

Millennials' Intention toward Syariah Card: The Roles of The Theory of Planned Behavior and Product Knowledge

Muhammad Muflih^{1,*} Radia Purbayati¹

¹Accounting Department, Politeknik Negeri Bandung, Bandung, Indonesia

*Corresponding author. Email: m.muflih@polban.ac.id

ABSTRACT

Support from various community groups for the sharia card is very important to advance card service-based sharia financing activities. This study aims to estimate the roles of the theory of planned behavior (TPB) and product knowledge in influencing millennial intentions towards the sharia card. By utilizing 300 millennial respondents, this study analyzed the intention towards the sharia card using SEM-PLS. The empirical findings indicate that TPB and product knowledge are essential in influencing millennials' intention towards the sharia card. Academically, this study implies an expansion of intention knowledge towards Islamic banking products, especially card-based financial services. In practical terms, on the other hand, it shows the importance of developing the TPB and outreach to increase public support for the sharia card.

Keywords: *Theory of planned behavior, attitude, perceived behavioral control, product knowledge, intention*

1. INTRODUCTION

Islamic banks play an important role in realizing interest-free financial products that can fulfill various needs of millennials [1]. One product that is suitable for the millennial lifestyle is the sharia card which functions as a financing card for young sharia bank customers who prefer non-cash transactions. The card is also an answer to anxiety with conventional banks' interest-based credit cards [2]. However, the sharia card has not been competitive against conventional credit cards as marked by the low number of its users, especially among Muslim millennials [2]. This problem signals the importance to take the Islamic card business more seriously by identifying factors that influence the intention of millennials' adoption of the sharia card through empirical research.

In revealing the intention of millennials' adoption of Islamic bank products, researchers often use the Theory of Planned Behavior (TPB) [3], [4]. Generally, the TPB is used to answer the problem of the adoption of Islamic mobile banking and digital transactions; not a single TPB-based study has discussed the millennials' interest in the adoption of the sharia card. In addition, in assessing the adoption intention of prospective customers, previous studies use product knowledge [2]. Thus, this study

integrates the TPB and product knowledge to predict millennials' adoption interest in the sharia card. It will be an answer to the scarcity of solutions for the lack of sharia card enthusiasts in Islamic banks.

Based on this research gap, this study aims to predict the intention of millennials' adoption of the sharia card through the roles of the TPB and product knowledge. The built relationship is direct and positive. This research was conducted in Indonesia since the country has a demographic bonus for millennials who have the potential to advance the sharia card business.

2. LITERATURE REVIEW

2.1 The theory of planned behavior

The TPB combines internal and external controls in estimating consumer adoption intentions, leading to more comprehensive results [5]. This theory is considered suitable to reveal the public's interest in the adoption of the sharia card developed by the Islamic banking industry. Thus, it becomes a very important foundation in revealing the tendencies of millennials in adopting the sharia card in the Islamic banking context.

Attitude refers to consumer acceptance or rejection of an object at hand [6]. Previous studies have shown its significant relationship with customer interests in the business field [4], [6]. Given the strong role of attitude, this research assumes that attitude positively affects millennial adoption intentions towards the sharia card.

Experts explain that subjective norms are the influence of people (individuals or groups) around consumers that encourages them to adopt a business product [4]. Recent studies suggest that they play an important role in encouraging consumer adoption intentions of innovative products [5], [7]. Thus, this research assumes that subjective norms play a positive role in influencing millennials to adopt the sharia card.

Ajzen [11] argues that PBC (perceived behavioral control) is either the driving or inhibiting factor for individuals to do something. Experts use this control to influence consumer interest in a product [7]. Based on this description, this study assumes that PBC is strongly involved in arousing the interest of millennials in sharia cards in Islamic banks.

The above descriptions give rise to the following hypotheses.

H1: Attitudes positively affect millennial adoption intentions towards the sharia card.

H2: Subjective norms positively affect millennial adoption intentions towards the sharia card.

H3: PBC positively affects millennial adoption intentions towards the sharia card.

2.2 Product knowledge

Previous literature explains that product knowledge is a series of insights that consumers have to choose a product, including knowledge of its specifications, quality, price, and other information related [8]. The association between religious knowledge and products is very important for consumers so that the product choices are compatible with their beliefs as scholars agree that product knowledge can influence the public's intention to choose a product [9]. We assume that millennials' knowledge of the sharia card can influence their interest in adopting it. Therefore, we formulate the following hypothesis.

H4: Product knowledge positively affects millennial adoption intentions towards the sharia card

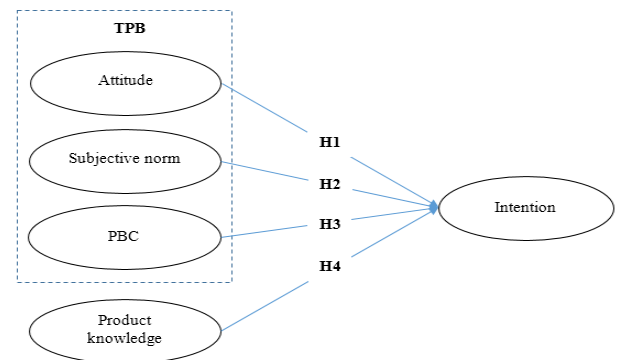


Figure 1 The proposed model

The descriptions above are the basis for the development of this research model. The model is illustrated in Figure 1.

3. RESEARCH METHODS

This study used variables and indicators described in Table 1. Using quantitative methods, this research estimated the direct effect of TPB and product knowledge on millennial intentions to adopt the sharia card.

Bandung has a population of 200,000 Islamic bank customers [10]. With 25% of the millennial population, we assume the city has around 50,000 millennial Islamic bank customers. This research surveyed 300 active Muslim Millennial customers of Islamic banks in Bandung. The convenience sampling method was conducted by directly inviting them to participate in the research. Then, the SEM-PLS (Structural Equation Modeling Partial Least Square) procedure was employed to analyze the data. SEM-PLS is suitable to analyze structural models and the path coefficient of abnormal data with a relatively small number of samples.

4. RESULTS

The data from 300 respondents consists of women (54.67%) and men (45.33%). All respondents are under 40 years old which is in line with the criteria of experts [4].

4.1 Measurement model

This study conducted a two-stage analysis in evaluating millennial intentions for the sharia card. First, the measurement model was analyzed by estimating outer loadings, Cronbach alpha, AVE (average variance extracted), CR (composite reliability), discriminant validity, and convergent validity based on the criteria presented by the experts. The factor loadings of this study meet the criteria because all indicators are >0.60. Meanwhile, AVE is very satisfying because it is >0.50. Thus, the estimation result fulfills the convergent validity requirement for the estimated variables.

In evaluating discriminant validity, this study used the Fornell-Larcker method, with the criteria for the AVE root value are above the correlation value between factors [3]. The discriminant validity of this study fulfills these criteria, thus, it deserves to continue the next stage of analysis. The Cronbach alpha value and composite reliability also meet the criteria because both are >0.70 (Table 1).

Table 1. Model Indicators

Variable	Loadings	A	CR	AVE
Attitude (ATD)		0.921	0.944	0.809
ATD1	0.911			
ATD2	0.918			
ATD3	0.882			
ATD4	0.887			
Subjective norm (NRM)		0.877	0.915	0.730
NRM1	0.845			
NRM2	0.829			
NRM3	0.861			
NRM4	0.882			
Perceived behavioral control (PBC)		0.879	0.917	0.730
PBC1				
PBC2				
PBC3	0.909			
PBC4	0.897			
	0.888			
	0.724			
Product knowledge (KNL)		0.899	0.908	0.768
KNL1				
KNL2	0.864			
KNL3	0.842			

Variable	Loadings	A	CR	AVE
KNL4	0.904			
	0.892			
Intention		0.935	0.915	0.730
INT1	0.910			
INT2	0.938			
INT3	0.923			
INT4	0.888			

4.2 Structural model

To estimate the structural model, this study employed a bootstrapping procedure with 5,000 repetitions. Based on the R^2 value, the variables can explain 70.5% of the intention to use the sharia card (almost substantial). Based on the results of the path coefficient estimation, all independent variables in this study are able to positively and significantly influence millennial intention to use the sharia card (Table 2). Thus, H1, H2, H3, and H4 are accepted.

Table 2. Structural estimation

Path	B	T-Values	P-Value
ATD -> INT	0.303	4.981	0.000
NRM -> INT	0.153	2.856	0.004
PBC -> INT	0.285	4.110	0.000
KNL -> INT	0.216	3.856	0.000

5. DISCUSSION

This study shows that the TPB, specifically attitude, plays an important role in influencing millennial intentions to adopt the sharia card. This finding is in line with the views of previous studies [4], [6]. Therefore, if the perception of the use, benefits, and advantages of the sharia card is increased, millennial adoption of the sharia card in the future will also increase.

Empirically, it is also found that subjective norms affect the intention to use sharia cards positively and significantly. This empirical finding strengthens the previous studies [5], [7]. That is, if colleagues and people around millennials support the use of the sharia card, these millennials will also use the card in the future and recommend it to others.

We also reveal that PBC is very effective in increasing millennial intentions to use the sharia card.

This result is in line with the findings of the previous study [7]. Therefore, paying attention to the PBC aspect is very important to advance the sharia card business because if millennials have the opportunity and flexibility in making their choices, they will often use the sharia card in the future and even expand its use to various kinds of transactions.

This study also shows that product knowledge greatly determines the increase in millennial interest in the sharia card. It confirms the previous empirical facts [9]. If millennials get the explanation about the sharia card and its standardization with conventional credit cards, in the future they will often use the sharia card. Thus, great attention to the product knowledge factor will be able to advance the use of the sharia card at various levels of society, especially millennials.

6. IMPLICATIONS AND FUTURE RESEARCH

From a theoretical perspective, this study implies two important things. First, it is the first study to explore the relationship between the TPB and product knowledge in relation to millennial intention to use sharia card of the Islamic bank. The empirical findings indicate that millennials will use sharia card if the roles of attitude, subjective norms, PBC, and customer knowledge are improved. Second, this study provides insight into the intention to use the sharia card, especially for millennials. Millennials will arouse the intention of using the sharia card if all parties support the use of this sharia financing service.

From a managerial perspective, this study implies four important things. First, to increase millennials interest in using the sharia card, the Islamic banking industry needs to introduce the benefits, advantages, and attractiveness of the card. This will shape the attitude of millennials towards the sharia card. Second, millennials are interested in using the sharia card if role models and the community around them support it. Third, millennials will use the sharia card if their freedom to use the card is assured. Fourth, millennials will tend to use the sharia card in the future if the industry and stakeholders provide educational programs about knowledge and procedures of using it. Thus, paying attention to all these recommendations will make the alignments of young people towards the sharia card increase.

Despite its positive implications, this study has several drawbacks. First, it used a limited number of variables in predicting millennial intentions using the sharia card. To be more comprehensive, it is necessary to expand the variables in the next research. Second, this study only surveyed the Indonesian Bandung millennials, so it did not represent the entire population. To better reflect the global community, surveys in various countries need to be carried out.

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