Islamic banking adoption: invoking the congruity paradigm

Adil Zahoor
Department of Management Studies,
Islamic University of Science and Technology, Awantipora, India

Received 19 August 2023
Revised 16 January 2024
Accepted 12 March 2024

Abstract

Purpose – This study aims to explore whether customers' perceived congruity between their self-concept and the brand personality of the Islamic banking system determines their intention to adopt Islamic banking services.

Design/methodology/approach – The authors use primary data collected through a structured questionnaire from 375 Malaysian bank customers. The scales were tested for psychometric soundness before the final data analysis. The authors examined the hypothesized linkages in the AMOS software package through structural equation modeling.

Findings – Customers' actual self, ideal self and social self-congruity significantly predict their intention to adopt Islamic banking. However, the impact of actual self-congruity on Islamic banking adoption is stronger for publicly self-conscious customers. In contrast, public self-consciousness dampens the effect of ideal and social self-congruity on Islamic banking adoption.

Originality/value – Digressing from the conventional utilitarian position, this study offers a novel contribution to the Islamic banking literature by presenting an identity perspective of the determinants of Islamic banking adoption. The primary highlight of this study is the deployment of the congruity theory to emphasize the role of the customer's self-concept in explaining her intention to adopt Islamic banking services.

Keywords Islamic banking adoption, Actual self, Ideal self, Social self, Public self-consciousness

Paper type Research paper

Introduction

For several decades, the conventional interest-based financial system has catered to people's banking and financial needs worldwide. However, positive competition emerged from the Islamic financial system, which evolved as a viable alternative to conventional finance. Islamic finance is based on the doctrine of Islamic jurisprudence (Shariah), which forbids dealing in all forms of interest and *haram* (prohibited) businesses like alcohol, pork, gambling and pornography. Islamic finance has gained extensive traction due to its rising efficiency and profitability (Hasan and Dridi, 2012), resilience against financial crisis (Khamis *et al.*, 2010), strong emphasis on the prohibition of deceit and fraud (Iqbal and Molyneux, 2005), ability to foster financial stability (Abduh *et al.*, 2011), etc.

Over the years, Islamic finance assets have grown sizably. Nearly a quarter of the world's population currently relies on the Islamic finance industry for their financial needs (*Islamic Finance Outlook*, 2022). The global Islamic finance industry assets were estimated at \$3.06tn in 2021 (as compared to \$2.75tn in 2020) – an 11.3% (year-on-year) growth rate despite the headwinds generated by the COVID-19 pandemic (*Islamic Financial Services*

Conflict of interest: The authors have no conflict of interest to report regarding the research reported in this article.
Funding: No funding has been received to conduct or publish this research.

Journal of Islamic Marketing

1759-0833
DOI 10.1108/JIMA-08-2023-0253