Islamic Financial Products/Services and the Intention to Use

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Abstract

Muslims and non-Muslims alike have displayed a definite trend towards accepting Islamic financial products/services, thereby rendering it crucial to examine the determinants driving individuals to the intention to accept Islamic financial products/services. This study aimed to investigate the predictive power of Islamic financial literacy on the modified Theory of Planned Behaviour, which eventually translated into individual behaviour towards the intention to use Islamic financial products/services. Four hundred copies of questionnaires were distributed, out of which 300 usable copies were subsequently collected. The data obtained were then analysed using PLS-SEM. The findings showed that all exogenous variables implemented, namely attitude, social value, perceived behavioural control, and Islamic financial literacy yielded explanatory and predictive power to predict individual intention to implement Islamic financial products/services. As financial services are humanised and localised to serve the customers better, this study extends the available literature by providing pertinent insights into the subject matter in the context of emerging markets.

Keywords: Islamic financial products/services; intention; Islamic financial literacy

1.0 Introduction

Known as East Malaysian states of Malaysian Borneo, the populations in Sabah and Sarawak are more distinct and diverse than its West Malaysia (Peninsular) counterpart. As opposed to the three major ethnic groups in West Malaysia, namely Malays, Chinese, and Indians, the state of Sabah, for instance, houses more than 42 ethnic

groups and over 200 sub-ethnic groups while Sarawak has more than 40 sub-ethnic groups. Each of these groups has their own distinct language, culture, and lifestyle inherently unique to their roots. Furthermore, being the largest states in the Federation of Malaysia is also translated into the significant amount of non-Muslim citizens in Sabah and Sarawak alike. The last census conducted by the Malaysian government in 2010 revealed that the non-Muslim population in Sabah and Sarawak consisted of 34.6 and 67.8 per cent, respectively. Therefore, efforts of looking into the acceptance of Islamic products/services are challenging in East Malaysia compared to its West Malaysia counterpart as a majority of its population are non-Muslims.

Over the past 30 years, financial products/services based on Islamic principles have gained robust popularity and showed rapid growth (Abdullah & Dusuki, 2006), whereby they are widely accepted by Muslims and non-Muslims worldwide (Iqbal & Molyneux, 2005). The global Muslim population nowadays is currently at 24.4 per cent or 1.84 billion and expected to reach 2.2 billion in 2030, thereby boosting the demand for products/services that Islamic law (*sharia*) compliant products/services in line with the tremendous international growth (Razak, 2012; Yusof, 2018). It should be noted that theoretically, Islamic financial products/services offer the same indispensable functions to those provided by the conventional financial products/services providers; however, the difference is that the transaction is performed in accordance to the rules and principles of Islam.

Known for its emerging and vibrant market, Malaysia offers a promising and prospective hub for Islamic financial services centre at the international stage (Lo & Leow, 2014). Islamic financial products/services in the country offer various types of facilities and services to cater financial needs for their Muslim and non-Muslim customers alike found worldwide (Amin et al., 2011). Given the theoretical foundation and empirical evidence currently present on the relationship between perceptions and behavioural intention, it is thus deemed necessary to investigate individual intention to employ Islamic financial products/services in the emerging markets. In practice, the use of such products and services are not limited to Muslims only; non-Muslims are also welcomed to implement them.

However, breaking through the mindsets of the general public is one of the challenges faced by the industry nowadays. In particular,

public awareness and understanding of Islamic financial principles can still be regarded as low, thereby hampering the full growth potential of the industry. Besides, Islamic financial products and services are often misconstrued as being applicable and offered to Muslims only, thereby resulting in the reluctance of many non-Muslims to engage in their usage. Additionally, some studies have suggested that their understanding of Islamic banking is poor (Thambiah et al., 2011).

To this end, the purpose of the current study is to determine whether attitude, social value, perceived behavioural control, and Islamic financial literacy have a significant and substantial effect on the intention to use Islamic financial products/services in the context of Sabah. The state is specifically chosen as it has the most diverse ethnic groups density in Malaysia, specifically housing over 42 ethnic groups and more than 200 sub-ethnic groups. Besides, the inclusion of Islamic financial literacy as a mediator and additional variable modifies the original Theory of Planned Behavioural, thus explaining the research framework better.

2.0 **Literature Review**

2.1 Intention to Use Islamic Financial Products/ Services

Social science defines behavioural intention as the willingness to adopt, use, or accept an act of behaviour (Fishbein & Azjen, 1975). Previous studies have highlighted intention as a strong predictor of actual behaviour (Putit & Johan, 2015); the stronger one's intention is, the more likely that they are willing and expected to try, and hence the higher the likelihood that the behaviour will eventually be performed (Azjen & Madden, 1986). In view of this, many studies have been conducted regarding Islamic banking products/services in Malaysia (Amin et al., 2011). However, those carried out primarily in East Malaysia such as in Sabah and Sarawak are lacking, especially in reference to their highly diverse and vibrant ethnicities compared to those found in Peninsular Malaysia (Lajuni et al., 2017).

Therefore, a review of past studies is done to identify the factors determining one's intention, wherein attitude, social value, perceived behavioural control, and Islamic financial literacy are selected and incorporated into the research model in justifying the purpose of the study. The intention to use Islamic financial products/ services is positioned as the outcome variable, thereby revealing them to be critical determinants in behavioural studies and essential constructs in

studies assessing the use of Islamic financial products/ services. The following sections explain each of these variables in detail.

2.2 Determinants of Intention to Use Islamic Financial Products/ Services

2.2.1 Attitude

Attitude refers to the degree to which a consumer has a favourable or unfavourable evaluation or appraisal of the behaviour in question. Therefore, understanding and adapting to individual motivation and behaviour is not an option; it is something of absolute necessity to ensure competitive survival (Kotler, 1988; Engel, Blackwell, & Miniard, 1993). Attitude is a highly critical determinant in explaining one's intention to use Islamic financial products, such as Islamic credit card and Islamic personal financing (Amin, 2013). Past studies have empirically proven the significant influence of attitude towards the intention to use Islamic financial products/services (Lajuni et al., 2017; Lada et al., 2009; Amin et al., 2009). Furthermore, different studies have revealed that attitude and the intention to use Islamic financial products/services are positively related, implying the need for efforts on changing or influencing potential user's attitude. For example, education, marketing campaign, and aggressive publicity are among strategies that may influence the intention to choose Islamic financial products/services within a population that consists of Muslims and non-Muslims alike (Lajuni et al., 2017).

2.2.2 Social Value

In general, studies related to the intention to use Islamic financial products/services often look into the role of social value (Amin, 2013). Furthermore, the findings of Lajuni et al. (2017), Lada et al. (2009), Amin et al. (2009), and Taib et al. (2008) have revealed that social value motivates the use of such financial products/services. When subjected to a significant social value, an individual would perform the expected behaviour although they may not be in favour of performing it (Venkatesh & Davis, 2000). Besides, previous studies have emphasised the substantial influence held by the thoughts and opinions expressed by *Ulama'* (panel of chief priests), *Shariah* board members, family members, and peers on one's intention to opt for the diminishing partnership home financing (Taib et al., 2008). Given its

importance in this study, social value is adopted to examine its effect on the intention to use Islamic financial products/services.

2.2.3 Perceived Behavioural Control

Perceived behaviour control is the concern of consumer's own judgment regarding their capabilities to involve in a particular behaviour (Ajzen, 1991), as well as their belief of their inherent competencies towards exhibiting certain behaviours (Brouwer et al., 2009). In the same vein, it refers to the available resources, such as buying power. Accordingly, previous studies (e.g. Lim & Dubinsky, 2005; Kang et al., 2006; Kasuma et.al.,2020) have provided well-evidenced significance of behaviour control. Since perceived behaviour control correlates to consumer's situational aspects such as capacity, time, money, resources, it is expected to differ little by culture and countries. Similarly, Francis et al. (2004) have asserted its function as the consumer's ability to have control over their behaviour and the level of confidence they have in their ability to either perform or not perform such behaviour. Therefore, an individual's belief will influence their behavioural intention and stimulate their urge to perform the targeted behaviour. In this context, perceived behavioural control may exert an impact on one's intention to use Islamic products/services.

2.2.4 Islamic Financial Literacy

Financial literacy is a notion that has been extensively studied by numerous scholars in the past (Hung et al., 2009; Glaser & Weber, 2007) and still very much relevant today (Goyal & Kumar, 2020). In general, various studies have revealed that it influences individuals to perform a specific financial behaviour (Xiao et al., 2014). In line with this, Bhabha et al. (2014) have defined financial literacy as a combination of awareness, knowledge, skill, attitude, and behaviour that is vital for one to make wise financial decisions and eventually achieve financial well-being. Despite the numerous amount of studies carried out on the topic, those done in the context of Islamic financial literacy is considered a novelty. Currently, a commonly accepted meaning of Islamic financial literacy has yet to be detailed (Abdullah, 2014; Owusu et al., 2019). Regardless, financial literacy is conventionally defined as the ability to understand finance. Therefore, this study adopts this general definition of financial literacy, specifically denoting it as an individual's ability to use financial knowledge, skill,

and attitude accordingly (OECD, 2012) in managing their financial resources based on shariah compliance to define Islamic financial literacy. Islamic financial literacy is henceforth describes as the ability to understand finance based on shariah compliance.

3.0 Framework and Hypotheses Development

The development of the research framework in this study was initiated by deriving the underpinning hypotheses according to the abovementioned literature review. Therefore, the current study hypothesised that attitude, social value, perceived behavioural control, and Islamic financial literacy to have positive relationships with the intention to accept the use of Islamic financial products/services. Furthermore, it examined whether Islamic financial literacy could pose mediating effects on attitude and the intention to use Islamic financial products/services. The research framework is shown in Figure 1 below, followed by the six hypotheses designed for this study.
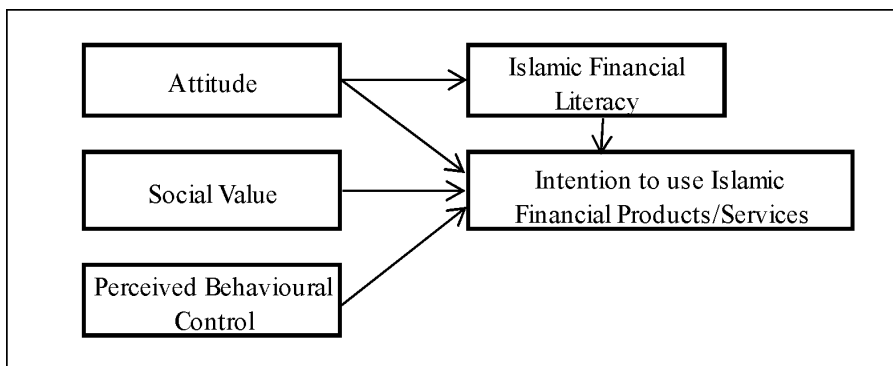
Figure 1 : Research Framework

H_1: Attitude has a positive effect on the intention to use Islamic financial products/services.

H_2: Islamic financial literacy has a positive effect on the intention to use Islamic financial products/services.

H_3: Perceived behavioural control has a negative effect on the intention to use Islamic financial products/services.

H_4: Social value has a positive effect on the intention to use Islamic financial products/services.

H_5: Attitude has a positive effect on Islamic financial literacy.

H_6: Attitude has a positive effect on Islamic financial products/services as mediated by Islamic financial literacy.

4.0 **Methodology**

A questionnaire-based survey was administered in this study to address the research problem and objectives in line with the quantitative approach selected (Zikmund, Babin, Carr, & Griffin, 2013). Here, the samples involved consisted of Malaysians aged between 18 and 50 years, wherein non-probability purposive sampling technique was implemented to ensure the data were obtained from valid sources. Furthermore, a 5-point Likert scale was employed in this study and anchored by the ranges of "strongly disagree" (1) to "strongly agree" (5) as the measurement for the independent and dependent variables. Besides, a pretest was carried out to validate the usability and test the comprehensibility of the questionnaire (Hunt, Sparkman, & Wilcox, 1982), whereas sample size estimation was carried out using G*power 3.0 analysis (Faul et al., 2007). By using the G-Power Analysis software and the effect size of f square 0.15, α error pro 0.05, and power Gf 0.95 with three tested predictors, it was revealed that 119 respondents were the minimum number of samples needed for this study.

The current study was conducted at selected bank premises located in Sabah, whereby the respondents were approached individually. Therefore, the questionnaire was relatively short as it was completed immediately on site. In total, 400 questionnaires were distributed, following which only 300 copies were completed and usable for the purpose of study analysis. Then, each of the completed questionnaires was screened to remove any copies found to have serious data omission and straight-lining pattern. Figure 1 shows the research framework enclosing the statements of five variables under investigation. These variables were assessed accordingly by using multiple items (Hayduk & Littvay, 2012), following which the data were then analysed via SmartPLS 3.2.8 (Ringle, Wende, & Becker, 2015) to examine the hypotheses.

5.0 **Results**

A total of 300 respondents participated in this study, whereby a majority were males (54.3%) while the remaining were female respondents (45.7%). Age-wise, 45 per cent out of all were between 26-33 years old, whereas 52 per cent were Muslim and followed by non-Muslims comprising of Christians (45.3%) and Buddhists (2.7%). Furthermore, more than 30 per cent had either an SPM or

STPM/Diploma qualification as opposed to 21 per cent who had a degree or higher education.

Moreover, a majority of the respondents (44.3%) earned between RM1001-2000, followed by those who earned RM2001-3000 (29.7%) and ≤ RM1000 (17.7%). In contrast, only a few (8.3%) made more than RM4,000.00 per month. Therefore, it could be concluded that most of the respondents consisted of males who were young, well-educated, and categorised as a middle-class citizen. The respondent profile is summarised as shown in Table 1.

Table 1 : Respondent Profile

Variable		Frequency	Percentage
Gender	Male	163	54.3
	Female	137	45.7
Age	18-25	67	22.3
	26-33	135	45.0
	34-41	65	21.7
	42-49	31	10.3
	>49	2	0.7
Working Experience	Yes	283	94.3
	No	17	5.7
Religion	Muslim	156	52.0
	Christian	136	45.3
	Buddha	8	2.7
Education	PMR	7	2.3
	SPM/O-Level	118	39.3
	STPM/A-Level/Diploma	112	37.3
	≥ Degree	63	21.0
Ethnicity	Malay	69	23.0
	Chinese	8	2.7
	Sabah Natives	223	74.3
Income (RM)	≤ 1000	53	17.7
	1001-2000	133	44.3
	2001-3000	89	29.7
	3001-4000	25	8.3

5.1   Measurement Model Assessment

Table 2 reveals the findings of composite reliability (CR) and convergent validity testing for the constructs. The results confirmed

their high internal consistency (Roldán & Sánchez-Franco, 2012) and sufficient average variance extracted (AVE) required to validate the convergent validity (Hair et al., 2017). However, two indicators, namely PBC2 and SV1, were deleted as their loadings were below 0.708 (Hair et al., 2017). Meanwhile, most of the indicators measuring each construct successfully achieved satisfactory loading value higher than the threshold value of 0.708 as advocated by Hair et al. (2017), whereby only one indicator yielded outcome below the required value. The indicator would be deleted if the AVE was equal or above 0.500 and its respective loading indicator was above 0.400 (Hair et al., 2017).

Accordingly, the CR values are as follows: attitude (0.926), intention (0.883), Islamic financial literacy (0.810), perceived behavioral control (PBC) (0.842), and social value (0.870). Respectively, these values implied the high internal consistency possessed by the constructs. Furthermore, a satisfactory convergent validity was perceived due to the AVE values for respective constructs that were higher than the threshold value of 0.500. This outcome demonstrated that the indicators were capable of explaining more than 50% of the construct variances.

Table 2 : Measurement Model Assessment

Construct	Item	Loadings	CR	AVE	Convergent Validity (Ave> .50
Attitude	ATT1	0.809			Yes
	ATT2	0.853			
	ATT3	0.726	0.926	0.677	
	ATT4	0.822			
	ATT5	0.873			
	ATT6	0.846			
Intention	INT1	0.870			Yes
	INT2	0.903	0.883	0.656	
	INT3	0.481			
Islamic Financial Literacy	IFL1	0.752			Yes
	IFL2	0.889	0.810	0.602	
	IFL3	0.909			
	IFL4	0.667			
PBC	PBC1	0.813			Yes
	PBC3	0.891	0.842	0.727	
	SV6	0.722			

Table 2 : Measurement Model Assessment - continue

Construct	Item	Loadings	CR	AVE	Convergent Validity (Ave> .50
Social Value	SV2	0.728			
	SV3	0.782			
	SV4	0.783	0.870	0.573	Yes
	SV5	0.769			
	SV6	0.722			

Items PBC2 and SV1 were deleted due to poor loading. Composite Reliability < .708 (Hair et al., 2014)

Next, Table 3 displays the heterotrait-monotrait (HTMT) criterion in evaluating the discriminant validity for this study (Ringle et al., 2015), which is found to be well-established at HTMT 0.85 (Diamantopoulous & Siguaw, 2006). Its assessment was carried out by applying Henseler's (2015) criterion for heterotrait-monotrait ratio of correlations. Subsequently, the result suggested that the correlation values corresponding to the respective constructs did not violate the conservative criterion (HTMT.85), thereby implying that the discriminant validity issue was of no concern. Furthermore, the findings indicated that it was appropriate to proceed with the structural model assessment and test the study hypotheses as no issues of multi-collinearity were perceived between the items loaded on different constructs in the outer model.

Table 3 : HTMT Criterion

	Attitude	Intention	IFL	PBC	Social Value
Attitude	-				
Intention	0.716	-			
IFL	0.674	0.680	-		
PBC	0.607	0.752	0.537	-	
Social Value	0.656	0.793	0.547	0.697	-

Criteria: Discriminant validity is established at HTMT0.85 / HTMT0.90

5.2   Structural Model Assessment

A 5000-bootstrap re-sampling of data was conducted to evaluate the hypotheses designed (Hair et al., 2017). Table 4 exhibits the evaluation of path coefficients as represented by the beta values for each path relationship. The results substantiated the support for all

six hypotheses accordingly, wherein the direct effects indicated that attitude, Islamic literacy, PBC, and social value posed a positive influence on the intention to use Islamic products. Services. Furthermore, attitude positively influenced the element of Islamic literacy, whereby the indirect effect revealed that Islamic literacy mediated the relationship between attitude and the intention to use Islamic products/services.

In particular, this study found substantiated support for H1 (Attitude → Intention, β = 0.214, p < 0.001, LLCI = 0.093, ULCI = 0.332), H2 (Islamic Literacy → Intention, β = 0.158, p < 0.050, LLCI = 0.053, ULCI = 0.274), H3 (PBC → Intention, β = 0.224, p < 0.000, LLCI = 0.133, ULCI = 0.308), H4 (Social Value → Intention, β = 0.316, p < 0.000, LLCI = 0.223, ULCI = 0.411), and H5 (Attitude → Islamic Literacy, β = 0.588, p < 0.000, LLCI = 0.506, ULCI = 0.670) accordingly. Meanwhile, the results for indirect effect depicted support for H6 (Attitude → Intention → Islamic Literacy, β = 0.093, p < 0.050, LLCI = 0.030, ULCI = 0.176).

Table 4 : Path Coefficients and Model Quality Assessment

Direct Effect	Beta	SE.	t-value	p-value	LLCI	ULCI	Decision
H1: Attitude → Intention	0.214	0.062	3.427	0.001	0.093	0.332	Supported
H2: IFL → Intention	0.158	0.057	2.787	0.006	0.053	0.274	Supported
H3: PBC → Intention	0.224	0.045	4.997	0.000	0.133	0.308	Supported
H4: SV → Intention	0.316	0.049	6.408	0.000	0.223	0.411	Supported
H5: Attitude → IFL	0.588	0.044	13.458	0.000	0.506	0.670	Supported
Indirect Effect	**Beta**	**SE.**	**t-value**	**p-value**	**LLCI**	**ULCI**	**Decision**
H6: Attitude → Intention	0.093	0.036	2.571	0.010	0.030	0.176	Supported

Path Coefficient 0.01, 0.05 (Hair et al. 2017)
Lateral Collinearity: VIF 3.3 or higher (Diamantopoulos & Siguaw, 2006)
R2 ≥ 0.26 considered as Substantial (Cohen, 1989)
F2 ≥ 0.26 considered as Substantial (Cohen, 1989)
Q2 ≥ 0.00 considered as large (Hair, 2017)

Table 5 : Model Quality Assessment

Direct Effect	f^2	R^2	VIF	Q^2
H1: Attitude → Intention	0.050	0.525	1.921	0.293
H2: IFL → Intention	0.033		1.593	
H3: PBC → Intention	0.074		1.431	
H4: Social Value → Intention	0.124		1.695	
H5: Attitude → IFL	0.528	0.345	1.000	0.215

Moreover, Table 5 above exhibits the outcomes of the model quality assessment, wherein the effect size (f^2), coefficient of determination (R^2), multi-collinearity issues (VIF values), and predictive relevance (Q^2) of exogenous variables on the endogenous variable in this study are assessed in detail. Here, attitude (H5) was depicted to carry a substantial effect size f^2 on Islamic financial literacy, implying its role as a strong element influencing the Islamic financial literacy construct. Meanwhile, social value (H4) posed a moderate effect size f^2 on intention.

In contrast, attitude (H1), Islamic financial literacy (H2), and perceived behavioural control (H3) yielded small effect sizes f^2 on intention (Cohen, 1988). The coefficient of determination R^2 would then explain whether attitude (H1), Islamic financial literacy (H2), perceived behavioural control (H3), and social value (H4) could demonstrate the intention and indicate the substantial effect (Chin, 1998). In particular, the R^2 value for all four elements towards intention was 0.525, thereby suggesting that H1-H4 could explain the intention to use Islamic products/services. Similarly, the coefficient of determination R^2 for H5 also indicated a substantial effect of 0.345, implying that attitude could explain Islamic financial literacy.

Next, the aspect of multi-collinearity between indicators were further assessed, whereby all indicators for the variables satisfied the variance inflation factor (VIF) values and were consistently below the threshold value of 5.0 (Hair et al., 2014) and 3.3 (Diamantopoulos & Siguaw, 2006). Therefore, it could be concluded that the collinearity issues did not reach critical levels across all variables and were not an issue for the estimation of PLS path model. Therefore, the relationships were considered as small. In particular, the predictive relevance values of all exogenous (i.e. independent) variables towards the endogenous (i.e. dependent/mediating) variable were larger than 0. This indicated that the independent variables of attitude (H1), Islamic financial literacy

(H2), perceived behavioural control (H3), and social value (H4) could predict the intention to use Islamic products/services and Islamic financial literacy (H5), as presented by Q^2 using the blindfolding procedure (Hair et al., 2017).

6.0 Discussion

This study intended to examine the determinants driving individuals towards the intention to accept Islamic financial products/services and involved 300 respondents in the process. The results subsequently revealed that all tested hypotheses (H1-H5) were in support of the intention to use Islamic financial products and services, whereby attitude, in particular, significantly predicted one' intention to such usage. Furthermore, attitude was found to carry a large effect on the intention, implying that customer's behavioral intention to use Islamic products and services would be predominantly explained and predicted by their learned predisposition (Finch, 2012). Therefore, this highlights the need to understand customer's beliefs about Islamic products and services, as well as facilitate their learning experience to ensure that they are in favour of the products.

Meanwhile, individual preferences towards utilising *shariah* financial services can be determined by the knowledge and understanding, ability or skills, and individual confidence to fulfil their financial needs, which are otherwise known as financial literacy (Mason & Wilson, 2000). The results of this study showed that Islamic financial literacy significantly predicted the intention to use Islamic financial products and services. In relation to this, few studies have been undertaken by people with knowledge in Islamic financial products (Bley & Kuehn, 2004; Abdul Hamid & Mohd. Nordin, 2001). In fact, a prior study concerning knowledge on Islamic banking has shown that almost 100 per cent of the Muslim population are aware of Islamic bank's existence.

Moreover, the findings revealed that perceived behavioural control posed a significant relationship with the intention to use Islamic products and services. In the same vein, prior study by Mariatul and Rosidah (2016) has also shown that the predictor of intention otherwise known as 'perceived behavioral control' emerges as the more substantial influence of intention. In consideration of these respondents being business owners who make most of the company's decisions, the strongly perceived control beliefs regarding their ability to adopt Islamic financing are deemed relevant.

In general, studies related to the intention to use Islamic banking products often look into the role of subjective norm or social influence (Amin et al., 2013). When subjected to significant social influence or pressure, an individual would perform the expected behaviour even though he may not be in favour for performing it (Venkatesh & Davis, 2000). Therefore, previous studies support the hypotheses in this study: social value has a significant relationship towards the intention to use Islamic products and services.

Next, the study findings indicated the significant relation between attitude and the intention to use Islamic products and services. In line with this, Louw, Fouche, and Oberholzer (2013) have argued that financial literacy helps in developing a positive financial attitude, whereby the latter is subject to change in the case of one's improved financial literacy. The attitude that an individual has towards money will eventually affect their literacy and behaviour in terms of finance (Sazana, Anaz & Ahmad Fazli, 2018). Here, people who view money as merely a measure to obtain their immediate wants will never be able to have proper financial planning for their future, which is the main problem identified in this modern era.

Additionally, the results showed that attitude and the intention to use Islamic financial products/services were mediated by Islamic financial literacy. In general, the literature suggests that financial literacy itself is essential and useful in shaping one's behaviour (Brown & Graf, 2012; Gustman, Steinmeier, & Tabatabai, 2012). Similarly, a study by Xiao and Porto (2017) has shown that subjective financial literacy, desirable financial behaviour, and financial capability index are collectively potent mediators between financial education and financial satisfaction.

7.0 Conclusion

The findings of this study successfully offered better understanding into the intention to use Islamic financial products/services in the context of Sabah, Malaysia. Not necessarily all customers who use the conventional financial system would have similar levels of knowledge towards Islamic financial products/services despite Malaysia being a country dominated by Muslims. Therefore, this study suggested that the intention to use Islamic financial products/services would be influenced by attitude, social value, perceived behavioural control, and Islamic financial literacy. Furthermore, the results showed that attitude and the intention to use

Islamic financial products/services were mediated by Islamic financial literacy. Although all four variables depicted their respectively significant relationship towards intention, a difference could be seen in terms of substantive influence. In essence, attitude was found to carry a large effect on intention as mediated by Islamic financial literacy, which was the indirect effect in comparison with its direct effects (i.e. attitude, social value, and perceived behavioural control). Henceforth, this implies that individual behavioural intention to use Islamic financial products/services is predominantly explained and predicted by their learned predisposition (Finch, 2012).

Next, this study highlights the need for financial providers to understand individual beliefs about Islamic financial products/services and facilitate their learning experience in ensuring their favour and literacy regarding such items. In contrast, the lack of intention displayed by Malaysians, especially non-Muslims, to use such products and services cannot be attributed to any misconception or misunderstanding about them. In most cases, the absence of Islamic financial literacy leads to difficulties in understanding the fundamental Islamic terms and concepts, thus hindering non-Muslims from utilising these products and services. Therefore, banks in Sabah may find it beneficial to consider appointing more officers specialising in Islamic products and services to increase the overall Islamic financial literacy in future. Besides, promoting Islamic financial literacy is highly essential to educate non-Muslims regarding the alternatives they are allocated in contrast with conventional financial products and services currently available in the market.

In light of the findings and discussions obtained in this study, it is thus deemed as necessary to investigate further via a multi-group analysis in determining the difference of effect between groups, such as between Muslim and non-Muslims, ethnicities, and generations (Ting, de Run & Ramayah, 2015; Lajuni et al., 2017). Moreover, future research may opt to scrutinise the manner in which technologies such as Fintech and artificial intelligence will shape the future of Islamic products and services, primarily in times of extensive pandemic such as COVID-19, and their effect on the financial and banking industry. Such incessant exertions will further extend the existing literature on Islamic finance and enhance its development, especially in Sabah, Malaysia, as well as other emerging markets.

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