

## Determinants of Customer's Intention to Use Murabaha Financing in Indonesia: Modified TRA Model<sup>1</sup>

Dety Nurfadilah<sup>2</sup> and Sudarmawan Samidi<sup>3</sup>

**Abstract.** *This study aims to investigate factors influencing customer's intention to use murabaha financing in Indonesia, and to what extent do attitude, social influence, religious obligation, price mechanism, and government support affect customer's intention to use murabaha financing in Indonesian Islamic banks. 200 customers of Bank Muamalat Indonesia and Bank Syariah Mandiri were collected through a semi-structured questionnaire. The study modifies the theory of reasoned action and extends the earlier research conducted by Amin et al. (2011) and Ali et al. (2015). The findings show that attitude, social influence, government support, and price mechanism have a positive and strong relationship with intention to use murabaha financing. In the contrary, the religious obligation is not the main factors that determine the customer's intention to use murabaha financing. The findings have practical implications to fill the gap between the current practices of Islamic banks and perception from a consumer point of view. This study also analyzed possible variables that may influence the strategies to attract more customers to use murabaha financing and increase Islamic bank's market share. To the best of author's knowledge, this is the first study which modified the TRA model in the context of murabaha financing in Indonesian Islamic Banks.*

**Keywords:** *Murabaha Financing, Islamic Bank, Customer Intention, Theory of Reasoned Action.*

**Abstrak.** *Penelitian ini bertujuan untuk menyelidiki faktor-faktor yang mempengaruhi niat pelanggan untuk menggunakan pembiayaan murabahah di Indonesia dan sejauh mana sikap, pengaruh sosial, agama, mekanisme harga dan dukungan pemerintah mempengaruhi niat pelanggan untuk menggunakan pembiayaan murabahah di bank syariah Indonesia. 200 pelanggan Bank Muamalat Indonesia dan Bank Syariah Mandiri dikumpulkan melalui kuesioner semi-terstruktur. Studi ini memodifikasi teori tindakan beralasan dan memperluas penelitian sebelumnya yang dilakukan oleh Amin et al. (2011) dan Ali et al. (2015). Temuan menunjukkan bahwa sikap, pengaruh sosial, dukungan pemerintah dan mekanisme harga memiliki hubungan positif dan kuat dengan niat untuk menggunakan pembiayaan murabahah. Sebaliknya, kewajiban agama bukanlah faktor utama yang menentukan niat pelanggan untuk menggunakan pembiayaan murabahah. Temuan ini memiliki implikasi praktis untuk mengisi kesenjangan antara praktik bank syariah saat ini dan persepsi dari sudut pandang konsumen. Studi ini juga menganalisis kemungkinan variabel yang dapat mempengaruhi strategi untuk menarik lebih banyak pelanggan untuk menggunakan pembiayaan murabahah dan meningkatkan pangsa pasar bank syariah. Sepengetahuan penulis terbaik, ini adalah studi pertama yang memodifikasi model TRA dalam konteks pembiayaan murabahah di Bank Syariah Indonesia.*

**Kata kunci:** *Pembiayaan Murabahah, Bank Syariah, Niat Pelanggan, Teori Reasoned Action.*

---

<sup>1</sup> Initial draft has been presented at International Multidisciplinary Graduate Conference of Trengganu (Grace) 2016. UTM Trengganu, 5-6 November 2016

<sup>2</sup> Krisnadwipayana University | detynurfadilah@gmail.com

<sup>3</sup> Sekolah Tinggi Manajemen IPMI | sudarmawansamidi@gmail.com

## Introduction

Nowadays, Islamic banking and finance industry is growing worldwide. According to data statistic released by McKinsey and Co. (2008), this industry has an emerging growth around 20% to 30% per annum. Ernst and Young (2016) added that the industry's asset increased approximately \$920 billion in 2015, and it is expected to reach \$3 trillion in 2018. Owing to this development, this industry consists of large players among other Islamic banks from local and international. The demand of new participants from Non-Muslim countries is also increased about 18%, while conventional banks increased at 7%. The growth of new participation from Non-Muslim countries shows that Islamic banks can be accepted globally. Therefore, it attracts many conventional banks and financial institutions to involve in the industry by offering Islamic products or subsidiaries to the market.

In Indonesia, the first Islamic bank has been established since 1992, namely Bank Muamalat Indonesia. The history began when the organization called as Indonesian Ulama' Council (MUI) held its first symposium on "Issues in Interest and Banking" in 1990 which resulted in forming a task force and recommending the government to create and establish Islamic banks. They realize that some Muslim communities would simply not use conventional banking services (Mulya and Nasirwan, 2000). The fast growth of this business has triggered other banks (whether dual or fully Islamic banking system) to continue to build other Islamic banks. As seen in table 1, currently there are 12 Islamic commercial banks, 22 Islamic business unit (dual banking system), and 168 Islamic rural banks (OJK, 2015).

The development of Islamic banks has created an intense competition between local and international banks, as well as conventional counterparts. In order to attract more customers, every bank tries to offer a product with a competitive return. In Islamic banks, there are various types of products to help the diverse financial needs of the customers. Moreover, financing has also become popular because it provides financial assistance to cater the needs of

the citizens for their basic needs and other financial needs. One of the popular financing services offered by Islamic banks is *murabaha*. It provides financial assistance to customers who need to purchase durable and non-durable goods, as well as cater for other financial needs. On the other hand, conventional banks offer a loan product that carries an interest rate. Some banks offer conventional loans with higher interest rates than government loan programs, choice of fixed interest rates for a predetermined number of years, and adjustable-rate for fluctuating monthly payments.

**Table 1.** Performance of Islamic Banks in Indonesia

Indicators	2014	2015	2016	2017	2018
Islamic commercial banks (unit)	12	12	13	13	14
Islamic business units (unit)	23	23	21	21	20
Islamic rural banks (unit)	163	179	166	167	167
Total assets ICB and IBU (Billion IDR)	272.343	296.262	356.504	424.181	477.327

Source: OJK, Islamic Banking Statistic 2018

However, if we compare *murabaha* financing and loan products in conventional banks, *murabaha* financing still remain lagged. As seen in table 2, the total amount of credit loan in the conventional bank is higher than Islamic bank. There was an increasing number of the personal loan over the past 5 years. The total amount of credit loan in 2015 (Rp. 688.297 trillion), followed by 2014 (Rp. 671.7 trillion), 2013 (Rp. 608.8 trillion), 2012 (Rp. 526.4 trillion), and 2011 (Rp. 458.2 trillion). In the other hand, the amount of *murabaha* financing is still below Rp. 150,000 billion. Even though it shows a good progress with the increasing amount every year. If the banks cannot offer an innovative product with the competitive return, it will affect the bank's profitability. Then, it will continuously impact the sustainability of its business.

Majority of previous studies discussed customer's intention to use Islamic banking product (Ali and Atambawa, 2014; Nelson, 2017; Lajuni, 2017), while another study about specific Islamic banking products like savings and financing product is very limited. According to Amin *et al.* (2011), attitude,

social influence, price system in Islamic personal financing have a strong relationship with customer's intention to use Islamic personal financing in the context of Malaysian Islamic Banks. Nurul (2014) found that 200 customers in Bank Islamic Malaysia Berhad have a strong relationship with attitude, social influence, and religious obligation. However, there is no prior study related to customer's intention to use *murabaha* financing in the context of Indonesian Islamic banks. Therefore, this study is intended to fill the gap between the theoretical framework and the practice and implementation of *murabaha* in Islamic banks in Indonesia.

**Table 2.** Comparison between *Murabaha* Financing and a Personal Loan in Indonesia

Years	<i>Murabaha</i> financing (in Billion IDR)	Personal loan (in Billion IDR)
2011	46,645.33	458,200,000
2012	70,220.58	526,400,000
2013	110,565	608,800,000
2014	104,336.8	671,700,000
2015	122,111	688,297,000

Source: Bank Indonesia, data up to 2015

The intense competition between loan product in Conventional Banks and *murabaha* financing has encouraged the scholars to conduct a study about consumer's intention to use *murabaha* financing in Islamic banks in Indonesia. The present study is carried out among 200 consumers in Indonesia in order to delineate their intention to use *murabaha* financing. In view of that, the quantitative approach has been employed in order to get generalize result. This study may be one of the pioneering researches works in the field of Islamic finance in Indonesia. This research serves as a good guidance for practitioners to create innovative products and effective strategy, resulting in higher profitability. The manager of Islamic banks will understand more about the variety of consumer intention to use Islamic financing and he will use a different approach to attract customers. The result from this study will also be beneficial for the academicians and students in Islamic finance study, especially

the knowledge about Islamic banking product and its mechanism. They can extend their knowledge about theoretical of Islamic banking product and the practice, as well as the implementation of this products in the real world.

The study is guided by the following research question: What are the factors that affect customers to use *murabaha* financing in Indonesian Islamic banks? To what extent do attitude, social influence, religious obligation, government support, and price mechanism affect customers to use *murabaha* financing?

This study is organized into six sections. The remaining of the paper is organized as follows, section 2 presents the literature review, section 3 discusses conceptual framework, section 4 explains the methodology, section 5 discusses finding and followed by a conclusion.

## Literature Review

### Differentiation between Islamic Financing and Conventional Loan

Since the first establishment of Islamic bank in the world, it has existed as the alternative mode of finance to support customers who face difficulties in the modern world (Farook, Hassan, Lanis, 2011). There has been many researchers or scholars who made a huge contribution to the development of Islamic banking model, such as Uzair (1955), Maududi (1961), Usmani (1985), Gafoor (1999), El-Gamal (2000), Warde (2000), Lewis and Algaud (2001), Iqbal and Llewellyn (2002), Obaidullah (2005), Ainley *et al.* (2007), Khan *et al.* (2007), Aldohni (2008), Dusuki (2008), Masood *et al.* (2009), Haron *et al.*, (2015) among others. In Indonesia, most of the Islamic banks and financial institutions are using *murabaha* as an Islamic mode of financing.

According to Usmani (2004), *murabaha* is not a loan given interest, but it is a sale of a commodity for a deferred price which includes an agreed profit added to the cost. Azmat *et al.* (2015) agree that *murabaha* is a credit sale that both parties decide the profit margin to be added to the cost of the original purchase, and not the cost price. Here is the mechanism (Usmani, 2004): (1) The seller (banks) and the buyer (bank's customer) make a contract agreement

whereby the seller promises to sell the commodities and the buyer promise to buy the commodities in the deferred scheme on the agreed ratio of profit added to the cost. (2) When the buyer chooses a specific commodity, the seller appoints him to buy the product on the behalf of seller, and both parties' sign a contract agreement with the agency. (3) The buyer purchases the commodity from the third party. (4) The buyer informs the seller that he has bought the commodity, then he purchases it from the seller. (5) The seller accepts the offer and the sale is concluded.

In the second structure, the seller (bank) might purchase the commodities directly to the supplier (home property), the buyer does not need to acts as an agency, and then the bank offers the commodity to him and he agree to buy it based on the initial agreement.

According to the above explanation, *murabaha* scheme required the seller to own the commodity before he sells it to his customers. When the customer acts as an agent, the risk is borne by the seller (bank) because this commodity belongs to the seller. It is the foremost condition for the validity of *murabaha* that the commodity comes in the ownership and physical or constructive possession of the financier before he sells it to the customer on *murabaha* basis. The risk faced by Islamic banks is not only the success or failure of the bank-funded project but the risk of the asset being destroyed under its ownership. According to Azmat *et al.* (2015), Islamic bank bear an additional cost due to the asset ownership. If the asset is destroyed before the customer takes its ownership, an Islamic bank will bear the loss. In addition, Islamic bank should bear an additional cost of transfer ownership and possession of the underlying asset. Even though that cost can significantly increase the *murabaha* cost structure, the selling price should be fixed at the time of the original contract of sale and the due date of payment must be explicitly set. The below table is the differences between *murabaha* and conventional loan:

**Table 3.** The Comparison between Conventional loan and *Murabaha* Financing

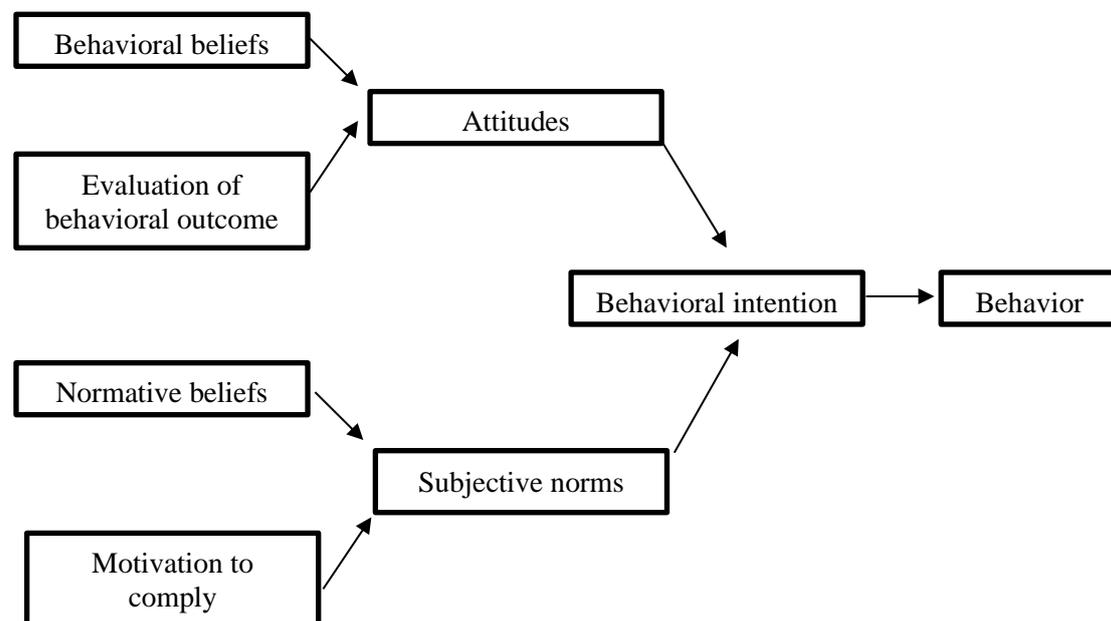
Indicators	Conventional Loan	<i>Murabaha</i> Financing
<b>Contractual terms</b>	Borrower and lender	Fund providers, buyer and seller, service provider
<b>Determinants of return</b>	Contractual obligation on the loan amount	Reliant on the activities done to justify earning the return on the transaction
<b>Cancellation of contract</b>	Bank has the right to cancel the contract, at their sole discretion. Usually, a contract is cancelled during events of default, or if the customers financial position become worse, or there is higher risk to the bank	Bank do not have the right to cancel to contract at their sole discretion
<b>Risk ownership</b>	Risk sharing (bank must bear some risk to earn the return)	Risk transfer (customer bear all risk to loan)
<b>Common terms used</b>	Interest rate, loan, borrower, lender, penalty	Profit rate, financing customer, financier, compensation

However, the main problem of *murabaha* as a mode of financing is consumer still assume that it is similar to the product in conventional banks. This similarity in the pricing and structure is caused by the highly competitive environment. In addition, Choudhury (2016) added that it is difficult to measure the fair profit and risk in *murabaha* contract because it is not determined and it claimed to have some elements of *riba* and *gharar* (Isa *et al.*, 2012).

### The Concept of Theory of Reasoned Action

Theory of reasoned action (TRA) has been developed since 1967 by Fishbein and Ajzen. TRA is formulated to investigate the relationship between attitudes and behavior. TRA can be used as a prediction tool in examining the purchase intention of a selected consumer group and product (Belleau *et al.*, 2007). According to Baker *et al.*, (1996), TRA is a cognitive model and the implementation of this method has provided strong and valid prediction of variety decision, such as health care (Passos & Cruzes, 2013), social media (Kim, 2015), online shopping (Chuchinprakarn, 2005), Islamic banking (Idris *et al.*, 2014; Amin *et al.*, 2011; Taib *et al.*, 2008); brand loyalty (Ha, 1998), so forth so on.

In decision-making process, this theory is designed to estimate the individual behavior based on behavioral intention and centers its analysis on the importance of pre-existing attitudes. Consumer only takes a specific action when there is an equally specific result expected. From the time the consumer decides to act to the time the action is completed, the consumer retains the ability to change his or her mind and decide on a different course of action. It posits that consumers act on a behavior based on their intention to create or receive a particular outcome.



**Figure 1.** The framework of Theory of Reasoned Action

Sources: Adapted from Ajzen and Fishbein, 1960, and Penny, 1996

To understand the behavioral intention, TRA looks at the people's attitude towards that behavior and subjective norms related to the social perception that could influence those attitudes (Ajzen, 1988; Baker, 1996; Fishbein & Ajzen; 1975, Wener; 2004). Attitude is derived from personal beliefs about the outcome of the behavior and evaluation of the potential outcome. It distinct the positive, neutral or negative behavior. If people believe that their behavior will lead to a desirable outcome, it shows that they have a positive attitude toward that behavior (Park, 2009). Subjective norms refer to perception

from social pressure. It is basically the perception of people around us (peer pressure) regarding the behavior's acceptability. For instance, Fisbein and Ajzen (1975) stated that subjective norms are the person's perception that most people who are important to him think he should or should not perform the behavior. The motivation to comply with the norms also affect the people's behavior intention.

### **The Implementation of Theory of Reasoned Action in Islamic Banking Products**

Lada *et al.* (2009) conducted a study to investigate the customer's intention to use halal products. Among 485 respondents in Malaysia, the study found that attitude and subjective norm had a positive and significant relationship with the intention to choose halal products. This study showed that TRA was applicable to use in the context of Islamic products.

Abduh *et al.* (2011) implemented TRA to determine the factors that influence 368 customer's withdrawal behavior in Malaysian Islamic banks. The study found that attitude is significant to influence the respondent's intention, but people perception was more important to influence the respondent's belief. Subjective norms give more influence to influence the customer's intention to withdraw or not withdraw from Islamic banks product.

### **Determinants of Intention to Use *Murabaha* Financing**

Attitudes refer to an individual belief in his/her behavior. If he/she has a positive attitude, then he/she will have greater chance to perform that behavior. The attitude has a positive significance in determining individual's acceptance of Islamic bank products (Taib *et al.*, 2008). Amin *et al.*, (2011) added that attitude is a key indicator that influences customer's intention to use Islamic personal financing. The hypothesis is as follows:

H1: *There is a significant and positive relationship between attitude and customer's intention towards murabaha financing.*

The previous study conducted by Omer (1992) stated that religious reason can influence Muslim consumers to use Islamic financial institution in the UK. Metwally (1996) mentioned that religion plays the important factors, then it followed by "convenience" and "traditional services". This study is in line with the previous studies by Imtiaz *et al.* (2013) that bank customers from Pakistan choose Islamic banking products due to their belief that Muslim should choose an interest-free financing. Akhtar and Mehmood (2016) added that their study using regression analysis show that religious obligation has a significant relationship with customer's intention to use Islamic banking products.

On the other hand, the study by Erol and El-Bdour (1989) and Haron *et al.* (1994) found religion was not the primary motivation for customers dealing with Islamic banks. Erol and El-Bdour (1989) found that religious obligation did not appear as the major factors to influence the Jordanian customers to use products from Islamic banks. It contradicts with people's perception that people from Muslim countries will choose products based on their beliefs. This study also found that the most significant factors to attract customers to use Islamic banks products was interpersonal contact and individual effort. The hypothesis is as follows:

H2 : *There is a significant and positive relationship between religious obligation and customer's intention towards murabaha financing.*

Social influence refers to the subjective norm of normative pressure (Amin *et al.*, 2013). Iuliana, Munthiu, and Radulescu (2012) added that the categories of social pressure are family, peer, social roles, and statues. According to Echchabi and Azouzi (2015), social influence have a positive relationship with customer's intention to use products. Haque *et al.* (2009) also found that social pressure has an important role in affecting customer to choose banking products. Muslim consumers tend to choose products based on the influence of other Muslim peers. Md-Taib *et al.* (2008) added that sharia board member. However, there are other studies which stated that social influence

has no relationship with the customer's intention (Ali *et al.*, 2015). The hypothesis is as follows:

H3 : *There is a significant and positive relationship between social influence and customer's intention towards murabaha financing.*

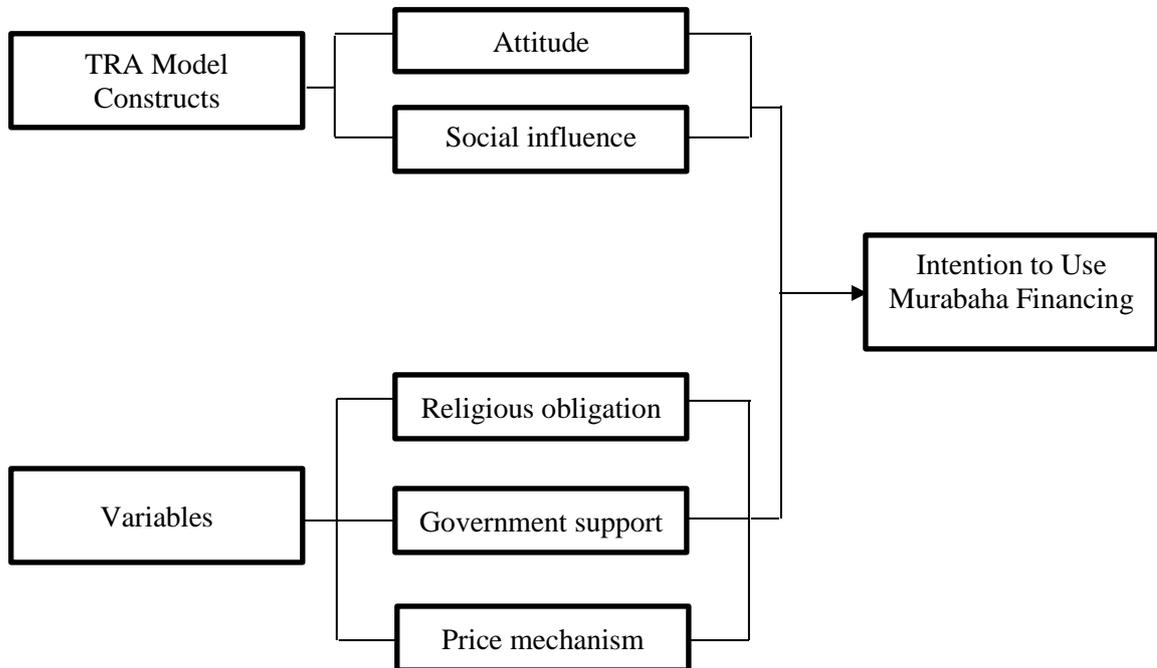
In the context of Islamic banks, government supports refer to any action to develop the growth of this institution which include product innovation, Islamic financial literacy, education, and so forth so on. It is in line with the previous study conducted by Amin (2008) that government support has a greater influence on the development of Islamic banking product. However, the extent of government intervention to support Islamic banks varied across countries. In Thailand, the growth of Islamic banks depends on the Islamic organization and Muslim community (Haron & Yamirudeng, 2003), while Islamic banks in Malaysia depends solely on Islamic regulatory framework because the government has a strong support for the development of this institution (Amin *et al.*, 2006; BIS Review, 2004). The hypothesis is as follows:

H4 : *There is a significant and positive relationship between government support and customer's intention towards murabaha financing.*

Price mechanism refers to the price to sell the product and striking a balance between the bank's profitability and consumer's interest. Ebert and Griffin (1998) stated that Islamic bank selects the most appropriate price mechanism to sell the product which frees from interest and *riba*. Olson and Zoubi (2008) added that Islamic banks use different financing mechanism than conventional banks which is profit and loss sharing.

On the other hand, According to Abdullah and Dusuki (2006), some Islamic banks charged a very expensive fee for hire purchase than conventional banks. It contradicts with the people's perception that Islamic banks should offer a lower price than conventional banks. Amin (2008) added that lower pricing scheme was one of the factors that motivate people to use Islamic bank's product. The hypothesis is as follows:

H5 : *There is a significant and positive relationship between price mechanism and customer's intention towards murabaha financing.*



**Figure 2.** Research Framework

Source: adapted from Ali *et al.* (2015)

## Method

The sample of this study comprised customers of two innovative Indonesian Islamic banks, PT. Bank Muamalat Indonesia (BMI) and PT. Bank Syariah Mandiri (BSM) in Jakarta, Indonesia. The author chooses those banks because of fully Islamic commercial banks and higher market share compared with other Islamic banks.

This study uses a self-administered questionnaire for data collection. The questionnaires were distributed to 215 respondents to elicit voluntary participation at PT. Bank Muamalat Indonesia (BMI) and PT. Bank Syariah Mandiri (BSM) in Jakarta, Indonesia. 23 questionnaires were rejected due to incomplete data. Therefore, 8 questionnaires were distributed again to get 200 respondents. This survey is conducted during banking hours on the same day to avoid multiple answers from the same person. The researcher was politely

approached and explained the purpose of this study to the respondent who has a transaction at those banks. The researcher asked the respondent if they have time to fill up the questionnaire. Once they agree to participate, researcher handed over the questionnaires and left them to fulfill the questionnaires. When complete, respondents gave back the questionnaires to the researcher.

The variables used in this study consists of attitude, social influence, religious obligation, price mechanism and government support. Attitude is chosen because it is related to consumer behavior. The religious obligation is chosen because the majority of the population in Indonesia are Muslim and it will show their perspective towards the Islamic banking products. In addition, it has been used by many researchers in analyzing the customer's intention to use Islamic banking products in many regions. While government support is chosen because government makes a regulation about Islamic banks. The support and attention from the government will give impact on customer's choices towards some products. The price mechanism is chosen because the structure of pricing in Islamic banks and conventional banks are different and it attracts the customers in different ways as well.

The questionnaire is divided into two sections. The first section consists of demographic data, while the second section consists of the measurement of independent variables. In the second section, a total of five measures is constructed. All the items in the questionnaire were in the form of statement in investigating respondents' perceptions. The study used the five-point Likert-type scale from "1" - strongly disagree to "5" - strongly agree applied in the questionnaire.

## **Results and Discussions**

The result found that an equal distribution of respondents was observed for this survey, consisting of 100 male and 100 females. Out of 200 respondents, the highest population ages 37-42 (39%), followed by ages over 43 (29.5%), 32-37 (27%), 26-31 (2.5%), and 20-25 (2%). In term of respondent marital status, the highest percentage was married (81%), followed by a single (32%) and the rest

was divorce. In addition, the participants were selected from a different level of education. The highest percentage was undergraduate level (83%), followed by postgraduate level (11%) and the lowest education level was a senior high school (6%). For occupation of respondents, the highest percentage was a private employee (70%), followed by a public employee (19.5%) and businessman (10.5%).

Furthermore, Cronbach's alpha is used to test for reliability of the research instruments. According to Hair *et al.* (1998), the Cronbach's values for all dimensions should exceed the minimum of 0.6 thus measured will be deemed reliable and retained for further regression analysis. As seen in table 3, the alpha coefficient for the 31 items is 0.954, considering that the study has high reliability.

**Table 3.** Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.954	.953	31

The present study used Pearson correlation ratio test to analyze the relationship between the variables of each hypothesis. Based on table 4, the connection between customer's intention to use *murabaha* financing and price mechanism showed the strongest relationship ( $\beta=0.919$ ,  $p<0.05$ ). It means the lower and more acceptable the price, the more likely that customer will choose *murabaha* financing. The second higher was government support and customer's intention to use *murabaha* financing ( $\beta=0.858$ ,  $p<0.05$ ). It means the higher the government support, the more likely the *murabaha* financing is utilized by the customer. The third higher was a social influence ( $\beta=0.781$ ,  $p<0.05$ ). It means that the more positive the pressure from peer and environment, the more likely the *murabaha* financing is utilized by the customer. Attitude showed a low but positive relationship with customer's intention. It is considered reasonable as supported by Ajzen (1991). Religious obligation showed the insignificant result.

**Table 4:** Pearson Correlation between Dependent and Independent Variable

		Attitude	Religious Obligation	Social Influence	Government Support	Price Mechanism	Customer's Intention
Attitude	Pearson Correlation	1	.980**	.438**	.163*	.202**	.325**
	Sig. (2-tailed)		.000	.000	.001	.004	.004
	N	200	200	200	200	200	200
Religious Obligation	Pearson Correlation	.980**	1	.415**	.168*	.212**	.021
	Sig. (2-tailed)	.000		.000	.017	.003	.772
	N	200	200	200	200	200	200
Social Influence	Pearson Correlation	.438**	.415**	1	.873**	.943**	.781**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	200	200	200	200	200	200
Governme nt Support	Pearson Correlation	.163*	.168*	.873**	1	.930**	.855**
	Sig. (2-tailed)	.021	.017	.000		.000	.000
	N	200	200	200	200	200	200
Price mechanis m	Pearson Correlation	.202**	.212**	.943**	.930**	1	.919**
	Sig. (2-tailed)	.004	.003	.000	.000		.000
	N	200	200	200	200	200	200
Customer' s intention	Pearson Correlation	.004	.021	.781**	.855**	.919**	1
	Sig. (2-tailed)	.957	.772	.000	.000	.000	
	N	200	200	200	200	200	200

\*\* . Correlation is significant at the 0.01 level (2-tailed).

We used regression analysis to test the hypothesis whether attitude, religious obligation, social influence, government support, price mechanism has a positive significance with consumer's intention to use *murabaha* personal financing.

**Table 5.** Model Summary

Model	R	R Square	Adjusted R Square	Std. error of the Estimate
1	.963 <sup>a</sup>	.928	.926	1.185
a. Predictors: (Constant), Price mechanism, Attitude, Government Support, Social Influence, Religious Obligation				

**Table 6. Coefficients**

Model	Standardized Coefficients		
	Beta	t	Sig.
1 (Constant)		2.194	.029
Attitude	.854	6.744	.000
Religious Obligation	.046	8.72	.384
Social Influence	1.350	11.548	.000
Government Support	.993	6.790	.000
Price mechanism	2.216	18.612	.000

a. Dependent Variable: Customer's intention to use *murabaha* financing.

Based on the regression result, we accept H1, H3, H4, and H5. 4 out of 5 variables are found to be significant to the intention to use *murabaha* financing. Attitude (p-value = 0.000, t = 6.744) and social influence (p-value = 0.000, t = 11.548) have positive significant on the intention to use *murabaha* financing. This result is consistent with the previous studies that environment and peer pressure can influence the customer's behavior (Teo and Pok, 2003; Venkatesh and Davis, 2000).

Government support (p-value = 0.000, t = 6.790) also has a positive significant effect on customer's intention to use *murabaha* financing. It is in line with a previous study (Reni and Ahmad, 2016). The Indonesian government has supported Islamic banks in many ways, such as setting up good regulation, increase the scholarship in the field of Islamic economics and finance, establish International Islamic University Indonesia in the near future, etc.

Price mechanism (p-value = 0.000, t = 18.612) has positive significant on intention to use *murabaha* financing. This result was consistent with a previous study (Amin *et al.*, 2010; Amin, 2008; Ebert & Griffin, 1998; Haron *et al.*, 1992) that the pricing scheme was a predictor of customer's intention in using the product in Islamic banks. Amin *et al.* (2010) and Selamat and Kadir (2012) added that non-Muslim and Muslim customers consider pricing as important factors to select Islamic financial services. Some respondents assume that product from Islamic bank is similar to conventional counterparts. Even, some

respondents consider the product in Islamic bank is more expensive compared to conventional counterparts (Abdullah & Dusuki, 2006).

However, religious obligation was found to be insignificant (p-value = 0.384,  $t = 8.72$ ). It is in line with the earlier study by Erol and El-Bdour (1989) from Islamic banks in Jordan and Haron *et al.* (1994) from Islamic banks in Malaysia which found that religion was not the primary motivation for customers dealing with Islamic banks. Amin (2011) found that religious obligation does not support people to use Islamic financial services. Selamat and Kadir (2012) added that customers in Malaysian Islamic banks select Islamic financial services because of the reputation, confidential, image, and services, not a religious obligation. Therefore, we reject H2.

In all, 92.8% (R square =0.928) of the variance in attitude towards *murabaha* financing were explained by the independent variable. However, it is fairly sufficient to suggest the feasibility of the model.

## Conclusions

The development of Islamic banks has encouraged many researchers and practitioners to develop a more innovative product from time to time. The high competition between conventional and Islamic banks also has triggered the investor and manager to understand the customer's behavioral intention when they use Islamic banks product. This study found that attitude, social influence, government support and price mechanism have positive significance on customer's intention to use *murabaha* financing in Indonesia. However, the religious obligation was not significant to influence customer's intention.

The quantitative finding suggests that researchers and practitioners should not depend on the religiosity of the customer to market the Islamic banks' services in Indonesia. Rather, they should create a fair price mechanism to attract more customer to use *murabaha* financing, for instances are lowering the payment charges, providing a policy that assists the customer to attract their intention to use Islamic bank's products. In addition, the government should play a huge role to ensure that the price mechanism between Islamic

and conventional banks are different and the shadow of similarity between both banks are brushed aside. The government also should set a regulation that supports the environment of Islamic banks and increase the number of training of trainers on Islamic finance and banking for academicians and practitioners.

The customer's intention to use *murabaha* financing study in Indonesia is very limited. Therefore, this study aims to fill the research gap and contribute to the existing knowledge in Islamic finance and banking literature. Furthermore, the present study can be used as a reference to measure other Islamic bank's products and the customer intention, such as *musyarakah mutanaqisah*, *mudharabah*, *rahn*, etc. Finally, the sample was only taken from two Islamic banks. Future study is needed in a wider sample include Muslim and non-Muslim customers from the dual banking system to get more generalize result.

## References

- Abdullah, N. I., & Dusuki, A. W. (2006). A Critical Appraisal of Al-Ijarah Thumma al-Bay' (AITAB) Operation: Issue and Prospects. *4th International Islamic Banking and Finance Conference*: 1-15). Kuala Lumpur: Monash University of Malaysia.
- Abdullah, N. I., & Dusuki, A. W. (2006). Customers' Perceptions of Islamic Hire-Purchase Facility in Malaysia: An Empirical Analysis. *IIUM Journal of Economics and Management*, Vol 14: 177-204.
- Ajzen, I. (1988). *Attitudes, Personality, and Behavior*. Open University Press, Milton-Keynes.
- Ajzen, I. (1991). The Theory of Planned Behavior. *Organizational Behavior and Human Decision Processes*, Vol 50: 179-211.
- Ali, M., & Chin-Hong, P. (2015). Factors Affecting Intention to Use Islamic Personal Financing in Pakistan: Evidence from The Modified TRA Model. Retrieved from <http://mpr.ub.uni-muenchen.de/66023/>
- Amin, H. (2008). Choice Criteria for Islamic Home Financing: Empirical Investigation Among Malaysian Bank Customers. *International Journal of Housing Markets and Analysis*, Vol 1(3): 256-74.
- Amin, H. (2010). Al-Ijarah Thumma A-Bay Facility in Labuan Car Markets: An Application of Structural Equation Model. *Labuan e-Journal of Muamalat and Society*, Vol 4: 45-57.

- Amin, H., *et al.* (2011). Determinants of Customers' Intention to Use Islamic Personal Financing: The Case of Malaysian Islamic Banks. *Journal of Islamic Accounting and Business Research*, Vol. 2(1): 22-42.
- Baker, S. A., *et al.* (1996). Using The Theory of Reasoned Action (TRA) to Understand The Decision to Use Condoms in an STD Clinic Population. *Health Education Quarterly*, Vol 23(4): 528-542.
- Belleau, B. D., *et al.* (2007). Theory of Reasoned Action: Purchase Intention of Young Consumers. *Clothing and Textiles Research Journal*, Vol 25(3): 244-257.
- Cialdini, R.B., Kallgren, C.A., and Reno, R.R. A. (1991). Focus Theory of Normative Conduct: A Theoretical Refinement and Reevaluation of The Role of Norms in Human Behavior. *Adv. Exp. Soc. Psychol.*, Vol 24: 201-234.
- Dusuki, A., and Abdullah, N. (2007). Why do Malaysian Customers Patronise Islamic Banks?. *Marketing*, Vol 25(3): 142-160.
- Ebert, R.J., and Griffin, R.W. (1998). *Business Essentials, 2nd ed.* Prentice-Hall, Upper Saddle River, NJ.
- Erol, C. and El-Bdour, R. (1989). Attitude, Behavior and Patronage Factors of Bank Customers Towards Islamic Banks. *International Journal of Bank Marketing*, Vol. 7 (6): 31-7.
- Farook, S., Hassan, M. K., & Lanis, R. (2011). Determinants of Corporate Social Responsibility Disclosure: The Case of Islamic Banks. *Journal of Islamic Accounting and Business Research*, Vol.2(2): 114-141.
- Fishbein, M & Ajzen, I. (1975). *Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research.* Addison-Wesley, Reading, MA.
- Hair, J.F. *et al.* (1998). *Multivariate Data Analysis.* Prentice-Hall, Upper Saddle River, NJ.
- Haron, M. S., *et al.* (2015). Reputation Risk and Its Impact on The Islamic Banks: Case of the Murabaha. *International Journal of Economics and Financial Issues*, Vol. 5(4): 854-859.
- Haron, S. & Yamirudeng, K. (2003). Islamic Banking in Thailand: Prospects and Challenges. *International Journal of Islamic Financial Services*, Vol 5 (2): 1-11.
- Hanudin, A., *et al.* (2011). Determinants of Customers' Intention to Use Islamic Personal Financing: The Case of Malaysian Islamic banks. *Journal of Islamic Accounting and Business Research*, Vol. 2(1): 22-42.
- Lada, S., Tanakinjal, G.H. and Amin, H. (2009). Predicting Intention to Choose Halal Products Using Theory of Reasoned Action. *International Journal of Islamic and Middle Eastern Finance and Management*, Vol 2(1): 66-76.

- Lajuni, N. *et al.* (2017). Intention to Use Islamic Banking Products and Its Determinants. *International Journal of Economics and Financial Issues*, Vol 7(1): 329-333.
- Metwally, M. (1996). Attitudes of Muslims Towards Islamic Banks in a Dual-Banking System. *American Journal of Islamic Finance*, Vol 6: 11-17.
- Nurul, H. A. (2014). Determinants of Customer's Intention to Use Islamic Personal Financing. Retrieved from <http://etd.uum.edu.my/4047/>
- Otoritas Keuangan Jakarta. (2014). *Statistik Perbankan Syariah*. Retrieved on September 15, 2016, from <http://www.ojk.go.id/id/kanal/syariah/data-dan-statistik/statistik-perbankan-syariah/Default.aspx>.
- Park, H. S. (2009). Relationship Among Attitudes and Subjective Norms: Testing The Theory of Reasoned Action Across Cultures. *Communication Studies*, Vol 51(2): 162-175. DOI: 10.1080/10510970009388516
- Reni, A., & Ahmad, N. (2016). Application of Theory Reasoned Action in Intention to Use Islamic Banking In Indonesia. *Al-Iqtishad: Journal of Islamic Economics*, Vol 8(1): 137-148. doi:10.15408/aiq.v8i1.2513
- Selamat, Z., & Abdul-Kadir, H. (2012). Attitude and Patronage Factors of Bank Customers in Malaysia: Muslim and non-Muslim Views. *Journal of Islamic Economics, Banking and Finance*: 87-100.
- Siregar, M. E., & Ilyas, N. (2000). Recent Development in Islamic Banking in Indonesia, The Fifth Harvard University Forum on Islamic Finance: Islamic Finance: Dynamics and Development Cambridge, Massachusetts. *Center for Middle Eastern Studies, Harvard University*: 189-196.
- Werner, P. (2004). Reasoned Action and Planned Behavior, in S.J. Peterson & T.S. Bredow (eds). *Middle range Theories: Application to Nursing Research*, Lippincott Williams & Wilkins, Philadelphia: 125-147.