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ADOPTION OF ISLAMIC BANKING: A COMPARATIVE ANALYSIS IN THE BASE OF PYRAMID MARKETS OF PAKISTAN

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Abstract: *The purpose of this research study is to examine the comparative analysis of religiosity and Islamicity of product as moderators in the Base of Pyramid markets of Pakistan to predict the adoption Islamic financial inclusions of Islamic banking. Quantitative research approach using the technology acceptance model drawn from the theory of reasoned action as theoretical framework is used for this research. There is direct effect of the perceived ease of use, perceived usefulness with comparative moderations of Islamicity of the product and religiosity on the adoption of Islamic banking using the SEM approach. Measures of the study were collected from a sample of 300 Islamic bank customers on a structured questionnaire adopted from the earlier studies. The results of the study revealed that the perceived ease of use and perceived usefulness directly proportionate to the adoption of Islamic banking base of pyramid market of Pakistan. The comparative moderating statistical computation analysis confirmed significant moderation of Islamicity of the product than the religiosity. The respondents of this study were selected who have used Islamic banking at least once, thus, the responses of the customers may be based on the one key element, association, social influence and or perceptions. The study is cross-sectional in the Base of Pyramid (BOP) market of Islamic financial system; therefore, results, interpretations and conclusion may not be generalized in other financial systems and settings. Islamicity of product and religiosity were found to have a significant influence in moderating the adoption of Islamic financial inclusions in the BOP. The highest* r^2 *value of Islamicity of product recommended in strengthening the adoption of Islamic Bank's Customers should be focused. The potential customers must be explained about the risk sharing features of Islamic Banks with comparative analysis of line of differences with that of the conventional banks. The marketing strategies of the Islamic banks should increase the outreach of these financial inclusions by adding relevant information consistent with the customer perceptions, influence of the religiosity and Islamicity of product in the adoption of Islamic banking among the customers in the low-income market of Pakistan.*

Keywords: *Adoption of Islamic banking, Base of Pyramid Markets, Islamic financial inclusions, religiosity, Islamic Banks, Islamicity of product.*

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1. Introduction

The growing acceptance of Islamic banking in the global markets have paved challenges of product development that are widely accepted by all the customers irrespective of their religious affiliation (Charag et al., 2019). The novel financial services based on the doctrine of Islamic laws backed by the real and permissible economic activity witnessed an accelerated customer switch over and adoption of Islamic banking after the global financial crisis of 2008 hiking the Shariah-based investment to USD2.5 trillion in the global market(Muhammad Ali & Puah, 2017; Ezeh & Nkamnebe, 2018; Mahdzan et al., 2017a). The unique distinct characteristics of Islamic banking products are primarily based on the Shariah principles to serve the economic and non-economic well-being of the mankind(Maryam et al., 2019; Riaz et al., 2017). Value addition, innovative features or entirely a new product in the product development is considered after it is permitted from the Shariahh advisory contrast to the conventional system of financial institutions. The competitive advantage of equity sharing of profits & losses interlink the harmony of ethical business conduct among the transacting parties. The conventional banks on the other hand rely primarily set the prices basing prevailing *interest-rates* without due consideration of the exchange of value and risk in the operating environment of the business. The Islamic financial market is one of the largest contributors in the three major segments i.e. banking, takaful and capital markets and grew at pace of 3 percent from USD 2.4 trillion to USD 2.5 trillion. This growth is comparatively 7 percent less than the growth recorded at 10 percent in 2018(Finance & Report, 2019). In line with the global growth, the Islamic banking in Pakistan witnessed 15 percent year-on-year growth(State Bank of Pakistan, 2019). The research studies and the surveys empirically linked this growth of Islamic banking with novelty of financial services, profit & loss sharing among the transacting parties. Furthermore, the Islamic banking products are not necessarily developed only for the Muslim community rather these are meant to serve the whole mankind. The market share of the Islamic banking assets and deposits recorded 13.8 percent and 16.1 percent growth this year which confirms increase acceptance of Islamic banking products.

This is an established fact that the Islamic banking in Pakistan is growing at a rapid pace particularly the acceptance rate is much higher among business community, however, the major reason driving the acceptance of Islamic banking is considered to be the religious affiliation of the people in Pakistan. In-addition to that the religious aspect, branch network, policy framework, competitive market, product differentiation and financial solutions have also played a vital role in the expansion of Islamic banking. If we look at the founding principles of Islamic products, it is evidently established that the Islamic banking products are Shariah-compliant and are developed for the economic and social well-being of the Muslim community particularly and the mankind in general(Mbawuni & Nimako, 2018).The investment opportunities in Pakistan are

rising due to the bilateral agreements with China and rest of the world. The Islamic banks consequently have to strive hard for competitive product portfolio not only for the Muslims but for those coming from rest of the World belonging to the other religions (Thaker et al., 2020).

Although, it is presumed that the practicing Muslims tend to have increased acceptance of Islamic banking for their business transactions. This preposition may reflect a limited utilization and view of the Islamic banking. The Islamic banking products are just and welfare oriented which can be consumed by all the people belonging to all religions. This study, therefore, carried to examine the moderating explanative power of religiosity and the Islamicity of product in the adoption of Islamic banking by extending the theory of reasoned action. The main aim of the study is set with the following research objectives:

i) To analyze the direct impact of perceived ease of use and perceived usefulness on the adoption of Islamic banking in the base of pyramid market of Pakistan.

ii) To analyze the mediating effect of the perceived ease of use through perceived usefulness on the adoption of Islamic banking products in the base of pyramid market

iii) To analyze the comparative explanative power of the religiosity and Islamicity of product in moderating the relationship from perceived usefulness, perceived ease of use to the adoption of Islamic banking in the base of pyramid market.

This research paper is categorized into five sections. the 1st section is introduction, the section 2 of the study hold a detailed review of literature, section 3 comprise of methodology, the empirical findings of the data analysis is elaborated in the 4th section. Conclusion, theoretical and practical implications, future research and limitations followed by the references is in the 5th and last section of this research.

2. Theoretical formulation and hypothesis development

The acceptance and use of Islamic banking have been researched by the scholars and suggested based on the popular theories i.e. the theory of reasoned action and the theory of planned behavior. The extension in the theories has been made by analyzing the inclusion, exclusion, moderation and mediation of the variables. However, the researches referenced in this research have the same dependent and independent variables. The most justified and popular model for the intentions or adoption of Islamic banking is based on the theory of reasoned action and planned behavior. This research has used the technology acceptance model which is an extension of theory of reasoned action. The detail discussion on the theories and model is discussed details:

2.1 Theory of reasoned action (TRA)

The theory of reasoned action was 1st introduced by the Fishbein and Ajzen in 1975in the name information integration theory which is further improved by Ajzen, I., & Fishbein in 1980. The two changes were made in the information integration theory first was the behavioral intentions rather than to predict the attitude and the

second with two elements of attitudes, or norms in other words the expectations of the people. The theory of reasoned action specifically predicts the behavioral intentions of the people based on the external factors which were circled in the three elements i.e. attitude and the subjective norms. The study empirically established that to persuade the motivation towards the desired direction can be strengthened through the motivation (Bananuka, Kasera, et al., 2019; Kaakeh et al., 2019b). In another research study it was also revealed that the construct perceived ease of use of the attitude positively influences the adoption of the products and or services particularly in the financial industry (Hoque et al., 2018). Likewise, the perceived ease of use, the perceived usefulness of the financial product and or services found to have direct impact on the adoption intentions of the Islamic banking. Moreover, the results also confirmed that the perceived ease of use has both the mediating and the direct impact on the adoption intentions of Islamic banking services (Mahdzan et al., 2017b). The theory of reasoned action actually bases upon the attitude and the subjective norms having tangible direct and indirect impact on the adoption intentions of Islamic banking. The studies have identified number of constructs that either directly, indirectly, proportionate or negatively influence the dimensions of the TRA towards the adoption intentions of the customers. This theory is widely used by the practitioners and scholars to predict the consumer behaviors towards the adoption of Islamic banking. The theory of reasoned action served the bases to develop the research models such as the technology acceptance model to adopt and use of technology-oriented products.

2.2 Technology acceptance model (TAM)

The technology acceptance model is derived from the core idea of the underpinning theory of reasoned action (TRA), where, the two specific constructs i.e. perceived usefulness and the perceived ease of use are influenced by the external factors and tend to have direct impact on the adoption intentions of technical products and or services (Bagozzi et al., 1992; Davis, 1989).The use of technology acceptance model to analyze the adoption intentions of the customers towards a particular product and or services, the two constructs which are reflected by the external factors were defined. However, this is not the mere understanding of the TAM rather, this model is applicable on the products and or services which are technical in nature. The customer intentions towards the adoption of the technical products such as Islamic banking dependent upon the perceived ease of use and the perceived usefulness (Allah Pitchay et al., 2019).

2.2.1 Perceived usefulness

A technology acceptance model attempt posits the acceptance of the technology by the users with two believes i.e. the perceived usefulness and perceived ease of the use. Perceived usefulness refers to the extent to which the user perceives the utility drawn from the consumption of a good and or services(Davis, 1989; Fishbein & Ajzen, 1975). The empirical evidences confirmed in the settings of Islamic banking that the perceived usefulness of the Islamic banking

products tend to have positive impact on the adoption of the Islamic banking. In-addition, the results also found that the perceived usefulness of the Islamic banking products and or services are more technical as compared to the conventional banking services. The perceptions of the customers about the Islamic banking products usefulness is mainly associated with the welfare and profitability which is drawn from the use of these services(Suhartanto et al., 2019). Islamic banking products and services are Shariah-compliant which focuses both on the welfare and the social economic improvement of the contracting parties. The perceived profitability of the Islamic banking products is analyzed and compared by the customers before being used. Thus, the product perceived benefits and profitability positively contribute to the adoption of the Islamic banking.

2.2.2 Perceived ease of use

Perceived ease of use is the extent to which the consumer perceives that the use of the product requires minimal effort (Davis, 1989). The acceptance of the technical products generally requires the skilled information and efforts to draw benefits from the use or consumption of the goods and or services. The use of information technology requires definitely technical knowledge, information and processing capability. The usage of the current banking services either Islamic or conventional needs literacy knowledge and processing capability of the users. The Islamic banking products are Shariah-compliant which are different from the interest-based banking and obviously has certain steps to be performed before the transaction is being executed. For instance, the leasing products shall have to be received either by the client as bank representative or the bank will receive the product and subsequently deliver it to its customers. Moreover, in this competitive age of the technology and banking legislations, the products are designed over the computer technology and at the same time these products are used through the various electronic devices (Hanudin, 2007; Zinser, 2019). The studies have confirmed that the perceived ease of use is proportionate to the adoption of Islamic banking and on the perceived usefulness. The higher the degree of the perceived ease of use the more will be the adoption of the Islamic banking and perceived usefulness (Dariyoush Jamshidi, 2015). Hence, the empirical evidences establish that the perceived ease of use is positively proportionate to the perceived usefulness and the adoption of Islamic banking.

2.3 Religiosity

Religiosity has been referred in two perspectives i.e. the extent to which the individuals beliefs on the religious values and the degree to which the religious believes are practiced (Mohsin Ali & Azmi, 2016; Azmat et al., 2020; Chen et al., 2018; González, 2011; Horvath, 2015; Leondari & Gialamas, 2009; Mansour et al., 2015; Minton, 2018b; Perry & Longest, 2019; Reutter & Bigatti, 2014; Stolz, 2009). Based on the research evidences adherence to the religious practices differ within the one religion, people with higher commitment to the religion tend to behave in accordance with the religious laws and norms within their culture and exchange of

the values(Chang et al., 2001; Chircop et al., 2017; Choi, 2010; Farooq et al., 2019; Minton, 2018a; Wang et al., 2018). The two religious measurement have been used to assess the adoption of the Islamic banking i.e. religious commitment (Robbins et al., 1966)and religious orientation scales(Allport & Ross, 1967). The itemized scaling of the religious commitment and religious orientation found negligible effect due to the cultural differences and norms shared by the people in a community(Krauss et al., 2005). In contrast to the studies, religiosity is not the only factor that mainly lead to the adoption of the Islamic banking; therefore, the religion may not be the only reason in the adoption of the Islamic banking. A self-administered survey on the study conducted towards the adoption of Islamic banking by Mahdzan, Zainudin and Au in 2017b found that the profit motive is one of the major indicators in the selection of the Islamic banking. The results of the study were also supported by Kaabachi and Obeid in 2016 that religiosity is not the major influencer in the adoption of the Islamic banking. Thus, the syntheses of the literature reveals that the adoption of the Islamic banking is contributed not by a single factors mainly rather it is the sum value that an individual gets from the use of the services in the given circumstances such as profit motivation, features, equity of the services, innovation, social norms, economic conditions and the access to the banking services. However, the religious commitment and religious orientation clubbed with the practicing tendencies of the individual or group of individuals in a community shown positive adoption of Islamic banking in the BOP market of Pakistan.

2.4 Islamicity of product

Islamic perspective of product development is principled on the Shariah guidelines of serving welfare from the social, personal, political, economic, intellectual and Shariah principles(Ibrahim et al., 2015). The doctrine of the Shariah objectives and concept of public goods follow the welfare and profit orientation among the transacting parties in the development of the Islamic banking products. The social actions of the Islamic financial institutions are generally meant to share the profits with the customers and acts on the real distribution of wealth within the economy. The products of Islamic banking are developed on the principles of Shariah objectives i.e. to develop and serve according to the Shariah principles. The Shariah committee of the Islamic banks examines the product features in the light of the Shariah guidelines and compares it with that of the conventional banking practices. Moreover, the study also stressed that the Islamic banking products shall be free of interest and hooding of the information (Amin et al., 2014). The Islamicity of the product considers the elements of the Islamic practices, ethical approaches, guidance from the Quran and Sunna. Thus, the Islamicity of the product in the Islamic banking is one of the important indicators that urges the customers either Muslims or belonging to other religions in the adoption of halal products. The major contributing factors are the equal exchange of the value, social and economic welfare, risk sharing, the reward hereafter, removal of the element of the

interest, confidence of the Shariah committee, and the fair supply of information(Mohsin Ali & Azmi, 2016; Chen et al., 2018; Goh et al., 2014; Haider et al., 2016; Rashidah & Faisal, 2015). Thus, the Islamicity of the product is an influential indicator towards the adoption of Islamic banking.

2.4.1 Theoretical framework

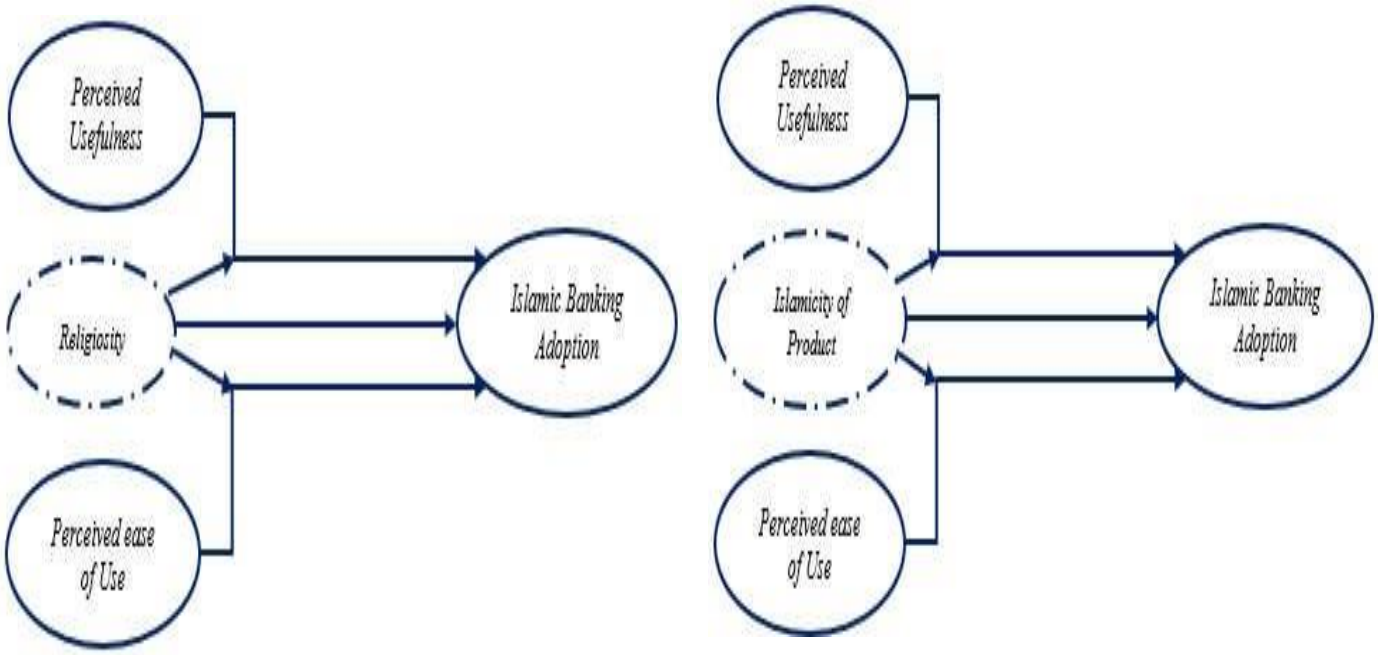


Figure I: TAM Models with religiosity and Islamicity of product

2.5 Hypothesis Development

H_1: The perceived usefulness is positively associated to the adoption of Islamic banking in the Base of Pyramid Market.

H_2: The perceived ease of use is positively associated to the adoption of Islamic Banking in the Base of Pyramid Market.

H_3: Religiosity moderates the relationship from the perceived ease of use, perceived usefulness to the adoption of Islamic banking in the Base of Pyramid Market of Pakistan.

H_4: Islamicity of product moderate the relationship from the perceived ease of use, perceived usefulness to the adoption of Islamic banking in the Base of Pyramid Market of Pakistan.

3. Methodology

The study examined the adoption of Islamic banking in the Base of pyramid market using the cross-sectional research design. The target population of the study was the customers who have used at least Islamic banking once. A total of 350 questionnaires were distributed and monitored to collect data for analysis. 300 questionnaires were used to perform the data analysis whilst the

remaining were less than 50% complete and thus were excluded from the data analysis. The study fulfilled the requirements of analysis as recommended by (Azam, 2015; Hair et al., 2011a, 2014; Leguina, 2015).

3.1 Measurements

This research study has adopted a total of 29 items related to the five constructs of the study which has been chosen to extend the theory of reasoned action in BOP Islamic banking market of Pakistan. The measurement items of perceived usefulness, perceived ease of use, adoption(Davis, 1989), religiosity(Abou-Youssef et al., 2015; Metwally, 1996; Momtaz et al., 2010; Naser et al., 1999) and the Islamicity of product(Charag et al., 2019). All the constructs were measured on a five-point Likert scale from (1) strongly agree to (5) strongly disagree. Six questions related to the demographics of the respondents were also asked which included the age, gender, occupation, income, education and district.

3.2 Data collection

The data collection process employed convenience random sampling due to the privacy and security of the access of banking customer information. The data was collected from the South region of Punjab, Sindh and KPK. Simple random sampling method was used to collect data from the users located in the BOP market of Pakistan. The sampling frame of each of the bankswas randomized from computer generated list of 350 respondents. The questionnaire was administered by the personal visit of the respondents and collected response of 300 respondents.

3.3 Descriptive statistics

The descriptive statistics for demographic profile of the respondents is tabulated below:

Demographic	Element	%
Gender	Male	69
	Female	31
Qualifications	Under-graduate	27
	Graduate	61
	Others	12
Age	21-30	73
	31-40	17
	41-50	10
	50 & above	-
Profession	Student	4
	Self-employed	4
	Business	89
	Others	3
Income	30-40K	8
	41-50K	18
	51 & above	74

The basic descriptive statistics of the demographic profile revealed that the 69 percent of the respondents were male, a total of 89 percent respondents were doing their own business and employees from public and private sector. As regard to the age and education, significant portions of 73 percent were between the age group of 31 to 40 years, 61 percent of the respondents were graduate, 33 percent were under-graduates and 11 percent were remaining. The study also revealed that 74 percent of the respondents were earning between 50K to 70K a month and were maintaining more than one bank accounts in addition to the account in the Islamic banks.

3.4 Analysis and results

The collected data went through the several statistical analyses for structural equation modeling (SEM) approach. The SEM explains interrelationship of the latent variables by combining the factor and path analysis, reliability and validity, model created and fit (J. Hair et al., 2010; J. F. Hair et al., 2011b, 2014; Leguina, 2015). Two stage analysis of the study was performed i.e. evaluation of the measurement model and structural model (J. Hair et al., 2010).

3.4.1 Reliability and validity

The data of the study have been loosely split into two halves of every possible manner to compute correlation coefficient for each of the splits. Cronbach alpha is the most commonly used reliability estimator for the measurement constructs (Cronbach, 1951). A sample size of 300 to estimate the population coefficient is sufficient (Charter, 1999, 2003; Lennox & Dennis, 1994; Nunnally, 1994; Peterson, 1994). The sample size necessary for factor analysis to determine the reliability also depends upon the communalities of the variables (Fabrigar et al., 1999; Fan et al., 1999).The acceptable value of the Cronbach alpha of 0.7 and above was considered. The average variance extracted (AVE) for each of the variables were above the minimum thresh hold limit of 0.5 and composite reliability above 0.8 (Table-I) with higher inter-construct correlation for each of the latent variable thus confirming the reliability and validity of the research model as shown in Table-II (Hair et al., 2011b). The interrelationship of the variables for reliability and validity of the data were assessed by performing the exploratory and confirmatory factor analysis. Correlation matrix and factor analysis approach were used for convergent and discriminate analysis. The five latent variables were resulted after performing the reliability and validity analysis.

Table I: Reliability analysis

Constructs	Cronbach's alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
AIB	0.776	0.875	0.881	0.886
PU	0.721	0.811	0.846	0.889
PEOU	0.701	0.781	0.803	0.813
RGS	0.759	0.776	0.833	0.886
IOP	0.811	0.845	0.889	0.898

Table IIInter-construct correlations

	AIB	PEOU	PU	RGS
RGS	0.811	0.894	0.09	0.892
PU	0.084	0.079	0.987	
PEOU	0.775	0.867		
AIB	0.914			

The factor loading value for all the measurement items were above the minimum standard of 0.6 as recommended by Hair, Ringle and Sarstedt in 2011.

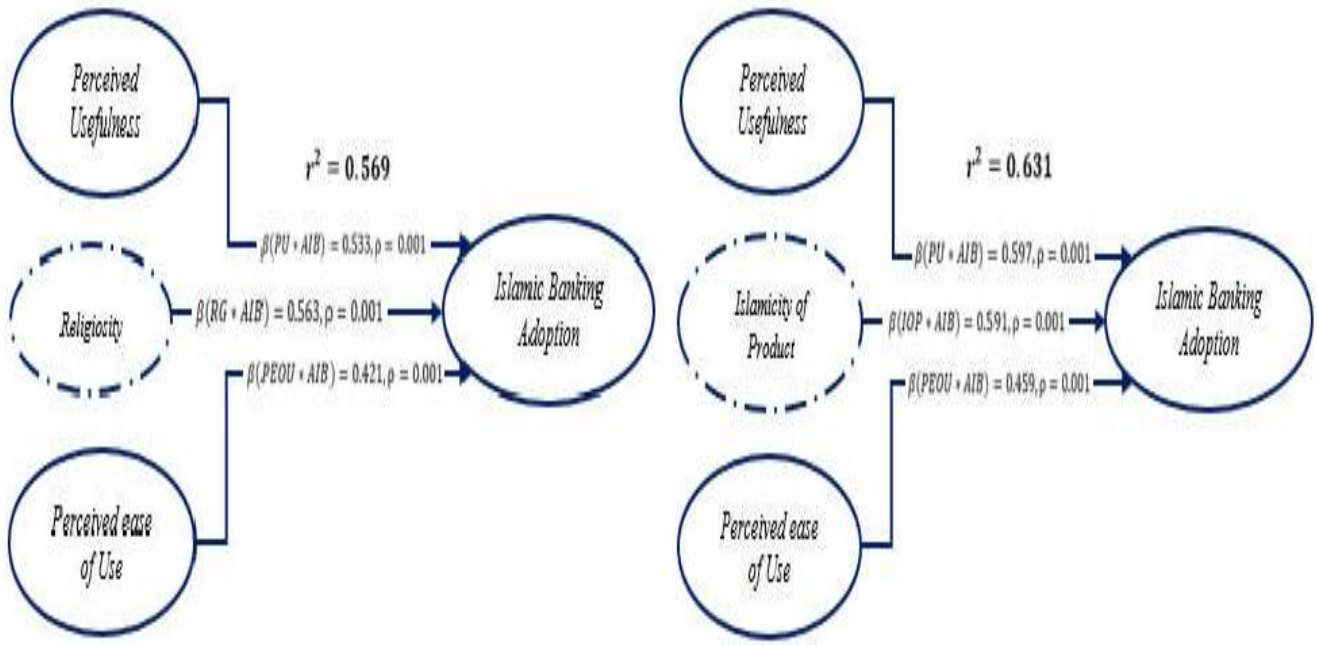
3.4.2 SEM Assumption, testing and screening

A total of 17 surveys were eliminated from the study due to less than 95 percent completion or non-banking customers (J. Hair et al., 2010) and thus were beyond the scope of the study. The absolute value of 3 or greater is considered skewed, the Kurtosis benchmark value is 10(Fonseca, 2013; Kline, 2015; Martynova et al., 2018), whereas, the highest registered value for Kurtosis is 1.1 this makes the data adequate for further testing.

3.4.3 Structural model analysis and hypothesis testing

In this stage of the structural analysis, the path analysis was conducted to test the hypothesized causal relationship of perceived ease of use, perceived usefulness, adoption of Islamic banking, Islamicity of the product and the religiosity. The structural analysis of the study was performed in two steps. In the 1st step we analyzed the simple direct relationship of the variables on the model separately. The statistical analysis of the model predicting power on the adoption of Islamic banking for religiosity confirmed significant positive effect of PU ($\beta = 0.533$, $\rho = 0.001$), PEOU ($\beta = 0.421, \rho = 0.001$) and religiosity ($\beta = 0.563, \rho = 0.001$). Similarly, the effect of PU ($\beta = 0.597$, $\rho = 0.001$), PEOU ($\beta = 0.459, \rho = 0.001$)and IOP ($\beta = 0.591$, $\rho = 0.001$) is significant on the AIB. The r^2 value of the for both the models is predicted at 0.569 and 0.631 signifying the predicting power on AIB in the bottom of the pyramid market.

Figure II: Religiosity and Islamicity analysis without moderation



3.4.4 Comparative moderating analysis

The comparative moderating structural analysis of the study was assessed using the f^2 after incorporating the moderating effect of Religiosity and Islamicity of Product as under:

$$f^2_{RGS} = \frac{r^2_{RGS}\text{wit } moderatiok \quad r^2_{RGS}\text{wit } out\ moderatiok}{1 \quad r^2_{RGS}\text{ wit } moderatiok}$$

$$f^2_{RGS} = \frac{0.698 \quad 0.569}{1 \quad 0.698} = 0.427$$

$$f^2_{IOP} = \frac{r^2_{IOP}\text{ wit } moderatiok \quad r^2_{IOP}\text{ wit } out\ moderatiok}{1 \quad r^2_{IOP}\text{ wit } moderatiok}$$

$$f^2_{IOP} = \frac{0.769 \quad 0.631}{1 \quad 0.769} = 0.597$$

The f^2 value of moderation with religiosity was computed with an effect size of 0.427>0.35 is significant moderation in the adoption of the Islamic banking, whereas, the effect size of the Islamicity of product is computed at 0.597>0.35 indicating significant moderation on the adoption of Islamic banking. The comparative value of f^2Islamicity of product is greater than the religiosity (0.597>0.427), hence, the statistical results confirmed that the Islamicity of the product is stronger moderator than the religiosity in measuring the effect size towards the adoption of Islamic banking.

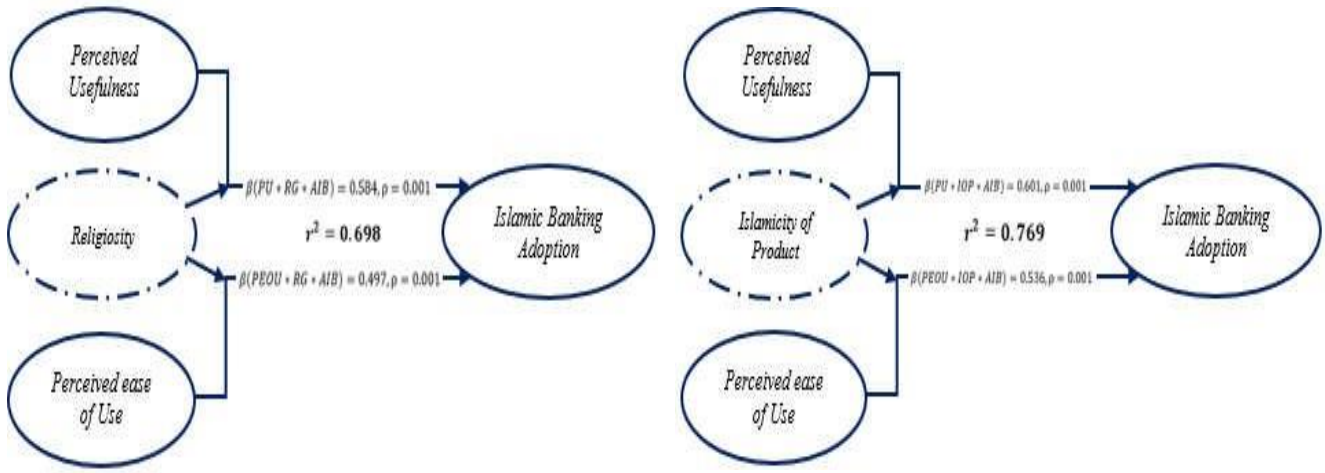


Figure III: Comparative Moderating analysis

3.4.5 Results of hypothesis

Hypothesis	Path	Support
H1	PU to AIB	Yes
H2	PEOU to AIB	Yes
H3	(PU+PEOU)*IOP*AIB	Yes
H4	(PU+PEOU)*RGS*AIB	Yes

Table-III depicted that the H1, H2, H3 and H4 are accepted and supported the literature. Hence, it is concluded that PU PEOU IOP and RGS. The moderating effect of Islamicity of product is found higher than the religiosity.

4. Discussion and conclusion

The purpose of this research study is to examine the comparative explanative power of Islamicity of product and religiosity towards the adoption of Islamic banking in the base of pyramid markets. The statistical analysis of the research data confirmed and supported the relationship of the variables in the study. A total of three research hypothesis with one sub-hypothesis for comparative influence of the moderators were developed to test the relationship and moderating effect of variables. The results of the study revealed that the perceive ease of use directly proportionate to the perceived usefulness and adoption towards the Islamic financial inclusions in the base of pyramid market of Pakistan. The statistical results also revealed that the explanative moderating power of the Islamicity of product is far higher than the religiosity between the intentions and adoption of Islamic financial inclusions of Islamic banks. However, religiosity and Islamicity of the product both are positively moderate between intentions and adoption. The effect size of the Islamicity of product is computed at 0.597 which is greater than

the effect size 0.427 of religiosity. However, IOP and RG both are significant in predicting the adoption of the AIB.

The regression analysis and path analysis among the variables further revealed that the perceived ease of use tend to have more significant impact on the adoption of Islamic banking among the users in the base of pyramid markets than any other variables. The comparative analysis both with and without moderation of RG and IOP revealed the same pattern where the construct of IOP in each of the models remained more influential on AIB. The results of the study were supported by Amin et al., (2014); Amin, Abdul-Rahman and Abdul-Razak, (2016); Charag, Fazili and Bashir, (2019); Kaakeh, Hassan and Van Hemmen Almazor, (2019b) in the studies conducted towards the adoption of Islamic banking. Leondari and Gialamas, (2009); Stolz, (2009); Choi, (2010); Reutter and Bigatti, (2014); Abou-Youssef et al., (2015); Souiden and Rani, 2015; Chircop et al., (2017); Chen et al., (2018); Perry and Longest, (2019); Suhartanto et al., (2019)found positive influence of RG on AIB. The results on IOP were also supported Goh et al., (2014); Mbawuni & Nimako, (2018); Thaker et al., (2020); Saiti et al., (2019); Sun et al., (2012) arguing that the adoption of Islamic banking in region populace more than Muslims. The acceptance of Islamic banking in the Non-Muslim dominant populated countries due to the its unique features, just, equity and high profit yields (Bananuka, Kaawaase, et al., 2019; Jinjiri Ringim, 2014; Mbawuni & Nimako, 2018). In summing up, the study empirically concludes that the PU, PEOU, IOP and RG explain the adoption of AIB. In-addition, the results also confirmed that the IOP and RG significantly moderate the AIB in the model; however, the comparative explanative power IOP is far better than RG in the model.

5. Implications of research

The implication of this research study has been divided into three sub-sections theoretical, managerial and the future research in the Islamic banking.

5.1 Theoretical implications

This research has examined the hypothesized relationship by adding the religiosity and the Islamicity of product in the TAM model specifically in the base of pyramid markets of Islamic banking. The study has extended the current knowledge by examining the comparative moderating explanative significance of religiosity and Islamicity of product in the adoption of Islamic banking within the existing TAM model. The addition of research in low-income i.e. Base of Pyramid market of Pakistan.

5.2 Managerial implications

The research study provides and in-depth implications for the policy makers in the adoption of the Islamic banking focused in the base of pyramid market dominated by the religiosity and the tendency to accept banking on the concept of Islamicity of product. The study has guided that influential constructs such as the perceived ease of use, perceived ease of use influences the adoption of the Islamic banking where the adoption increases significantly with the moderation of religiosity and Islamicity of product. The study further found that the

Islamicity of the product i.e. attracts customers at large due to just, equity, interest free, and no information hooding of the financial services while entering into the economic contracts with the customers. Thus, a comparative presentation and advertisement of the Islamic banking to the customers with unique and Shariah-based line of differences and modus operandi with real economic transactions effect increase the rate of Islamic banking adoption. The use of religious believes, unique features of Islamic banking products, attitude, the perceived ease of use and the perceived usefulness may lead the policy makers to build a sound Islamic banking footing in regard to building the attitude of the customers. The specific focus in the specific market can further help the policy makers in designing and developing the product and attitude building strategies and business practices to expand through the Islamic banking to increase the outreach of the financial inclusions in the un-served areas.

5.3 Future research and limitation

The limitations of the research can be overcome by examining the effect of these variables in multiple effects from independent to mediation. The functional probability of the results can be used to conduct studies in the different markets of the world.The application of the specific Islamic financial products may further extend the managerial and theoretical implications.

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