinsic and intrinsic) and consumer preference (H2). We found a significant effect of interaction

Table 1.
Mediation effect
result

IV	M	DV	IV → DV (c)	IV → M (a)	IV (c')	IV + M → DV M(b)	Percentile method	Bootstrapping 95% CI Bias-corrected
<i>Study 2</i>								
ED	BI	PI	0.491***	0.445***	0.177**	0.703***	[0.061, 0.377]	[0.075, 0.481]
Standard error (SE)			0.120	0.138	0.072	0.034		
ID	BI	PI	0.241**	0.311**	0.019	0.719***	[0.117, 0.494]	[0.149, 0.613]
Standard error (SE)			0.107	0.122	0.063	0.034		
<i>Study 3</i>								
ED	MI	PI	0.312**	0.170**	0.219	0.550*	[0.413, 0.198]	[0.504, 0.244]
Standard error (SE)			0.153	0.077	0.149	0.141		
ID	MI	PI	0.280**	0.141**	0.203	0.550*	[0.006, 0.164]	[0.009, 0.199]
Standard error (SE)			0.134	0.067	0.130	0.141		

Notes: BI: Brand image, MI = Hedonic/Materialism, ED = Extrinsic religiosity, ID = Intrinsic religiosity, PI = Preference intention. Significant at *: $p < 0.05$; **: $p < 0.01$; ***: $p < 0.001$

between experiment product condition (e.g. religious and non-religious) and consumer preference emerged.

Adopt
conventional
and Islamic
banking

7. General discussion

Islamic brand image influences consumer preference, such as halal products, which control product indulgence. This interesting interaction was conducted in the context of the consumers' behavior and decision-making, thereby providing evidence of the outcome of religiosity level consumers upon disclosure of Islamic bank of products. The product indulgences with consumers' more significant level of religiosity were more reactive to the religious consequences. The positive connection fits with concepts that religiosity affects consumer inclination due to belief and faith in sacred scripture. Studies 2 and 3 show the positive relationship between religiosity and consumer preference facilitated by brand image and materialism.

Toward three studies, we validated the role of religiosity on Muslim preference to adopt conventional and Islamic banks. We also applied brand image and materialism as mediator variables between religiosity (e.g. extrinsic and intrinsic) and Muslim consumers' preference. Our conclusions fulfill the two research questions and the aims of the study in the introduction part. We found that Muslim consumers are more prone to adopt Islamic banks if the contents and religious symbols are described to people than the conventional bank. Furthermore, the income benefit has a more negligible effect of influencing Muslim decisions if they have a good understanding of Islamic law and Islamic bank products (Studies 1 and 2). The awareness of Islamic bank products has a greater effect on influencing Muslim consumers' decision-making process than conventional bank brand image and facilities (Study 3). This study contributes to the literature on the business field's religious dimension, specifically, how consumers change their decision after exposure to the principal Islamic information. This research also contributes to the consumer principal Islamic to demonstrate that religiosity dimensions could be part of a consumers' value and inducement information to evaluate potential study (e.g. when religious prompts are incorporated into business efforts).

7.1 Conclusion

Religion is an essential key point to marketplace behavior, such as Islamic banking products related to financing, investment and saving to avoid conventional products with an exciting base. The religiosity dimensions (extrinsic and intrinsic) had differential on the marketplace when bank products were launched based on Islamic principles, precisely, material or logical consideration response. Whereas consumers' intrinsic religiosity level, less self-controlled when showing to the same position. Hence, understanding the consumers' religious context can influence business activities and real consumer demand. There are confirms that Muslim consumers' religiosity is high when they have a higher intention to interact with other Muslims and communities. However, reading Koran, discussing religious principles and distinguishing between conventional and Islamic bank principles in the group or community over their activities have a more negligible effect than extrinsic religiosity. It also corroborates that the Mosque has become pivotal in bridging people's minds and knowledge about worship and economic principles in Islamic law.

7.2 Academic contribution

Moreover, this study contributes to business literature on the crucial role of religiosity (e.g. extrinsic and intrinsic) in the marketing field, which has played a different role in influencing consumer behavior based on the rule allowed and prohibited context.

This research also highlights the significance of religious code and principle as a mechanism of the behavior, belief, expectations and values to influence consumer decisions.

In addition to theoretical contributions, the recent study provided information for government, marketers and practitioners. When planning to launch specific products (e.g. exercise halal products), understand consumers' religiosity as critical insights into their preferences. The consumers' intrinsic religion is more approachable to an Islamic bank. Meanwhile, consumers' extrinsic religiosity is a lower reactant. Also, the recent study demonstrates a diversity of approaches for promoting religious-based products (sStudy 1) and religious knowledge, activities, advertising, brochure and message of religion to increase consumer preference in Studies 2 and 3. These results could combine into promotion and brand image in the short-term and long-term based on the company goals.

7.3 Practical implication

The religious messages may improve Muslim consumers' consciousness to be realized by consumers with specific spiritual attention. Furthermore, these online communication and interaction provide a particular site for consumers' religiosity dimensions to give a precise subject. The religious brands or products can equal the consumers' desire outline (e.g. descriptive religiosity). For instance, corporations could build market share with specific religious products or services to connect with consumers. It was also possible to seek words, which are linked to extrinsic religiosity (e.g. search terms of "religion member organization" or "religious product base"). In addition, the bank manager should consider the consumer religion aspect, especially when trying to establish products. The religious concept can also be used for the economic and social sector; these tactics could also apply to social and public policymakers to encourage more pro-social and self-controlled consumer behavior.




7.4 Limitations and future research

Although this research tries to combine age, culture, education and income among Indonesian Muslim people, future studies need to discover another marketplace attitude and potential awareness factors to influence consumers' decision-making. It is possible to learn the different fields of religiosity, such as praying and attending religious discussions to stimulate consumers marvelous, which is more applicable for cross-cultural dimensions. Thus, future studies need requirements to authorize the conclusions with other affiliations and states.

An additional study might also use different instruments to address religions' effects based on brand image and materialism reactance. Whether consumers with more religiosity level have determined by advisory factors, such as distinguish interpretation of scripture is a necessity to ones' organizations or council of scholar judgment (Fatwa) related to products. Moreover, the participants' religious background, knowledge and intention to attend a seminar or sacred assembly to elaborate *Fiqh muamallah* (Islamic rulings governing commercial transactions and Islamic banking and finance) can be applied as a control.

Recent research also warranted understanding why consumers with lower extrinsic religiosity have an insignificant effect mediating between brand image and materialism to religious products preference. Future studies also need to seek alternative mechanisms and variables to bridge the relationship between religion and consumers' behavior. Hence, further examination would validate belief cues in marketing primarily related to the brand, whether religious base or conventional base, to identify how religious versus non-religious belief and brands affect increasing or decreasing self-control.

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AQ: 6 Appendix

Extrinsic religiosity (Ji and Ibrahim, 2007)

1. My reason to go and join member of Mosque is to establish in the community.
2. Although I am a religious person, I refuse to let religious considerations influence my everyday life.
3. A primary reason for my interest in religion is that my Mosque has congenial social activities.
4. Occasionally, I find it necessary to compromise my religious beliefs to protect my social and economic interest.
5. The Mosque is most important as a place to formulate good social relationship.

Intrinsic religiosity (Ji and Ibrahim, 2007)

1. I enjoy reading the literature about my faith and join the Koran study group.
2. I try to carry my religion over into all my other dealing in life.
3. I have been aware of the presence of God or the divine being.
4. My religious beliefs are what really lie behind my whole approach to life.
5. It is important for me to spend periods of time in private religious thought and meditation.

Brand image (Tabrani et al., 2018)

1. I commit to stay in a relationship with Islamic banks.
2. I have a strong attachment with Islamic banks.
3. I have a strong sense of belonging with Islamic banks.
4. I remain loyal to IBs due to the high cost to switch to other banks.

Consumer materialism (Junaidi et al., 2021)

1. I choose a bank that benefits me and the society regardless of Islamic law.
2. I choose a bank that refrains from dirty practices that can be detrimental to the public.
3. I choose a IBs because the penalty of the financing is lower than a conventional bank.
4. I choose a IBs because the profit-sharing of Islamic banks is higher than a conventional bank.
5. I choose a IBs because the overall of Islamic bank's product and service is better than a conventional bank.

Customer preference (Junaidi et al., 2021)

1. I consider use Islamic bank as my first choice.
2. I feel using Islamic bank is a good idea.
3. I am interested to use Islamic banking.
4. I am interested to use banking in the future.
5. I will definitely recommend Islamic banking to others.

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Determinants to adopt conventional and Islamic banking: evidence from Indonesia

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Abstract

Purpose

This paper aims to investigate how extrinsic and intrinsic religiosity influences the mediator variables, such as consumers' brand image and materialism in the Indonesian banking sector (e.g. conventional and Islamic). It also examines how mediators influence consumers' preferences.

Design/methodology/approach

The sample consists of 575 bank consumers. The experiment method was used to test the research hypotheses through three studies.

Findings

The empirical results indicate that religiosity positively affects consumers' decision-making process, precisely when bank products are based on Islamic principles. Furthermore, consumers' brand image and materialism partially mediate religiosity and consumers' preferences.

Research limitations/implications

This study was limited to Indonesian bank consumers. Therefore, future study is needed to analyze cross-region.

Practical implications

Bank managers and regulators need to enhance Islamic banks' products and services and the varying principle between conventional banks. They also need to enlighten consumers from the perspective of business and religiosity.

Originality/value

This study contributes to consumers' behavior literature and the decision-making process of developing and testing a model of religious determinants of consumer preference toward bank

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Determinants to adopt conventional and Islamic banking: evidence from Indonesia

Adopt
conventional
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Originality/value – This study contributes to consumers' behavior literature and the decision-making process of developing and testing a model of religious determinants of consumer preference toward bank products.

Keywords Religiosity, Brand image, Materialism, Consumer preference

Paper type Research paper



Ethical approval: All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards.

1. Introduction

In 2030, half of the population worldwide is Muslims; during the period, the USA and several European countries will reach 6.2 million (Junaidi *et al.*, 2021; Solomon, 2018). It has prosperous economic and social demand for halal products and services (Hassan *et al.*, 2018). In some Muslim countries, the people are strongly committed to products and services compliant with Islamic law. The main difference between Islamic banks and conventional banks is applied profit and loss sharing and avoiding collaboration in alcohol, smoking and speculation activities. Indonesia is one of the countries that adopted a dual banking system where Islamic banks and conventional banks compete. Hence, Islamic banks need a unique strategy to attract consumers' concerns and interests. One way to strengthen consumers' preference is to launch the products regarding their beliefs.

Despite his most Muslim people worldwide, Indonesia's Islamic bank market share is around 5% (Junaidi *et al.*, 2021). Interestingly, prior studies concluded religiosity has an essential role in consumers' preference in South Korea (Hur *et al.*, 2020), South Asia (Rauf *et al.*, 2018) and Malaysia (Amin, 2020; Zainudin *et al.*, 2019). It also influences consumers' materialism (Pace, 2013; Raggiotto *et al.*, 2018) in Azerbaijan (Ahmadova and Aliyev, 2021) and Saudi Arabia (Abalkhail, 2021) and Iran (Ramazani and Kermani, 2021). On the other hand, religiosity has a significant correlation with consumers' decision-making process. However, other scholars found religion has a crucial role in Islamic business and marketing; for instance, Forghani *et al.* (2019) found religion less effective to Muslim consumers in Malaysia. Religiosity level does not correlate with Muslim people choosing an Islamic bank in Indonesia, and most of them are more prone to select a conventional bank (Pepinsky, 2013; Wilson *et al.*, 2013). Other scholars, such as Bananuka *et al.* (2019), attempt to examine Muslim consumers in Uganda. Recently, Adil (2021) found religiosity has a significant effect on Muslim consumers' materialism and ethical behavior in India. Junaidi *et al.* (2021) concluded that religiosity also positively affects consumers' commitment and materialism in Indonesia. Religiosity also has a crucial role in influencing brand image in Saudi Arabia (Abalkhail, 2021), the UK (Kok, 2021) and the USA (Liu and Minton, 2018). Unfortunately, the authors avoided simultaneously validating the role of materialism and Islamic brand image among Muslims in conventional and Islamic bank contexts.

Lack of study to compare Muslim motivation toward comparative study between conventional and Islamic banks. The other weakness of prior studies is more prone to examine a decision-making process, which mainly uses correlation and cross-sectional techniques such as surveys (Adil, 2021; Hassan *et al.*, 2018; Naveed *et al.*, 2020). Hence, fall to provide comprehensive results on Muslim behavior on Islamic banks even though some scholars found consumers more inclined to adopt conventional banks than Islamic banks in some Muslim countries. Furthermore, the authors also recommended that future studies investigate the essential role of religiosity in business and marketing fields with the distinguish approach.

The recent study attempts to fill this gap by examining the role of religiosity to consumer materialism, which adopted brand image and consumers materialism as a mediator variable toward comparative study among Muslim conventional and Islamic bank consumers. It is, therefore, worth exploring the consumers' prone across the countries and combining the method (e.g. experimental and survey). It provided internal validity and established causal relationship tools among variables (Kardes and Herr, 2019). Furthermore, this study addresses two research questions to fill the current research gap:

RQ1. Whether religion has a positive effect on consumer brand image and materialism?

RQ2. Whether consumer brand image and materialism have a positive effect on consumer preference?

This study makes two significant contributions in business, and it will utilize the banking sector more comprehensively. First, this study validates the effect of religiosity and consumer preference in conventional and Islamic banking. Similarly, the mediator variables (e.g. brand image and materialism) play a crucial role in bridging religiosity and consumer preferences. These studies enlighten not only in Indonesia context but also in a region with a dual banking system.

Second, the exception of literature and studies concerning the effect of religion on business is limited. Hence, they need legitimacy and transparency of the products and services (Hur *et al.*, 2020; Liu and Minton, 2018). The result from this study uncovers the crucial role of religion in the competition. It offers a detailed view of its impact on consumer preferences which was neglected in preliminary studies. Third, the current research has significant practical implications for the demand for religious products and services (Ahmadova and Aliyev, 2021; Hassan *et al.*, 2018). Finally, this study provides an insight into the existing situation of the current banking practice. The stakeholders would discover how the consumers' consciousness of religious versus non-religious products influences their decision. A comparative worldview study will deploy effective strategies and attract new acolytes due to business and religion having mutual relationships (Ayyub *et al.*, 2019; Ireland, 2018). We turn to bank brand image, products, materialism, and religiosity dimensions (e.g. extrinsic and intrinsic) to understand whether consumers choose conventional or Islamic banks. Therefore, the aim of this study is to examine how religiosity influences consumers preference, explore religiosity (e.g. extrinsic and intrinsic) as a mediator to validate consumer behavior, validate the level of the religious dimensions as a facilitator in the correlation between consumer decision process when faced to the more beneficial products.

2. Literature review

2.1 Religiosity

According to Md-Ilyas (1992), the fundamental principle of Islamic comprises knowledge (Ma'rifah) which provides Qur'an and Sunnah, belief (Aqidah) and practice (Amal). It has the foundation belief of humans to build their lives (Ahmadova and Aliyev, 2021; Abalkhail, 2021; Junaidi *et al.*, 2021). For a region with a Muslim population, religion is a substance of an individual religious commitment and harmonization to the state laws to their people consumption and use, namely, Islamic law (Shariah principle). It has become a guideline among Muslims what is acceptable (halal) and forbidden (haram) (Shome *et al.*, 2018). On the other hand, the company's operation and products must comply with the people's belief to protect the consumer shake principle and gain the consumer influx.

Commonly, the concept of religion in business has been explored from two key dimensions: religious affiliation and religious commitment (Minton, 2018; Stillman *et al.*, 2012). Furthermore, religiosity has two dimensions: Intrinsic religiosity is correlated with the people's spiritual aspects, and extrinsic religiosity maintains more behavioral characteristics (Ji and Ibrahim, 2007). Both religious dimensions could affect the consumers' behavior through the influence of the core value of belief and moral judgment. It can be seen that religiosity should influence consumer behavior with particular acts, spiritual rituals and specific ways of behavior. Individuals with high religious attributes usually have a relatively higher motivation to avoid worldly desires. They are aware of products and services that comply with their beliefs in the context of the emergence of Islamic finance and

Muslim consumers. Religion also possibly influences the Muslim image of Islamic and conventional banks.

2.2 Islamic brand image

In business literature, brand plays a crucial role in the intermediate relationship between seller and buyer. The process includes establishing the brand in the consumers' inspiration and behavior (Aaker, 1996). For instance, if consumers have positive attitudes and satisfaction toward the brand image, they will repeat the uses and purchase the products and services. This phenomenon will help the company or seller to increase the market share. This phenomenon pursues global firm launch the brand identified with a famous image and based on religiosity context such as Islamic brand. However, many definitions from scholars caused the meaning not clear of the mean of Islamic brand (Wilson and Liu, 2011), which caused by the elementary and lack of study and few kinds of literature based on Islamic brand (Temporal, 2011). In the Islamic view, the brand of "Halal" will help the consumers to avoid any element of doubt or forbidden based on Islamic principle in their view as a potential deal-breaker (Wilson and Liu, 2011).

Commonly, Islamic brand has three primary constructs: origin, target audience and halal products (Alserhan, 2016) for three reasons. First, the religious sense refers to all the activities of Muslims that are responsible to Allah (God). Therefore, all transactions must be under Islamic law. Second, the Islamic finance institution (IFI) success dominated the region with Muslim people as majority and minority countries (e.g. UK, Singapore). It proves the recognition of Islamic viewpoints in a business context. The religious and social background forms last, legal reason due to the legal context of a country.

2.3 Religiosity and materialism

The relationship between spirituality and materialism among scholars is still questioned, assembling in one spiritual materialism concept. In Islamic law, religion has an essential role in promoting care, harmony, love, peace, patience and rules and regulations that serve as a belief code of conduct. It has guidelines for individual and social life. Hence, business and religion are unity with regard to which products and services are authorized and which are prohibited (Amin, 2020). Muslims have adopted these principles to adopt Islamic bank products and services (Junaidi *et al.*, 2021; Kok, 2021; Zainudin *et al.*, 2019).

According to Raggiotto *et al.* (2018) and Stillman *et al.* (2012), materialism has two dimensions. First, self-enhancement versus self-transcendence. This concept divides values into personal-centric and other-centric. In contrast, spirituality refers to community values. Hence, religiosity potentially shifted from individual and hedonic desire to more prone to social orientation. Second, the openness to change versus conservation refers to personal experiences and value or against alteration toward prominence on self-restriction. Hence, this sense of the sacred of source consumption is a brand community to engagements religious magniloquence and influences ways to build innovative products and services (Pace, 2013).

In other words, materialism can be viewed as the value a consumer places on the acquisition and possession of material objects, and also more prone to luxury goods and consumption patterns of food. In the banking context, materialism relates to individuals' approaches and desires to increase their economic and social status, known as extrinsic materialism. It is related to competitiveness, egoism, envy, jealousy and self-interest. However, in Islamic banking, materialism is not just related to how much income will get but also whether a banking product halal (allowed) or haram (prohibited) is based on Islamic law compliance (Abalkhail, 2021; Junaidi *et al.*, 2021).

2.4 Islamic banking and finance

The basic philosophy of Islamic banking is based on some prohibitions and encouragements. The prohibition on *riba* and permission to trade, as enshrined in verse Al-Baqarah: 275 of Holy Qur'an [Allah has allowed (profit from) trade and prohibited *riba*]. It has addressed the financial activities in an Islamic economy through asset-backed business and transactions. Furthermore, the Islamic bank operation system refers to activity based on Islamic law (*Syariah*) and avoids interest, *gharar*, gambling and games (Ayub, 2012; Hassan *et al.*, 2018). Hence, Islamic banking products and services have become alternative financing principles toward four main approaches: *Mudharaba* (financing engagement among two people), *Musharaka* (joint venture based on profit and loss sharing), *Murabaha* (trade transaction) and *Ijara* (leasing). However, sometimes behavior control and benefits are the essential factors the consumers perceive to select Islamic banks rather than religiosity factors (Ayyub *et al.*, 2019; Ireland, 2018). Therefore, the Islamic bank system makes no profit, which complies with Islamic law; furthermore, the money is converted into tangible assets before the transaction occurs. It is an alternative solution to support the *Fiqh Muamallah* related to financial transactions (Figure 1).

3. Hypotheses

Islamic ethical code (Sharia) makes clear distinguishes between halal (permissible) and haram (prohibited) of products included alcohol and interest (Shome *et al.*, 2018). In Islam, the Muslim life is predominant with the religious behavior including all of life is a servant of God (Allah). Furthermore, the achievement is neither purely based on economic possessions nor assets representing delight's factual basis. These results have caused the decline numbers of consumer disappointment, materialistic and reduced their complaining. Preliminary studies found religiosity has become an essential key point among consumers to choose Islamic banks toward religion tenet (Hassan *et al.*, 2018; Junaidi, 2021). Furthermore, religion also directly affects influence consumer behavior in UAE (Shome *et al.*, 2018), India (Islam and Rahman, 2017; Rauf *et al.*, 2018) and Indonesia (Junaidi *et al.*, 2021). Thus, the relationship between business and religion is inseparable. Given the consideration, the hypothesis that:

H1. The Muslim people have a greater intention to choose Islamic bank than conventional bank.

In general, Islamic brand encompasses three sources: compliance, origin and consumer (target audience). It was rigorously attracted to Sharia principle compliance, which predominantly focused on halal products' food sector and finance. Furthermore, brand religiosity has a positive effect on consumer decisions (Abalkhail, 2021). Halal products are associated with emotions, and this aspect commonly recognizes the Muslim consumers' personality and behavior to produce a successful Islamic brand. Temporal (2011) is defined Islamic brands related to the marketing and product concept among people in Muslim

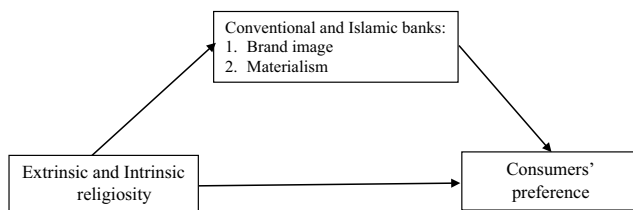


Figure 1.
Conceptual model of
Muslim preference to
conventional and
Islamic bank

countries. This definition has applied in counties with both Muslims as majority and minority, targeting a potential market. From Islamic law and a marketing perspective, halal products and services are essential standards, but economics and quality are imperative from a marketing perspective. Every aspect of life, such as culture, economy, religion and society, is inseparable from the brand (Stolz and Usunier, 2019). Previous studies concluded that belief strongly correlates to brand image and consumer preference (Ahmadova and Aliyev, 2021; Bananuka *et al.*, 2019; Islam and Rahman, 2017; Tabrani *et al.*, 2018). Given these considerations, the hypothesis:

H2. Brand image has a positive effect on mediating religiosity and consumer preference.

The consumer with a high spiritual level would select religious doctrines through the same method to choose a commercial good and service (Pace, 2013). It has a positive effect on self-caring and also would be a screen behind the self-control of consumers. Islamic law recommends that people should understand boundary materialism to access economic resources. God and religious awareness are the dimensions of the intrinsic religiosity dimension, which positively correlates to adopting permitted products while forbidding evil. While, extrinsic religiosity incorporates ethical principles, which are available in the Holy Qur'an and reliable prophet Muhammad conducted to Muslim people. It is all externally, internally and moral terms, which must be applied to the actions of the individual Muslim as a concept of personal well-being (toward consuming legitimate products and services by Islamic law) and societal well-being to preserve the ideal society (Alserhan, 2016). Besides, in their lives, Muslim people's activity is based on religion and accountable to God. Therefore, the business transaction must be following Islamic law (Islam and Rahman, 2017; Shome *et al.*, 2018). It proves religion has a crucial effect on Muslim consumers to drive Islamic banking products' choice (Junaidi *et al.*, 2021; Shome *et al.*, 2018).

Moreover, the success of a business should be measured by Islam principles (halal) instead of purely measuring it in terms of material. Islamic banking does not wholly alleviate obstacles to financing, but it can provide a solution as a substitute for conventional products and services. The level of personal religion is likely to be more dogmatic than fewer individuals with lower religiosity levels. Hence, Muslims with more religion is more likely to align their life based on Islamic law. Moreover, Muslims with a firm commitment to faith can make assessments consistent with their belief.

The principle between Islamic and conventional is quite different. Specifically, the financial instruments which applied interest-free conducted with Islamic law. Therefore, consumers commonly have various Islamic bank deposits and financing responses (Ayyub *et al.*, 2019; Hassan *et al.*, 2018). There is a solid inclination for a profit-loss sharing banking system from a segment of people who strongly desire to abide by Islamic law. However, the measurement of economic benefits is valued less to consumers with higher religion than by less (Ireland, 2018; Hassan *et al.*, 2018; Pace, 2013). Prior studies concluded that religiosity strongly emphasizes decreased materialism (Ireland, 2018; Islam and Rahman, 2017; Junaidi *et al.*, 2021). Given these considerations, it is a hypothesis that:

H3. Materialism negative effect to mediate between religiosity and consumer preference.

4. Study 1: the basic pattern of Indonesian people to use bank product

This study explores the basic pattern of consumers' financial products offered by the Islamic bank (IB). It compares it to the conventional bank (CB) for consumption or

investment purposes. We measure that the aggregate number of financial products offered by IB and CB to potential consumers. This study was designed in a one-direction where participants were accidentally given a condition: IB product as a represent religious product because it a symbol to the local conventional bank system as based on interest and consumer-minded preference that interest is prohibited in Islamic law. All participants saw the same condition with two alternative products before answering the questions, and lastly, four covariances such as gender, age, education and income were included in fundamental sociodemographic factors and product type preferences.

4.1 Methodology

The current study applies two approaches (e.g. experimental and survey) to explore the connection between religiosity and consumer preference among Muslim people in Indonesia. In particular, the experimental approach possibly validates internal validity and causal relationships among the investigated variables (Kardes and Herr, 2019). The advantages of the experiment method are fully prepared for accurate observation and possibly the observation under the same condition, enabling other experiments to control the result independently with different situations and variations of products. One hundred and fifty-nine participated in this study in exchange for charity donations for every survey were completed. This study was focused on the financial and loan products of banks in Indonesia. We assigned an Islamic operation system and no religious symbol on the cover/full brochure for products. The Islamic label, shaped like free interest, is widely recognized as the symbol of an Islamic product among Indonesians. First, the participants are informed that they would be obtained with bank products and briefly overview them. The file/brochure itself is without a bank logo to eliminate the potential influence of the content on manipulating the product's type. The number of consumers is divided by Islamic and conventional bank products choice (Figure 2).

4.2 Results

We compute the comparative result between IB and CB products. Consumers' preferences were significantly different, with the value of IB being larger than CB. If product type did not affect, the ratio is 1.00 would be predictable in *t*-test method. In Study 1, the mean value was 1.40 ($alic > t(35.95) = 2.80, p < 0.001$), and all the amount of the product was more than 1.00 ($p < 0.001$, binomial). This result has consistent with the hypothesis (*H1*). Thus, we can justify studying 2 for the expected pattern of both IB and CB products.

4.3 Discussion

The key finding in this study shows that most of the participants are more inclined to adopt Islamic banks rather than a conventional banks. Interestingly, religious symbols such as

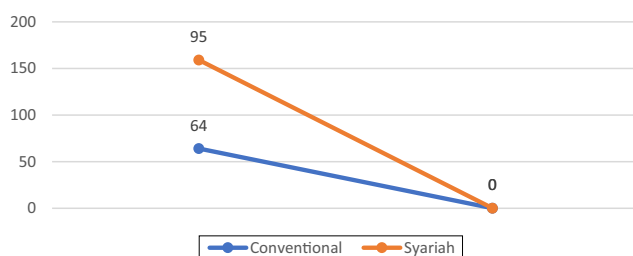


Figure 2.
Study 1: Bank
product choose by
consumers

free interest and Islamic view possibly influence Muslim opinions on financial products and services. It implies that the managers need to enhance the Islamic bank operation system's socialization and discuss their opinions and dissatisfaction with consumers. Furthermore, as regulator and Shariah supervise board (SSB), the government also needs to collaborate to develop Muslim awareness and commitment to an Islamic bank. It also supports prior studies that commonly Muslim people are more prone to Islamic banks (Bananuka *et al.*, 2019; Junaidi, 2021; Shome *et al.*, 2018; Zainudin *et al.*, 2019). However, some scholars argued brand image and materialism possibly influence the Muslim consumer decision-making process. Hence, we need to examine the role of brand image and materialism as a mediator to bridge religiosity and consumers' preference.

5. Study 2: mediation through brand image and materialism

The recent study examines whether consumers are more inclined to use financial products offered by IB than their similar coming from CB (H1). The usage patterns of IB' are differential religiosity versus CB' on brand image and materialism to influence Muslim people with to overuse IB' products than less religious (H2). This study examines the relationship between product type (e.g. conventional and Islamic bank) and participants' religiosity level (e.g. extrinsic and intrinsic).

5.1 Method

In Study 2, the religiosity dimensions were added. Two hundred and thirty-five respondents participated in this study in exchange for charity donations for every completed survey, which randomly assigned them to the condition of IB' or CB' products. The initial side of the questionnaire contains the modifying of product kinds. In IB's product condition, "X" is framed as a pro-Islamic product with religious principles such as free interest. Bank description indicates that "X" is committed to offering an ethical product based on Islamic law in which the consumer will get the benefit not only material but also spiritual. In CB's product condition, "Y" is described as a company with a fast process, high-quality, low-interest rate, long-term payback period and a mission for consumers' services.

Furthermore, all the participants delivered a narrative of the features of Y products, which are with the same conditions. Then, all the participants are given a brochure with content, logo, and symbol. They are asked to reply how they would choose by demonstrating the strength of the products after reading the randomly assigned scenario. Participants completed measure using seven-point Likert scale assessing they are perceived about the image of the bank (Hassan *et al.*, 2018; Islam and Rahman, 2017) ("religious/not religious", "different/similarly with conventional/Islamic bank", "very good/very bad", $\alpha = 0.605$). We also measured the participants' level of religiosity dimensions referring to Ji and Ibrahim (2007) scales. Because the instruments are applied in prior studies and built from Indonesian Muslim perspective, namely extrinsic dimension, $M = 6.44$, $SD = 0.92$, $\alpha = 0.918$ and intrinsic dimension, $M = 6.38$, $SD = 0.95$, $\alpha = 0.854$) with all the ratings are on seven-point scale Likert. In this study, we accompanied double spotlights analysis of the experimental product condition, brand image and preference intention at high and low religiosity to validate two-way interaction Appendix.

5.2 Discussion

The result of spotlight analysis of the participants perceived IB' products was a success regarding extrinsic religiosity value ($M = 2.95$, $SD = 0.57$) and intrinsic religiosity ($M = 8.91$, $SD = 0.51$). Moreover, a simple slope test was conducted between product choices to better understand the interaction effect (Figure 3). Consumer prefer to IB significantly with the

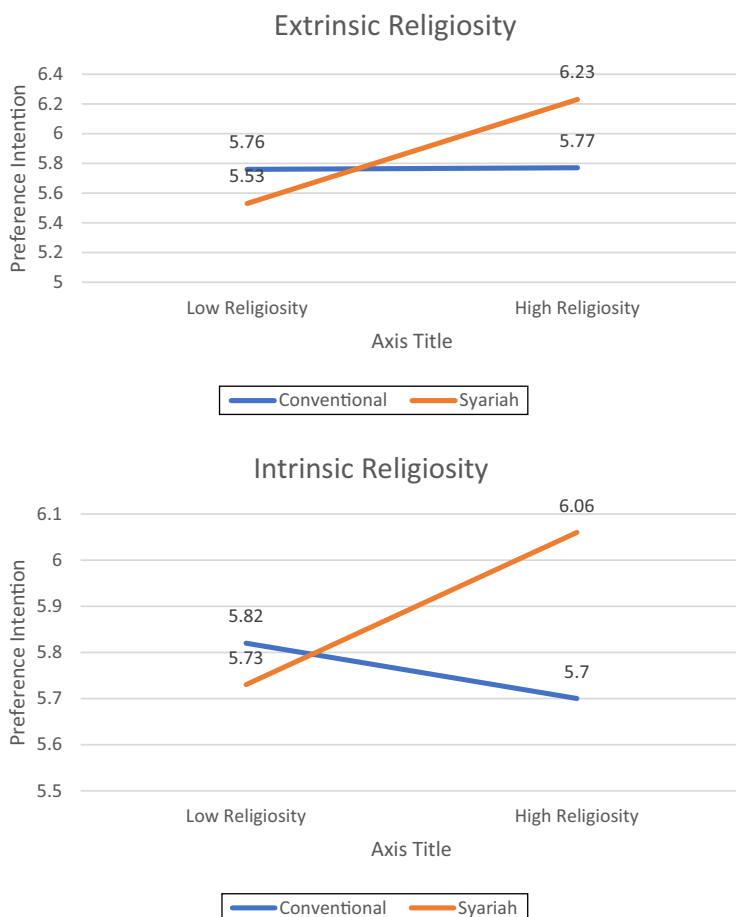


Figure 3.
Brand image
mediation effect
between religiosity
and consumer
preference among
Muslim consumers

extrinsic religiosity value ($r = 2.95, p < 0.000$), as well as intrinsic religiosity ($r = 8.91, p < 0.000$) were significant. It implies the distinctive pattern of effect extrinsic and intrinsic religiosity dimensions such as the frequent to attend religiosity discussion, pray and the presence of Allah (God) have a crucial role to reduce Muslim desire on wealth, the beneficial and facility of a conventional bank. On the other hand, consumers with high religiosity levels prefer IB, and Muslims also think and behave in line with their beliefs and value. Hence religiosity has an essential role in influencing Muslim attitudes regarding Islamic bank products and services. In contrast, consumers low in religious dimensions reported incline to CB brand, thereby supporting *H2*. This result confirmed prior literature and studies that the religious dimension positively affects consumers' preference, mediated by brand image (Abalkhail, 2021; Hassan *et al.*, 2018; Stolz and Usunier, 2019; Temporal, 2011; Wilson and Liu, 2011). The implication of this study to practice is the Islamic concept is quite different from a conventional bank. Moreover, the concept of materialism is halal (permitted) or haram (forbidden). It was also compliant with Islamic law. Whereas in a conventional bank, the concept of materialism is the amount of income for Muslim consumers.

6. Study 3: religiosity dimension and consumer indulgence among Muslim consumer

To apprehend the effect of Muslim religiosity on their decision in Study 3. We examined the consistency of participant choice with conventional product indulgence (e.g. materialism propose) and Islamic bank with beneficial material and spiritual preference intention, mediated by religiosity level dimensions.

6.1 Method

In Study 2, we have highlighted the critical factor of the effectiveness of religious dimension in product chosen pattern with the same method for participants' spiritual dimension level in Study 3. The primary goal of this study is to validate the probability of indulgences of the product, whether practical to increase the preference of IB (*H3*) with religiosity level as mediator variables, also to examine the consistency of prior results on products preference.

Two hundred and forty-seven respondents in this stage with an exchange for charity donation for every survey were completed, which accidentally assigned to one of the three experimental circumstances manipulating the product type and the information with a description of the banks' mission to convey the status of each product.

After reading the product descriptions, which are detained perpetual across conditions, participants are obtainable with a brochure of CB's and IB's products description. They are asked to show how they would get an economic impact only, using the simple calculation of the product. Note that a similar effect in a brochure is offered to all participants in similar situations to control the prospect of product description might distort the results. We measure product preference with the frequent participants' selection of the products. Next, the participant reported their preference intention ("not at all/greatly, a small amount/a great amount, very unwilling/very willing"; $\alpha = 0.763$).

6.2 Results

It is well-meaning to note were positive and significant correlations between participant preference or religiosity level and the dependent variable (regularity of choice bank products). From simple slopes tests, it can be seen that religiosity significant emerged with the value ($r = 0.39, p = 0.010$) and ($r = 3.28, p = 0.022$). Spotlight investigation toward standard deviation value for extrinsic religiosity ($M = 2.50, SD = 0.060$) and intrinsic religiosity ($M = 2.12, SD = 0.051$) was applied to additional observation of consumers preference pattern based on religious information (Figure 4). On the other hand, the participants' religiosity level has different perceived materialism of bank products.

6.3 Discussion

Comparable to Study 2, the participant's product preference correlates with extrinsic and intrinsic religiosity. It subsequently positive effect on Muslim materialistic behavior and bank product preference, thereby supporting *H3*. Thus, regardless of whether religion has a positive impact on consumer product brand image (Study 2) or is a material indulgence (Study 3), and also can subsequently be an effective way of influencing Muslim consumer behavior. These conclusions also support previous studies that consumers' religiosity levels significantly affect Muslim brand image, materialism and consumers' preference (Hur *et al.*, 2020; Abalkhail, 2021; Pace, 2013). Meanwhile, opposite with Pepinsky (2013) and Wilson *et al.* (2013). It was also a proven consumer decision to change when presented with a religious product and the spiritual value of an Islamic bank.

The authentic objective of the religious product effect is well-intentioned to study further. The consumers' extrinsic and intrinsic religiosity levels have a positive impact on marketing

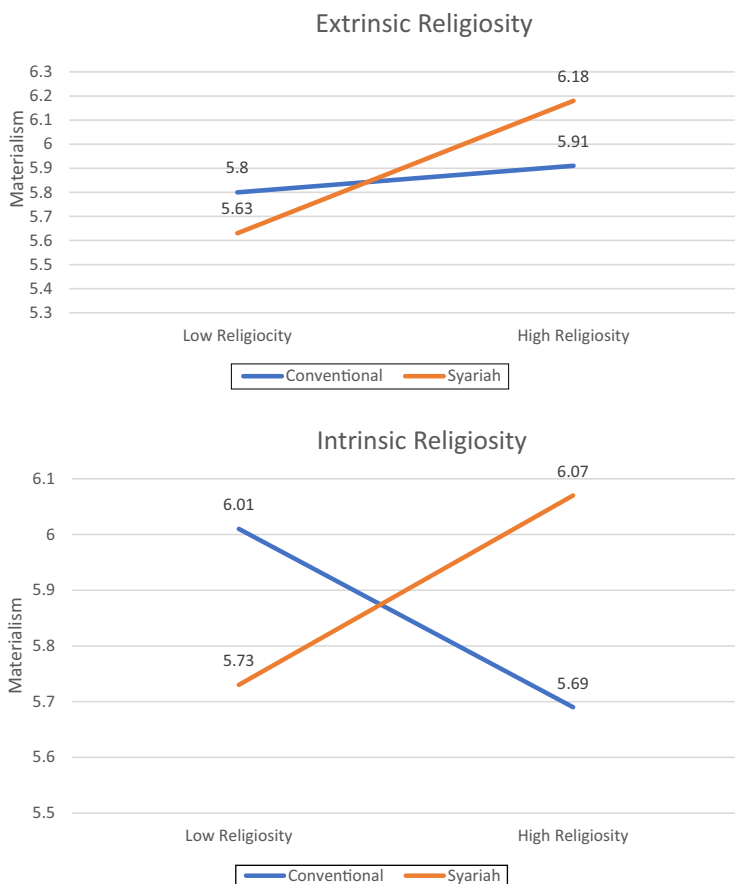


Figure 4.
Materialism
mediation effect
between religiosity
and consumer
preference among
Muslim consumers

the Muslim decision-making process. Moreover, brand image and materialism have a keen sense of belonging for Muslim preparations or could respond to an internal struggle of the desire of wealth mindset, which will affect religious scripture, symbol, or brand. Remarkably, all the direct effects of extrinsic religiosity dimensions on Muslim preference. Whereas non-significantly between intrinsic religiosity on consumer preference intention.

6.4 Mediation effect

This study adopted the procedure recommended by Hayes (2018) and the PROCESS macro for SPSS to calculate the 95% confidence interval (CI) with 5,000 bootstrapped samples to test the mediation effects of brand image and materialism between religiosity and consumers' preference. CIs result has represented significance at a 95% confidence level.

It can be seen in Table 1, the participants who chose the IB product is different from CB products (Figure 3), proving the manipulation of products type were successful. The model included product type (IB = 1 and CB = -1). To confirm the effect of religiosity on brand image. Study 2 examines how the brand image mediates between religiosity (e.g. extrinsic and intrinsic) and consumer preference (H2). We found a significant effect of interaction

Table 1.
Mediation effect
result

IV	M	DV	IV → DV (c)	IV → M (a)	IV (c')	IV + M → DV M(b)	Percentile method	Bootstrapping 95% CI Bias-corrected
<i>Study 2</i>								
ED	BI	PI	0.491***	0.445***	0.177**	0.703***	[0.061, 0.377]	[0.075, 0.481]
Standard error (SE)			0.120	0.138	0.072	0.034		
ID	BI	PI	0.241**	0.311**	0.019	0.719***	[0.117, 0.494]	[0.149, 0.613]
Standard error (SE)			0.107	0.122	0.063	0.034		
<i>Study 3</i>								
ED	MI	PI	0.312**	0.170**	0.219	0.550*	[0.413, 0.198]	[0.504, 0.244]
Standard error (SE)			0.153	0.077	0.149	0.141		
ID	MI	PI	0.280**	0.141**	0.203	0.550*	[0.006, 0.164]	[0.009, 0.199]
Standard error (SE)			0.134	0.067	0.130	0.141		

Notes: BI: Brand image, MI = Hedonic/Materialism, ED = Extrinsic religiosity, ID = Intrinsic religiosity, PI = Preference intention. Significant at *: $p < 0.05$; **: $p < 0.01$; ***: $p < 0.001$

between experiment product condition (e.g. religious and non-religious) and consumer preference emerged.

7. General discussion

Islamic brand image influences consumer preference, such as halal products, which control product indulgence. This interesting interaction was conducted in the context of the consumers' behavior and decision-making, thereby providing evidence of the outcome of religiosity level consumers upon disclosure of Islamic bank of products. The product indulgences with consumers' more significant level of religiosity were more reactive to the religious consequences. The positive connection fits with concepts that religiosity affects consumer inclination due to belief and faith in sacred scripture. Studies 2 and 3 show the positive relationship between religiosity and consumer preference facilitated by brand image and materialism.

Toward three studies, we validated the role of religiosity on Muslim preference to adopt conventional and Islamic banks. We also applied brand image and materialism as mediator variables between religiosity (e.g. extrinsic and intrinsic) and Muslim consumers' preference. Our conclusions fulfill the two research questions and the aims of the study in the introduction part. We found that Muslim consumers are more prone to adopt Islamic banks if the contents and religious symbols are described to people than the conventional bank. Furthermore, the income benefit has a more negligible effect of influencing Muslim decisions if they have a good understanding of Islamic law and Islamic bank products (Studies 1 and 2). The awareness of Islamic bank products has a greater effect on influencing Muslim consumers' decision-making process than conventional bank brand image and facilities (Study 3). This study contributes to the literature on the business field's religious dimension, specifically, how consumers change their decision after exposure to the principal Islamic information. This research also contributes to the consumer principal Islamic to demonstrate that religiosity dimensions could be part of a consumers' value and inducement information to evaluate potential study (e.g. when religious prompts are incorporated into business efforts).

7.1 Conclusion

Religion is an essential key point to marketplace behavior, such as Islamic banking products related to financing, investment and saving to avoid conventional products with an exciting base. The religiosity dimensions (extrinsic and intrinsic) had differential on the marketplace when bank products were launched based on Islamic principles, precisely, material or logical consideration response. Whereas consumers' intrinsic religiosity level, less self-controlled when showing to the same position. Hence, understanding the consumers' religious context can influence business activities and real consumer demand. There are confirms that Muslim consumers' religiosity is high when they have a higher intention to interact with other Muslims and communities. However, reading Koran, discussing religious principles and distinguishing between conventional and Islamic bank principles in the group or community over their activities have a more negligible effect than extrinsic religiosity. It also corroborates that the Mosque has become pivotal in bridging people's minds and knowledge about worship and economic principles in Islamic law.

7.2 Academic contribution

Moreover, this study contributes to business literature on the crucial role of religiosity (e.g. extrinsic and intrinsic) in the marketing field, which has played a different role in influencing consumer behavior based on the rule allowed and prohibited context.

This research also highlights the significance of religious code and principle as a mechanism of the behavior, belief, expectations and values to influence consumer decisions.

In addition to theoretical contributions, the recent study provided information for government, marketers and practitioners. When planning to launch specific products (e.g. exercise halal products), understand consumers' religiosity as critical insights into their preferences. The consumers' intrinsic religion is more approachable to an Islamic bank. Meanwhile, consumers' extrinsic religiosity is a lower reactant. Also, the recent study demonstrates a diversity of approaches for promoting religious-based products (sStudy 1) and religious knowledge, activities, advertising, brochure and message of religion to increase consumer preference in Studies 2 and 3. These results could combine into promotion and brand image in the short-term and long-term based on the company goals.

7.3 Practical implication

The religious messages may improve Muslim consumers' consciousness to be realized by consumers with specific spiritual attention. Furthermore, these online communication and interaction provide a particular site for consumers' religiosity dimensions to give a precise subject. The religious brands or products can equal the consumers' desire outline (e.g. descriptive religiosity). For instance, corporations could build market share with specific religious products or services to connect with consumers. It was also possible to seek words, which are linked to extrinsic religiosity (e.g. search terms of "religion member organization" or "religious product base"). In addition, the bank manager should consider the consumer religion aspect, especially when trying to establish products. The religious concept can also be used for the economic and social sector; these tactics could also apply to social and public policymakers to encourage more pro-social and self-controlled consumer behavior.

7.4 Limitations and future research

Although this research tries to combine age, culture, education and income among Indonesian Muslim people, future studies need to discover another marketplace attitude and potential awareness factors to influence consumers' decision-making. It is possible to learn the different fields of religiosity, such as praying and attending religious discussions to stimulate consumers marvelous, which is more applicable for cross-cultural dimensions. Thus, future studies need requirements to authorize the conclusions with other affiliations and states.

An additional study might also use different instruments to address religions' effects based on brand image and materialism reactance. Whether consumers with more religiosity level have determined by advisory factors, such as distinguish interpretation of scripture is a necessity to ones' organizations or council of scholar judgment (Fatwa) related to products. Moreover, the participants' religious background, knowledge and intention to attend a seminar or sacred assembly to elaborate *Fiqh muamallah* (Islamic rulings governing commercial transactions and Islamic banking and finance) can be applied as a control.

Recent research also warranted understanding why consumers with lower extrinsic religiosity have an insignificant effect mediating between brand image and materialism to religious products preference. Future studies also need to seek alternative mechanisms and variables to bridge the relationship between religion and consumers' behavior. Hence, further examination would validate belief cues in marketing primarily related to the brand, whether religious base or conventional base, to identify how religious versus non-religious belief and brands affect increasing or decreasing self-control.

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Appendix

Extrinsic religiosity (Ji and Ibrahim, 2007)

1. My reason to go and join member of Mosque is to establish in the community.
2. Although I am a religious person, I refuse to let religious considerations influence my everyday life.
3. A primary reason for my interest in religion is that my Mosque has congenial social activities.
4. Occasionally, I find it necessary to compromise my religious beliefs to protect my social and economic interest.
5. The Mosque is most important as a place to formulate good social relationship.

Intrinsic religiosity (Ji and Ibrahim, 2007)

1. I enjoy reading the literature about my faith and join the Koran study group.
2. I try to carry my religion over into all my other dealing in life.
3. I have been aware of the presence of God or the divine being.
4. My religious beliefs are what really lie behind my whole approach to life.
5. It is important for me to spend periods of time in private religious thought and meditation.

Brand image (Tabrani et al., 2018)

1. I commit to stay in a relationship with Islamic banks.
2. I have a strong attachment with Islamic banks.
3. I have a strong sense of belonging with Islamic banks.
4. I remain loyal to IBs due to the high cost to switch to other banks.

Consumer materialism (Junaidi et al., 2021)

1. I choose a bank that benefits me and the society regardless of Islamic law.
2. I choose a bank that refrains from dirty practices that can be detrimental to the public.
3. I choose a IBs because the penalty of the financing is lower than a conventional bank.
4. I choose a IBs because the profit-sharing of Islamic banks is higher than a conventional bank.
5. I choose a IBs because the overall of Islamic bank's product and service is better than a conventional bank.

Customer preference (Junaidi et al., 2021)

1. I consider use Islamic bank as my first choice.
2. I feel using Islamic bank is a good idea.
3. I am interested to use Islamic banking.
4. I am interested to use banking in the future.
5. I will definitely recommend Islamic banking to others.

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