

# Effects of Relative Advantage, Complexity, Social Influence, and Awareness on Islamic Banking Adoption in Bangladesh

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## ABSTRACT

Bangladesh's Islamic banking sector has witnessed notable growth, boasting ten fully-fledged Islamic banks operating through a network of 1,659 branches. This development is particularly intriguing given the nation's extensive banking infrastructure, featuring 61 scheduled banks and 11,153 branches as of December 2022. The contrast becomes even more striking when considering the substantial Muslim population, accounting for 91% of the country's inhabitants, totaling a staggering 165 million. However, despite this demographic presence, Islamic banks in Bangladesh held only 27% of the nation's banking assets as of 2021. This study delves into the factors impeding the expansion of Islamic banking in the country, despite its 33-year presence. Through a survey of 407 respondents and the application of Partial Least Squares Structural Equation Modeling, the research explores the relationships between perceived relative advantage, complexity, social influence, awareness, and the intention to adopt Islamic banking. The findings shed light on the potential avenues for further growth in this sector and the importance of raising public awareness to bolster Islamic finance in Bangladesh.

**Keywords:** Relative Advantage, Social Influence, Complexity, Religiosity, S-O-R, FDT, Awareness, Bangladesh, Islamic Banking.

## INTRODUCTION

Adoption refers to the process by which individuals or organizations accept and use a new technology or innovation. This journal will discuss various definitions of adoption, including the comprehension, acceptance, and usage of a notion, together with the anticipation of a favorable outcome, as well as the choice to fully implement a new idea. Adoption can refer to the process through which professionals adopt new information derived from research findings and modify their own practices to apply the information. This study aims to determine what elements contribute to the growing popularity of Islamic banking in Bangladesh. These factors are termed the independent variables in this study: relative advantage, social influence, complexity, and awareness. According to Gani and Bahari (2021), the actual economy is benefiting immensely from the excellent and significant contributions made by Islamic banking in the context of Malaysia, which is in line with findings by Choudhury et al. (2019) in the Bangladesh context. Islamic banking has become an important player in the financial market of Bangladesh. Researching the adoption of Islamic banking in Bangladesh can provide valuable insights into the economic significance and potential impact of this type of banking on the country's financial system (Rahman et al., 2023). The government of Bangladesh has been promoting Islamic banking as part of its efforts to diversify the financial sector and attract foreign investment. Researching the adoption of Islamic banking in Bangladesh can provide insights into the policy implications of promoting Islamic banking and its potential impact on the overall financial system.

According to The Asian Banker (2023), the assessment for this year encompasses the 100 largest Islamic

banks and financial holding companies from 25 countries, collectively representing a substantial sector.

These banks had an impressive cumulative \$1.11 trillion in total assets, reflecting a 12% increase, alongside \$721 billion in net loans, \$824 billion in customer deposits, and \$12.7 billion in net profit. However, as of the last update in September 2021, the global landscape of Islamic banking showcases Islami Bank Bangladesh Ltd. (IBBL) as a prominent and substantial player not just within Bangladesh, but also on an international scale. Renowned for its significant contributions to the Islamic banking sector, IBBL has garnered a noteworthy reputation. Notably, it holds the distinguished 17th position among the world’s largest Islamic banks, with Saudi Arabia securing the top position and Malaysia standing at the 4th rank (The Asian Banker, 2023). The current position of IBBL has deteriorated, and it now holds the 32nd position (Specialist, 2022). Turning the focus to Islamic banks in Bangladesh, the sector has witnessed steady growth over the years, establishing a notable presence within the nation’s broader banking industry. Key attributes characterizing Islamic banking in Bangladesh include its substantial market presence, with institutions like Islami Bank Bangladesh Ltd., Shahjalal Islami Bank Ltd., and Al-Arafah Islami Bank Ltd.

Bangladesh’s neighbor, Malaysia, serving as a prime example, there’s a valuable opportunity for Bangladesh to emulate its successes in Islamic banking. By delving into the practices and strategies that have driven Malaysia’s advancements in this sector, Bangladesh can chart a course toward similar growth and development, leveraging its proximity and shared insights to further elevate its position in the global Islamic banking landscape.

According to Bangladesh Bank (2020), report published under Bangladesh central Bank called Bangladesh Bank, that developments of Islamic Banking in Bangladesh during the period of October to December 2021, Total deposit and Investment in Islamic Banks is 23.23 percent and only 27.02 percent respectively to the whole Banks together at the end of the October -December 2021 quarter.

Table 1.1 Islamic Banking Activities Compared to All Banks in Bangladesh

Items	Share of Islamic Banks among all Banks (%)	
	October December 2019	October-December 2022
Total Deposits	20.54	25.73
Total Investments	23.82	28.12
Remittances	35.34	54.53
Total Number of Bank Branches	13.05	19.88

(Source: Statistics Department, MPD, Bangladesh Bank (2023).)

Bangladesh Government do not yet set any target to adopt Islamic banking in Bangladesh. In Malaysia, Muslim population is much lower than Bangladesh but using IB is significantly higher and Pakistan context is reverse.

Table 1.2 Islamic Banking Adoption Target

	Country	% of Muslim Population	% of Islamic Banking Asset w.r.t all asset in 2020	Target
1	Bangladesh	90.4	27	Not Set
2	Pakistan	96.5	17	30 by 2025
3	Malaysia	61.3	35.9	40 by 2020

(Source: Newspaper and central banks of respective countries)

The study is to investigate the factors that influence the adoption of Islamic banking services in Bangladesh. The study aims to answer the following research questions: Does relative advantage, perceived complexity, and social influence significantly influence the behavioral intention to adopt Islamic banking services among Bangladeshi banking customers? Does awareness moderate the relationship between relative advantage, perceived complexity, social influence, and the behavioral intention to adopt Islamic banking services in Bangladesh? Does religiosity mediate the relationship between relative advantage, perceived complexity, and the behavioral intention to adopt Islamic banking services in Bangladesh? The study is significant as it provides valuable insights into the factors that affect the adoption of Islamic banking services in Bangladesh and can help the Islamic banking sector in Bangladesh to develop strategies to increase adoption rates.

## LITERATURE REVIEW

Various studies were conducted in different countries, including Malaysia, Pakistan, and Iran, to provide a comprehensive analysis of Islamic banking adoption. For instance, Ali and Pua (2017) treated Islamic banking as a form of innovation and employed the DOI framework to systematically analyze the impact of five perceived attributes of innovation on the adoption of Islamic financial institutions. Their results unveiled a remarkable finding, demonstrating that complexity had a significant and positive impact on the adoption of Islamic banks in Pakistan. Similarly, Shaikh et al. (2020) shed light on the dynamics of Islamic banking adoption, particularly regarding the perceived complexity by customers. The theoretical framework for the study is based on S-O-R, and DOI theories. The Stimulus Organism Response (SOR) theory explains that the environment is a stimulus (S) comprised of a set of indicators. After receiving this sign's stimulus (S), an individual's internal evaluation (O) appears. If evaluation (O) has been performed, humans will produce a response (R). The Stimulus Organism Response (SOR) theory explains that the environment is a stimulus (S) comprised of a set of indicators. The organism refers to the internal processes that happen between the inputs and the final responses from the customer, which are based on what the customer thinks and feels (Islam & Rahman, 2017; Jiang et al., 2010). Once the stimulus is elicited, customers transform it into action-oriented decision-making knowledge that is useful and relevant to them (Loureiro et al., 2019). The response pertains to the outcome demonstrated by the actions and behaviors of clients (Eroglu et al., 2003; Roschk et al., 2017).

**Relative Advantage:** Relative advantage is a concept that refers to the degree to which an innovation is perceived to be superior to the concept it replaces. Relative advantage is one of the key factors that influence the adoption of Islamic banking, as it is important for consumers to perceive that Islamic banking offers benefits that are not available in conventional banking. Several studies have evaluated the relative advantage of Islamic banking in terms of its practical, moral, and social benefits, including service quality, pricing policy, social responsibility practices of Islamic banks, and social prestige. For instance, Thambiah et al. (2011), Echchabi and Aziz (2012b), and Aziz et al. (2015) evaluated the relative advantage of Islamic banking and concluded that the Islamic banking industry is more prestigious than conventional banking. Other studies have also found that relative advantage positively influences the adoption of new technologies, such as collaborative robots and radio frequency identification (RFID). For example, Simões et al. (2020) found a significant association between relative advantage and the adoption of collaborative robots, while Shi and Yan (2016) found that perceived efficacy with respect to relative advantage positively influenced RFID adoption.

Relative advantage is one of the key factors that influence the adoption of Islamic banking, as it is important for consumers to perceive that Islamic banking offers advantages over conventional banking. Several studies cited in the PDF have evaluated the relationship between relative advantage and behavioral intention to adopt Islamic banking. For instance, Mallouli and Sassi (2022) found that the perceived relative advantage

of Islamic banking positively influenced the behavioral intention to adopt Islamic banking in Morocco. Ali et al. (2018) also found that relative advantage had a significant positive impact on the behavioral intention to adopt Islamic banking in Pakistan. Based on these findings, it can be concluded that there is a significant relationship between relative advantage and behavioral intention to adopt Islamic banking. Consumers are more likely to adopt Islamic banking if they perceive that it offers advantages over conventional banking. Therefore, it is important for Islamic banks to communicate the benefits of their products and services to potential customers to increase their adoption rates. It can thus be hypothesized that:

**H1:** There is a significant relationship between relative advantage and Behavioural Intention to adopt Islamic Banking.

**Complexity:** Complexity is a concept mentioned in this that refers to the degree to which an innovation is perceived as challenging to grasp and utilize. Complexity is one of the key factors that influence the adoption of new technologies, as innovations that are simpler to comprehend tend to gain traction more swiftly than those requiring individuals to acquire new skills and insights. Several studies have evaluated the impact of complexity on the adoption of new technologies. For instance, Ali et al. (2019) found that complexity exerts a negative and significant influence on the adoption of takaful products in Pakistan. Mallouli and Sassi (2022) found that complexity was perceived as a negligible factor in the decision-making process regarding the adoption or non-adoption of mobile banking in Saudi Arabia.

Other studies have also found that complexity negatively influences the adoption of new technologies, such as electronic health records and telemedicine. For example, Alqurashi and Almutairi (2020) found that complexity was a significant barrier to the adoption of electronic health records in Saudi Arabia, while Khoja et al. (2017) found that complexity was a significant barrier to the adoption of telemedicine in Saudi Arabia. Ali et al. (2018) found that complexity did not deter Bruneians from using Islamic banking services. Similarly, Mansour (2021) found that complexity was less critical in predicting customer loyalty among customers of Islamic banks in Palestine. Based on these mixed findings, it can be concluded that the relationship between complexity and behavioral intention to adopt Islamic banking is complex and may vary depending on the context and population being studied. While complexity may not be a significant barrier for some consumers, it may be a critical factor for others. Therefore, it is important for Islamic banks to design their products and services in a way that is easy to understand and use for their target market. It can thus be hypothesized that:

**H2:** There is a significant relationship between complexity and intention to adopt Islamic banking.

**Social influence:** Social influence is a concept that refers to the impact of social norms, religious beliefs, and other external factors on an individual's decision to adopt a new technology or innovation. Social influence is one of the key factors that influence the adoption of Islamic banking, as it is important for consumers to perceive that Islamic banking is socially acceptable and conforms to their religious beliefs. Several studies have evaluated the impact of social influence on the adoption of Islamic banking. For instance, Smolo et al. (2020) found that a lack of knowledge about Islamic banking and finance was a major challenge to developing Islamic finance in Bosnia and Herzegovina. Atal et al. (2022) found that religious rules strongly influence a religious person's decisions and attitude towards Islamic banking, while social norms have less influence in Afghanistan. Bilal and Sulaiman (2021) found that subjective norms have a statistically significant favorable influence on attitudes toward the adoption of Islamic banks in Oman. Other studies have also found that social influence positively influences the adoption of new technologies, such as mobile health applications and location-based mobile applications. For example, Budi et al. (2021) found a direct positive impact of social influence on mHealth adoption, while Singh and Srivastava (2019) found that social influence positively influenced the adoption of location-based mobile applications.

Ezeh and Nkamnebe (2022) have evaluated the relationship between social influence and behavioral

intention to adopt Islamic banking and found that perceived social influence positively influenced the adoption of Islamic banking among non-Muslims in Nigeria. Similarly, a recent study in Nigeria found that social influence predicts Islamic banking adoption. However, Thaker et al. (2022) and Abdulghafor et al. (2021) found that social influence did not correlate with internet banking adoption among Islamic bank customers in Malaysia and Yemen, respectively. Based on these mixed findings, it can be concluded that the relationship between social influence and behavioral intention to adopt Islamic banking is complex and may vary depending on the context and population being studied. While social influence may be an important factor for some consumers, it may not be as influential for others. Therefore, it is important for Islamic banks to understand the social dynamics of their target market to effectively promote their products and services. It can thus be hypothesized that:

**H3:** There is significant relationship between social influence and Behavioral Intention to adopt Islamic banking.

**Awareness:** Awareness is a concept that refers to the knowledge and understanding that individuals possess about a particular product, service, or innovation. The past literatures notes that awareness is one of the key factors that influence the adoption of Islamic banking, as it is important for consumers to be aware of the benefits and features of Islamic banking in order to make informed decisions . Several studies have evaluated the impact of awareness on the adoption of Islamic banking. For instance, Rammal and Zurbruegg (2007) found that ignorance of Islamic banking products was the largest obstacle to the adoption of Islamic banking in the Australian market. Khattak and Rehman (2010) found that the majority of customers were unaware of Islamic financial products such as Murabaha and Ijara. Other studies have also found that awareness positively influences the adoption of new technologies, such as mobile banking and e-commerce. For example, Alalwan et al. (2017) found that awareness of mobile banking positively influenced the adoption of mobile banking in Jordan, while Al-Qeisi et al. (2015) found that awareness of e-commerce positively influenced the adoption of e-commerce in Yemen.

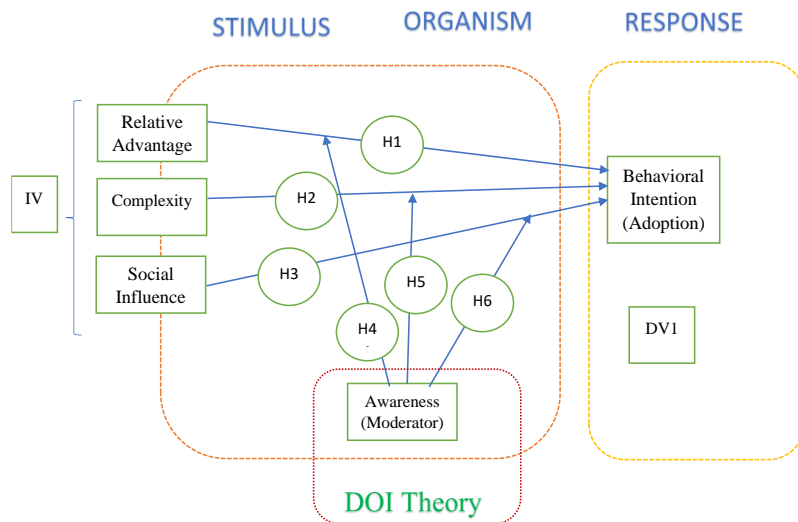
The moderation effect of awareness on the relationship between relative advantage, social influence ,and complexity and behavioral intention to adopt Islamic banking, notes that awareness can play an important role in shaping consumers' attitudes and behaviors towards Islamic banking. Baron and Kenny (1986) define a moderator as a variable that affects the strength or direction of the relationship between an independent variable and a dependent variable. Awareness is examined as a moderator on the relationship between relative advantage, complexity, social influence, and intention to adopt Islamic banking. Several studies have evaluated the moderating effect of awareness on the relationship between various variables and behavioral intention to adopt Islamic banking. For instance, Aziz and Afaq (2018b) found that awareness positively moderated the relationship between attitude and intention to adopt Islamic banking in Pakistan. Similarly, Mallouli and Sassi (2022) found that awareness positively moderated the relationship between perceived relative advantage and behavioral intention to adopt Islamic banking in Morocco . Based on these findings, it can be concluded that awareness can play an important role in shaping consumers' attitudes and behaviors towards Islamic banking. Islamic banks should focus on increasing awareness of their products and services among potential customers to increase their adoption rates. Additionally, awareness can moderate the relationship between relative advantage, social influence, and complexity and behavioral intention to adopt Islamic banking, highlighting the importance of considering awareness as a key factor in Islamic banking adoption research. For that purpose, we hypothesize as follows.

**H4:** Awareness moderates the relationship between Relative advantage and Behavioral Intention to adopt Islamic banking.

**H5:** Awareness moderates the relationship between complexity and Behavioral Intention to adopt Islamic banking.

**H6:** Awareness moderates to the relationship between social influences and Behavioral Intention to adopt Islamic banking.

Figure 1.1: Theoretical Framework



## RESEARCH METHODOLOGY

The population of the study is customers of conventional banks in Bangladesh who not yet use Islamic banking services. The sample for the study was selected using a convenience sampling approach without regard to probability. The data collection process involved structured questionnaire designed using google form and shared through email and social media platforms, which were conducted at a particular time point. The study used a data collection technique and procedure that allowed for all variables’ data to be gathered concurrently, which is a benefit of the structured interview method. For data analysis, the study used the PLS-SEM algorithm to investigate the hypothesized correlations between the constructs. Path coefficient estimates were obtained using the bootstrap method, which was utilized for 5,000 samples.

## DEMOGRAPHY OF RESPONDENTS

The survey in this study gathered personal information from the respondents, which served as the demographic variables under consideration. The demographic variables included in the study are listed in the table.

Table 4. 1 Descriptives of Participant Characteristics

Demographic Variables	Category	Research Sample (N=407)	
		Frequency	Percent
Gender	Female	37	9.1
	Male	370	90.9
Total		407	100.0
Age Group	21-30 Years	152	37.3
	31-40 Years	189	46.4
	41-50 Years	62	15.2
	Above 50 years	4	1.0
Total		407	100.0

Education	Bachelor’s degree	176	43.24
	Diploma	14	3.44
	HSC / A level	17	4.18
	Master’s degree	152	37.35
	PhD degree	3	0.74
	Professional	35	8.60
	SSC /O Level	10	2.46
Total		407	100.00
Marital Status	Divorced	2	0.49
	Married	260	63.88
	Single	145	35.63
Total		407	100.00

### STRUCTURAL EQUATION MODELLING

The analysis was conducted using the PLS-SEM (Partial Least-Squares Structural Equation Modelling) technique with SmartPLS software version 4.0.9 (Ringle, Wende, & Becker, 2015). This method is advantageous because it can handle data that is not normally distributed and is suitable for studies aiming to explain variations in the target construct. PLS-SEM involves two main steps: first, assessing the measurement model to ensure data reliability and validity, and second, evaluating the structural model for path analysis and hypothesis testing. After inputting the data into SmartPLS, a path model is created as illustrated below.

**Measurement model:** The initial phase in PLS-SEM involves evaluating the measurement model, which delineates the connections between constructs and their respective items. To assess this model, one must adhere to three key criteria: indicator reliability, gauged by factor loadings; internal consistency reliability, measured through composite reliability (CR); and construct validity, evaluated using both average variances extracted (AVE) and discriminant validity via the Fornell and Larcker (F&L) heterotrait-monotrait ratio (HTMT). The outcomes of this assessment, conducted using the SmartPLS algorithm, are presented in Table 4.1.

Table 5.1: Measurement Results on Items Loadings, AVE and Composite Reliability

Construct	Item	Loading	Average Variance Extracted (AVE)	Composite Reliability (CR)
Behavioral Intention (Adoption)	AD1	0.855	0.703	0.876
	AD2	0.853		
	AD3	0.806		
Awareness	AW1	0.655	0.569	0.839
	AW2	0.706		
	AW3	0.815		
	AW4	0.826		
Complexity	CM2	0.849	0.749	0.899
	CM3	0.89		
	CM4	0.855		

Relative Advantage	RA1	0.822	0.55	0.858
	RA2	0.802		
	RA3	0.775		
	RA4	0.571		
	RA5	0.711		
Social Influence	SI1	0.908	0.826	0.905
	SI2	0.91		

Table 4.1 reveals that all factor loadings surpassed the threshold of 0.7, CR values exceeded 0.7, and AVE values were greater than 0.5. These results confirm the model’s indicator reliability, internal consistency, and CR.

Table 5.2 Measurement Model: Discriminant Validity (Fornell-Larcker)

Construct	1	2	3	4	5
Behavioral Intention (Adoption)	0.838				
Awareness	0.081	0.754			
Complexity	-0.279	0.017	0.865		
Relative Advantage	0.249	0.161	- 0.102	0.742	
Social Influence	0.256	0.011	- 0.099	0.225	0.909

For discriminant validity, the study employed the Fornell and Larcker (1981) criterion, as cited by Hair et al. (2014). According to this standard, the square root of each construct’s AVE was compared to its correlation with other constructs. As displayed in Table 4.3, the square root of the AVE for each construct was higher than its correlations with other constructs. The HTMT criterion, an enhanced measure for establishing discriminant validity, also met its cut-off of less than 0.90. Both F&L and HTMT criteria were satisfied, confirming the model’s discriminant validity.

**Structural model:** Following the assessment of the measurement model, attention was turned to the evaluation of the structural model. This model encompasses both the predictive capabilities and the interrelationships among the reflective constructs. To this end, R2 values and Q2 predictive relevance metrics were computed. Table 4.3 reveals an R2 value of 18.3% for adoption, indicating a considerable degree of explanatory power within the model. To further gauge the model’s predictive relevance, a blindfolding technique was employed, as recommended by Hair et al. (2014). This technique is applicable solely to endogenous variables with reflective measurements. A Q2 value greater than 0 signifies predictive relevance, and as Table 4.3 shows, the Q2 value for adoption stands at 0.141.

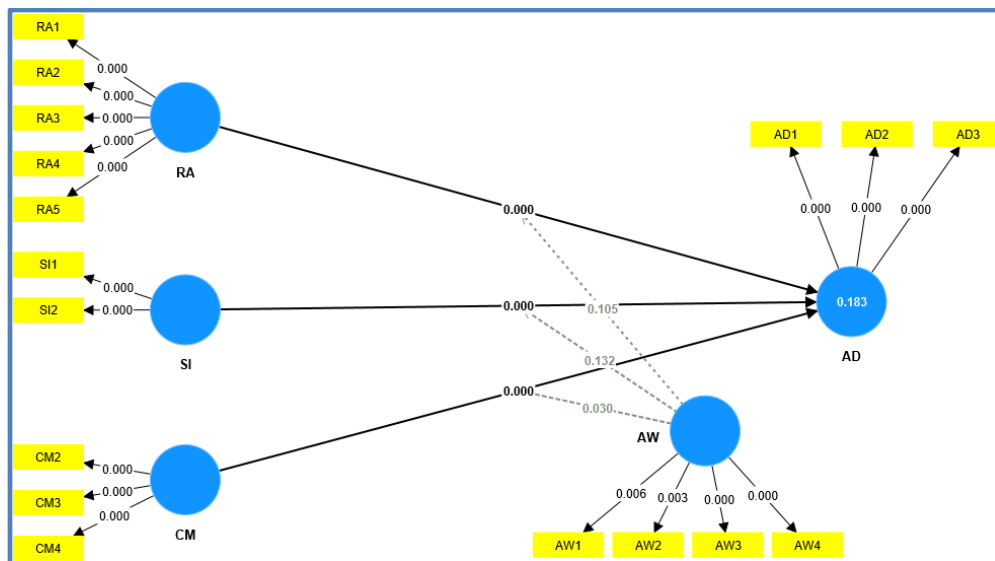
Table 5.3 R-Square and Q square values

	R-square	R-square adjusted	Q <sup>2</sup> predict
BI (Adoption)	0.183	0.165	0.141



## PLS-SEM RESULTS

Figure 6.1 The bootstrapping result of Structural model



The first structural model investigated the direct relationships between IVs and DV precisely. Three direct relationship hypotheses were examined; H1: There is a significant relationship between relative advantage and intention to adopt Islamic Banking. H2: There is a significant relationship between perceived complexity and intention to adopt Islamic banking H3: There is significant relationship between social influence and intention to adopt Islamic banking Table 4.4 below provides an illustration of the structural model’s findings based on the causal relationship between the study’s independent and the dependent variables.

Table 6. 1 Test of Significance for Direct Relationships

Hypothesis	Relationship	Std. Beta	Std. Error	t-value	Decision
H1	RA -> AD	0.056	0.005	3.546**	Supported
H2	CM -> AD	0.043	0.005	5.597**	Supported
H3	SI -> AD	0.175	-0.005	1.957**	Supported

\*\*p<0.01, \*p<0.05 (n=682)

**Moderation analysis:** The current research investigates the moderating role of Awareness (AW) in relation to the adoption behavior (AD) and its associations with three key factors: Relative Advantage (RA), Complexity (CM), and Social Influence (SI). Through a comprehensive analysis, the study examines the impact of including the moderating effect terms (RA\*AW), (CM\*AW), and (SI\*AW) on the R-Squared (R-Sq) value for AD. Initially, the R-Sq value for AD, without the inclusion of moderating effects (RA\*AW), (CM\*AW), and (SI\*AW), was found to be 0.164. This implies that approximately 16.4% of the variance in AD can be accounted for by Relative Advantage (RA), Complexity (CM), and Social Influence (SI). However, to gain a more comprehensive understanding of the influence of Awareness (AW) in the adoption process, the interaction terms were introduced.

Upon including the interaction term in the analysis, the R-Sq value increased to 18.1%. This signifies a notable rise of 1.7% in the variance explained in the dependent variable (AD). The augmented R-Sq underscores the significance of Awareness (AW) as a moderator in shaping the relationship between RA, CM, SI, and Adoption (AD). The study assessed the moderating role of Awareness (AW) on the relationship between Relative Advantage (RA) and Adoption (AD), Complexity (CM) and Adoption (AD), and Social

Influence (SI) and Adoption (AD) . Without inclusion of moderating effect (RA\*AW), (CM\*AW), and (SI\*AW) the R-Sq value for AD was 0.164 this shows that 16.4 % change in AD is accounted by CM. with the inclusion of the interaction term, the R-Sq increased to 18.1 %. This shows an increase of 1.7 % in variance explained in the dependent variable (AD).

Further, significance of moderating effect was analyzed, the results revealed a negative and significant moderating impact of AW on the relationship between CM and AD ( $b = -0.104, t = 1.860, p < .05$ ), supporting H5. This shows that within increase in Complexity the relationship between CM and AD is weakened. But moderating impact of AW on the relationship between RA and AD ( $b = -0.072, t = 1.272, p > .05$ ), Not supporting H4. And moderating impact of AW on the relationship between SI and AD ( $b = 0.057, t = 1.078, p > .05$ ). Moderation analysis summary is presented in Table 6.2, Table 6.3, Table 6.4 .

Table 6.2 Moderation Analysis RA

Relationship	Beta	SE	T value	P- Value
Moderating Effect (RA * AW)-> AD	-0.072	0.056	1.272	0.102
AW->AD	0.058	0.057	1.02	0.154
RA->AD	0.201	0.053	3.831	****

Note. SE: Standard Error, \*\*\*  $P < 0.001$

Table 6.3 Moderation Analysis CM

Relationship	Beta	SE	T value	P- Value
Moderating Effect (CM * AW)-> AD	-0.104	0.056	1.86	0.031**
AW->AD	0.058	0.057	1.02	0.154
CM->AD	-0.24	0.043	5.638	****

Note. SE: Standard Error, \*\*\*  $P < 0.001$

Table 6.4 Moderation Analysis SI

Relationship	Beta	SE	T value	P- Value
Moderating Effect (SI * AW)-> AD	0.057	0.053	1.078	0.141
AW->AD	0.058	0.057	1.02	0.154
SI->AD	0.335	0.168	1.988	0.023***

Note. SE: Standard Error, \*\*\*  $P < 0.001$

Table 6.5 Summary of Hypotheses Tested

Hypothesis	Relationship	Result
H1	There is a significant relationship between relative advantage and intention to adopt Islamic Banking.	<b>Supported</b>
H2	There is a significant relationship between perceived complexity and intention to adopt Islamic banking.	<b>Supported</b>
H3	There is significant relationship between social influence and intention to adopt Islamic banking.	<b>Supported</b>

H4	Awareness moderates the relationship between Relative advantage and intention to adopt Islamic banking.	<b>Not Supported</b>
H5	Awareness moderates the relationship between complexity and intention to adopt Islamic banking.	<b>Supported</b>
H6	Awareness moderates to the relationship between social influences and intention to adopt Islamic banking.	<b>Not Supported</b>

## DISCUSSION

The primary objective of the study was to investigate the relationship between Relative Advantage and the intention to adopt Islamic banking services, specifically among Bangladeshi consumers. The hypothesis posited a significant positive relationship between these two variables. Empirical testing supported this hypothesis, confirming that individuals do perceive significant benefits in adopting Islamic banking over conventional systems. This positive perception, in turn, influences a greater willingness to adopt Islamic banking services. These results corroborate and fortify prior research conducted by Abdullahi et al. (2021), Ali et al. (2018), Ezeh and Nkamnebe (2021), and Shaikh et al. (2020). The second research objective focused on exploring the relationship between the perceived complexity of Islamic banking and the intention to adopt such services, specifically among banking customers in Bangladesh. The hypothesis posited a significant relationship between these two variables. Empirical testing confirmed this hypothesis but revealed an interesting twist: the relationship is statistically significant but negative. This means that as the perceived complexity of Islamic banking increases, the willingness to adopt these services decreases among individuals. This outcome corroborates and reinforces previous research outcomes advanced by Abdullahi et al. (2021), Ali et al. (2018), Ali and Puah (2017). The third research objective sought to explore the relationship between social influence and the intention to adopt Islamic banking services, particularly among Bangladeshi banking customers. The hypothesis posited a significant positive relationship between social influence and the intention to adopt Islamic banking. Empirical testing confirmed this hypothesis, revealing a statistically significant and positive relationship between the two variables. The validation of this hypothesis not only consolidates the veracity of preceding research affirmations of Abdullahi et al. (2021), Ezeh and Nkamnebe (2022), Charag et al. (2020), Janah et al. (2020), and Bananuka, Kasera, et al. (2020) but also fortifies their theoretical underpinnings. In the context of this study, social influence refers to the impact of peers, family, colleagues, and broader social networks on an individual's decision to adopt Islamic banking. The findings indicate that as the level of social influence increases, so does the likelihood of individuals expressing an intention to adopt Islamic banking services. This underscores the importance of leveraging social networks when strategizing for the broader adoption of Islamic banking. The moderation effect findings reveal that awareness plays a significant moderating role only in the relationship between Complexity and the intention to adopt Islamic banking. In other words, higher awareness levels can make Islamic banking more accessible by reducing the perceived complexity. However, awareness did not show a similar moderating effect on the relationships between Relative Advantage or Social Influence and the intention to adopt Islamic banking. This suggests that these factors may have more direct effects on adoption intentions, less influenced by the level of awareness.

**Theoretical significance:** The theoretical significance of the study is considerable, as it advances adoption theory in several key ways. Firstly, it sheds light on the critical roles of awareness as moderators within the context of Islamic Banking adoption, contributing to the theoretical foundations of technology adoption research. By delving into the intricate dynamics of Islamic Banking adoption, the study provides valuable insights into the multifaceted factors influencing adoption behavior within the realm of Islamic financial services. One noteworthy revelation is the study's emphasis on the moderating role of awareness, highlighting how individual knowledge and awareness can significantly influence perceptions of complexity, subsequently impacting adoption intentions. This observation has broader applicability beyond

Islamic Banking, extending to other contexts of technology adoption where awareness levels may similarly shape perceived barriers and benefits.

Methodologically, the study's use of effect size analysis contributes to the methodology of adoption research, enabling researchers to quantitatively assess the practical significance of their findings. Furthermore, the study's consideration of the cultural dimension in Islamic Banking adoption enriches our appreciation of how cultural factors may influence adoption intentions and behaviors, thus enhancing the universality of adoption theories. In summary, the study's findings pave the way for further scholarly exploration and practical application in the dynamic landscape of Islamic Banking adoption and beyond, making a substantial contribution to the theoretical understanding of adoption processes.

**Practical significance:** The practical significance of the study is substantial, as it provides actionable insights for financial institutions and policymakers to promote the adoption of Islamic Banking. These insights encompass tailored marketing strategies that highlight the unique benefits of Islamic Banking, such as ethical and religious alignment, interest-free transactions, and customized financial products. Additionally, educational initiatives are recommended to raise awareness and demystify the perceived complexity of Islamic Banking, making it more approachable to potential customers. Leveraging the influence of social dynamics, through testimonials and endorsements from satisfied customers, can inspire others to adopt Islamic Banking. Furthermore, the study emphasizes the importance of aligning financial products and services with religious principles and values to resonate with clients on a deeper level. Market forecasting based on the correlation between adoption intentions and actual adoption rates enables prudent resource allocation and customer-centric strategies. The study's findings underscore the need for continued research, including exploration of moderating and mediating factors, longitudinal studies, and the role of awareness in shaping adoption decisions for other financial products or services. Overall, these insights can inform strategies to drive wider adoption of Islamic Banking across diverse communities, making it a valuable contribution to the financial sector.

## FUTURE RESEARCH DIRECTION

The study suggests a multitude of compelling directions for future research in the domain of Islamic Banking adoption. Researchers can embrace diverse methodologies to delve deeper into this complex phenomenon, including longitudinal studies to track evolving adoption dynamics over time and mixed methods approaches to gain a more comprehensive understanding. Exploring the influence of cultural contexts and mediating factors can illuminate the intricate interplay between culture, religion, and adoption decisions. Investigating the factors governing actual adoption, beyond mere intentions, presents an opportunity to bridge the gap between aspiration and realization, facilitating targeted interventions. Leveraging established innovation adoption models and exploring the impact of digital transformation on Islamic Banking adoption offer avenues for theoretical grounding and relevance to contemporary financial landscapes. Segmentation studies can enable customized marketing strategies, while an examination of policy and regulatory factors can uncover institutional barriers or incentives. Finally, a comparative analysis between Islamic and conventional banking systems can shed light on the factors driving preferences within these two paradigms. These diverse research directions hold the promise of enriching our understanding of Islamic Banking adoption, offering valuable insights for financial institutions, policymakers, and academics alike.

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