

Islamic Religiosity Scale, and Its Applied on the Relationship between Religiosity and Selection of Islamic Bank

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Abstract

Purpose – The purposes of this research are to develop a measurement of Islamic religiosity and apply these measurements to examine the relationship between religiosity and selection of the Islamic bank.

Research design, data, and methodology – Literature searches and in-depth interviews are used to obtain the statement items to build measurement. Furthermore, the result of religiosity measurement will be used to study the relationship between religiosity and the selection of the Islamic bank. Population of the study is Muslim who has bank(s) account. A total 375 questionnaires were distributed to the three groups of bank customers (125 respondents in each group).

Result – This research has successfully developed a measurement of religiosity, which is called Islamic Religiosity Scale (IRS). Based on IRS, this study found that religiosity has a significant relationship to the selection of Islamic banks.

Conclusions – The study indicates that religiosity plays a significant role on the decision of customers to choose Islamic banks. Nevertheless, this study also revealed that religiosity is not the only factor that influences customers to selecting the Islamic banks.

Keywords: Islamic Religiosity Scale, Religiosity, Selection on Islamic Banks.

JEL Classifications: G21, M31, O53.

1. Introduction

Religiosity has been suggested to be strongly associated with the specific aspects of consumer behavior (Mc Daniel & Burnett, 1990; Hirschman, 1983; Wilkes, Burnett, & Howell, 1986), but very little attention has been paid to this relationship (Cutler, 1991; Delener, 1994). Nevertheless, since late 1990s, there has

been a growing number of researches on religiosity in the consumer behavior discipline, particularly in the Islamic banking context (e.g. Gerrard & Cunningham, 1997; Naser, Jamal, & Al-Khatib, 1999; Jalaluddin & Metwally, 1999; Zaher & Hassan, 2001; Awan & Bukhari, 2010; Marimuthu, Jing, Gie, Mun dan Ping, 2010; Butt, Saleem, Ahmed, Altaf, Jaffer, & Mahmood, 2011; Idris, Naziman, & Januri, 2011). This is due to the market for Islamic banking services has been growing rapidly over the past few years, and this robust growth is expected to continue for the foreseeable future (Vayanos, Wackerbeck, Golder, & Haimari, 2008). Meanwhile, the Islamic Bank is a banking system that operates under Islamic law, or known as 'sharia' (Haque, Jamil, & Ahmad, 2007; Hassan, Chachi, & Latiff, 2008; Marimuthu et al., 2010; Manzoor, Aqeel, & Sattar, 2010; Idris et al., 2011). Thus, it is reasonable for researchers to use religiosity as one of the key variables that might explain why consumers choose Islamic bank over conventional bank.

However, previous studies on the relationship between religiosity and selection of Islamic banks show inconclusive findings. Some researchers argued that religiosity is an important factor in influencing customers to use Islamic banks for various banking services (e.g. Metawa & Almossawi, 1998; Almossawi, 2001; Othman & Owen, 2001; Khoirunnissa, 2003; Bley & Kuehn, 2004; Zainuddin, Jahyd, & Ramayah, 2004; Okumus, 2005; Dusuki & Abdullah, 2007; Ahmad, Rahman, Ali, & Seman, 2008; Haque, Osman, & Ismail, 2009; Manzoor et al., 2010; Sheikh, Taseen, Haider, & Naeem, 2010; Butt et al., 2011; Idris et al., 2011). On the contrary, other studies suggested opposite opinion that there is no relationship between customers' religiosity and their decision of using Islamic banking (e.g. Erol & El-Bdour, 1989; Erol, Kaynak, & El-Bdour, 1990; Haron, Ahmad, & Planisek, 1994; Gerrard & Cunningham, 1997; Naser et al., 1999; Jalaluddin & Metwally, 1999; Zaher & Hassan, 2001; Awan & Bukhari, 2010; Marimuthu et al., 2010). This condition raises a question: 'Why there is a difference conclusion among researchers?'

In the study of consumer behavior, measurement of Islamic religiosity is very limited. The majority of Islamic religiosity measurement adopted from two measurements, namely: Religious Commitment (Glock & Stark, 1965), and the Religious Orientation Scale (Allport & Ross, 1967), contain various

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weaknesses. Krauss, Hamzah, Suandi, Noah, Mastor, Yajuhari, Kassan, Mahmoud, & Manap (2005) stated that the Religious Commitment model is inadequate to measure Islamic religiosity for the lack of attention to differences in tradition, when the measurement is expected to include the most relevant dimensions of religiosity in the Islamic perspective. Meanwhile, Essoo & Dibb (2004) stated that the fundamental weakness of the Religious Orientation Scale is a measurement devoted to Christian and Jewish-Christian, so directly adoption is not always feasible and valid for measuring religiosity of other faiths.

Measurements of religiosity are available, including the Religious Commitment and Religious Orientation Scale, and they have dimensions which only measures the relationship between people and God. This condition caused Delener (1994) to conclude that as a result of the strength of commitment to the faith, religious people are sometimes characterized as 'closed-minded' or dogmatic. In Islam teachings, obedience to Allah is not only reflected by the relationship between people and God, but also reflected in human relationships. Therefore, Shamsuddin (1992) stated that the concept of Islam is fundamentally different from the concept of religion in general, and we need its own measurement model.

Several attempts have been made to establish Islamic religiosity measurement by considering the Islamic tradition (e.g. Shamsuddin, 1992; Worthington, Wade, Hight, McCullough, Berry, Ripley, Berry, Schmitt, & Bursley, 2003; Krauss et al., 2005; Tiliouine & Balgoumidi, 2009). However, the statement items that have been adapted to the Islamic teachings were turned out to be still some weaknesses. For example, Pillars of Faith (Rukun Iman) and the Five Pillars of Islam (Rukun Islam) are included as statement items. From the Islamic teachings perspectives, both of them are not parameter to measure Muslim religiosity, but classification someone whether Muslim or not. As a result, it is not possible for the respondents, particularly in countries that have a strong Islamic tradition, to oppose the statement items. Research is conducted by Hassan (2007), revealed a maximum of only 1% - 5% of respondents who expressed not to believe in Rukun Iman and Rukun Islam. Finally, Hassan (2007) concluded that people in Indonesia, Malaysia and Pakistan, have high religiosity. Is it true that all the respondents have a high degree of religiosity, or they may not answer honestly the statement items?

On other hand, in previous studies which examined the role of religiosity to the selection of Islamic banks, respondents were typically only Islamic bank customers. Past research has never explicitly compared religiosity of Islamic bank and conventional banks customers. In addition, previous studies have never considered whether the customer only holds the Islamic bank account, or also holds a conventional bank account.

Based on the problems, the purposes of this research are: (1) Develop a measurement of Islamic religiosity; and (2) Apply these measurements to examine the relationship between religiosity and selection of the Islamic bank.

2. Literature Review

2.1. Religiosity

Several literatures (Delener, 1990; McDaniel & Burnett, 1990; Shafraanske & Maloney, 1990; Johnson, Jang, Larson, & Li, 2001; Worthington et al., 2003) define religiosity from two perspectives, i.e., the degree of belief in the religious values, and implementation the belief in daily life. Based on these definitions, it is understandable why there are differences in the degree of religiosity among the adherents of one religion (Beit-Hallahmi & Argyle, 1997). Highly religious individuals usually demonstrate a strong commitment to the belief system and behave in accordance with their religious norms.

Based on the literature review, there are two religiosity measurements which were used directly, adopted, or modified in the field of marketing, particularly in the context of Islamic banks research, namely: Religious Commitment (Glock & Stark, 1965), and the Religious Orientation Scale (ROS) (Allport & Ross, 1967). Although both of them had an important role in previous study, there are still various weaknesses.

Krauss et al., (2005) stated that the Religious Commitment Model is inadequate to measure Islamic religiosity for the lack of attention to differences in tradition, when the measurement is expected to include the most relevant dimensions of religiosity in the Islamic perspective. Religious Commitment Model is also included Rukun Iman and Rukun Islam as statement items, mainly in Ideological and Ritualistic Dimensions. From the perspectives of Islamic teaching, Rukun Iman and Rukun Islam are not parameter to measure Muslim religiosity but classification someone whether Muslim or not.

Some statement items in the Religious Commitment Model are also criticized by researchers. Genia (1993) suggested that the statement of frequency 'religious attendance' should not be used. Previous of Islamic religiosity measurement adopt the statement as 'I go to the mosque every day'. The statement is not appropriate to be used, because it is applied to the only men who have an obligation to pray in the mosque at least once a week for Friday prayers. Statement items such as 'I believe there is only one God', 'Muhammad is his last prophet', or 'I regularly offer prayer five times a day' are normative statements to Muslims in the countries that have a strong Islamic tradition, so they will strongly agree to the statement.

ROS is reported as a most useful measure of religiosity in understanding the influence of religion on human behavior (Donahue, 1985). Nevertheless, ROS also got a lot of criticism. Some researchers stated that there is no negative correlation between extrinsic and intrinsic Religious as expected in this measurement (Hood, 1978; Burris, 1994; Spilka, Hood, Hunsberger, & Gorsuch, 2003).

Some other critics on ROS state the words are difficult to understand (Gorsuch & Venable, 1983), difficult to distinguish items statement of intrinsic and extrinsic Religious (Gorsuch, 1997), lack of correlation between items, especially on extrinsic religious (Gorsuch & McPherson, 1989; Kirkpatrick, 1989),

items in the statement of extrinsic religious have low internal consistency and reliability (Kirkpatrick & Hood, 1990), and requires modification (Spilka et al., 2003). Burris (1994) stated that the conceptual critique is more questioned whether ROS are able to measure or not than how well ROS measure religiosity.

In addition, some statement items of ROS are not in accordance with the teaching of Islam. For example, the statement to measure extrinsic religiosity is 'The purpose of prayer is to secure a happy and peaceful life'. This statement is classified as extrinsic, because praying activity is used for the benefit of individuals (not for God). According to Islam, there is no prohibition for someone's prayer to be addressed for themselves, even all of worship ultimately useful to human beings themselves. Furthermore, Islam teaches and even gives orders to its adherents to request any needs to God, such as: health, fortune, success, and so on. One of the most popular prayers taught by Islam is: "Robbana atina fiddunya hasanah, wa fil akhiroti hasanatan, waqina adha ban-nar", whose meaning is asking God for safety in this world and hereafter. Thus, from the perspective of Islam, it is not appropriate if the statement: 'The purpose of prayer is to secure a happy and peaceful life' classified as extrinsic religious indicator.

No negative correlation between intrinsic and extrinsic is the result of the statements in ROS is inconsistent distinguish intrinsic and extrinsic. For example, a statement on intrinsic dimensions: 'I read the literature about faith'. It is reasonable if people are not doing it is considered to have a lower religiosity, but whether it can be classified as extrinsic religious?

It is possible that someone never perform religious activities, such as prayer or fasting. This non-religious groups would not be measurable using ROS, and will be difficult to answer the statement of ROS. For example, the statement 'One reason for my being a church member' which was adopted by Muhammad and Mizerski (2010) to 'One reason for my being a member of the mosque' What if the respondent is not a member of the house of worship?

The fundamental weakness of ROS is the measurement devoted to Christian and Jewish-Christian, so directly adoption is not always feasible and valid for measuring religiosity of other faiths (Essoo & Dibb, 2004), included Islamic religiosity. The statement supports Shamsuddin (1992), which states that the concept of Islam, is fundamentally different from the concept of religion in general, and so we need its own measurement model. Furthermore, he proposed the concept of *taqwa* as a measurement religiosity in Islam, which has the dimensions: knowledge (*ma'rifah*), belief (*iman*), implementation (*amal*), consequences (*natajah*), and realize the best thing (*ihsan*).

Meanwhile Krauss et al. (2005) developed a measure, which is called the Moslem Religiosity Measurement Personality Inventory (MRPI). The measurement uses two main constructs, namely: Islamic World view and Religious Personality. Islamic World view reflects the belief in Islam (*Aqeedah*) is written in the Qur'an and Hadith, especially to see the degree of confidence in the Rukun Iman, and the Religious Personality is a manifestation of the religious world view in worship, and the way one expresses action or adopts a life with Islamic

guidance. The use of the pillars of faith as an item on the statement MRPI needs to be criticized as described above. The use of the Rukun Iman and Rukun Islam as statements item on the MRPI need to be criticized as mentioned above.

2.2. Religiosity and Islamic Bank Selection

Various studies indicate that religiosity is an important factor in selecting the Islamic bank (Haron et al., 1994; Metawa & Almossawi, 1998; Almossawi, 2001; Dusuki & Abdullah, 2007; Haque, et al., 2009; Manzoor et al., 2010). Some researchers also said that so far the study of Islamic banking in Malaysia indicates the importance of religious reasons in customers' patronizing Islamic banks (Kader, 1993; Haron et al., 1994; Naser et al., 1999).

Studies conducted by Omer (1992) in England, and Hegazy (1995) in Egypt, which examine Islamic banking preferences, found that religious belief was the primary motivation of customers to choose an Islamic bank. Metawa and Almossawi (1998) noted that the decision in choosing a bank is primarily based on religiosity, in which the principle of Islam is a very important criterion. Further studies conducted by Bashir (1999) in Kuwait and Naser et al., (1999) in Jordan found that religion is the biggest motivation for choosing an Islamic bank.

The next review of several studies (Bley & Kuehn, 2004; Zainuddin et al., 2004; Okumus, 2005; Dusuki & Abdullah, 2007; Rashid & Hassan, 2009) also supports the argument that religious belief was the main motivation for choosing an Islamic bank for Muslim customers. Al-Ajmi, Hussain, and Al-Saleh (2009) stated that the satisfaction of the religious responsibility has an important element in choosing a bank, and the motif has significant effect on consumer decision. Furthermore, Manzoor et al. (2010) stated that the religious factor has a dominant contribution in the growth of Islamic banking in Pakistan than any other factors. Other studies, which support the conclusion about the importance of the role of religiosity in the selection of the Islamic bank, are Reeves & Bednar (1996), Metwally (1996), Othman & Owen (2001), Wakhid & Efrita (2007), Ahmad, Rahman, Ali & Seman (2008), Haque (2010) and Idris et al., (2011).

Although various studies provide the knowledge of the influence in religious factors on the selection, adoption, or patronage of Islamic banks, but several other studies have shown different results. Haron et al., (1994) argue that only 38.7 percent of respondents who indicated that religion were the main reason to use Islamic banks. This means that religious reasons in choosing the Islamic banks are not the majority, so that it can be said that religion in general is not the main reason for which someone uses an Islamic bank.

Erol & El-Bdour (1989) conducted a study on customers' attitudes towards Islamic bank, with a self-administered questionnaire to measure attitudes, behaviors, and patronage of the customers of the bank (Islamic banks and conventional) in Jordan. One of the main findings of this study is bank customers are profit motivated. Erol et al., (1990) who re-created a

similar study in Jordan, found the results of this study that did not differ from previous studies, and religious motivation didn't have significant impact on the use of Islamic banking services.

Awan and Bukhari (2010) conducted a study based on the field survey with a sample from the customers of Islamic banks in Pakistan. The samples used in this study were 250 respondents, who live in four major cities in Pakistan: Karachi, Lahore, Faisalabad, and Multan. The results of this study support the argument Erol and El-Bdour (1989), Gerrard and Cunningham (1997), Zaher and Hassan (2001), and Marimuthu et al., (2010) that religious belief is not a main reason to choose an Islamic bank.

3. Hypothesis

As pointed out earlier, many studies did not support the argument that religiosity plays an important role on the selection of Islamic banks. Nevertheless, the present study considers that the Islamic bank is established on the basis of the Islamic principles, and ulamas have made a fatwa as guidance for prohibiting the bank interest. Similar to the previous studies, this study assumes that individuals with higher degrees of religiosity tend to choose Islamic banks. Based on this rationale, it proposes the following hypothesis:

- < Hypothesis 1 > the Islamic bank customers are more religious than the conventional bank customers
- < Hypothesis 2 > the Islamic bank customers are more religious than the customers who have accounts at both banks.

4. Research Method

To build the statement items, Churchill (1986) mentions that the exploratory study, which includes literature searches and experience surveys, is one appropriate technique. In the present study, literature searches are used to understand the definition, the number of dimensions, and mapping statement items that was ever used. Meanwhile, in-depth interviews are used to obtain the statement item to build measurement.

Statement items which are obtained from in-depth interviews were evaluated by three persons who hold master degree and experienced in conducting surveys. After this stage, it was conducted in the field testing. The results of interviews with 30 respondents are then evaluated, based on questionnaires and reports interviewer. Wording of statements item that is not valid and reliable will be improved, especially if the interviewer reported respondent's confusion when filling out the questionnaire. Pre-test will be carried back until respondents have actually understood the questionnaire, and statistically the measurement is valid and reliable.

Furthermore, the result of the religiosity measurement will be

used to study the relationship between religiosity and the selection of the Islamic bank. Population of the study is Muslim who has bank(s) account. The respondents were conditioned as to be classified into three groups – the Islamic bank customer group, the conventional bank customer group, and customers who hold accounts in both banks. The sampling technique used in this study was a purposive quota. A total 375 questionnaires were distributed to the three groups of bank customers (125 respondents in each group). Data collection was carried out using a self-administered. Respondents filled out a questionnaire by themselves. However, the data collector accompanies them, to help in case of respondents having a difficulty in filling out the questionnaires.

To build the dimensions of religiosity measurement is used Factor Analysis. Meanwhile, to test research hypotheses about the influence of religiosity on the selection of Islamic banks, the study uses the Analysis of Variance (ANOVA) and Bivariate Mean Test. The data processing uses EViews version 7.

5. Results

5.1. Islamic Religiosity Scale

In-depth interviews bring out two important emphases in measuring religiosity, i.e.: (1) Islam as a 'way of life' consists of three dimensions, namely: Faith (Iman), Law (Sharia) and morality (Akhlāq) and (2) implementation of Islamic teachings has two aspects: Aspects of divinity and humanity. Thus, the present religiosity measurement, namely Islamic Religiosity Scale (IRS), has considered the Islamic tradition, as suggested by Shamsuddin (1992); Essoo and Dibb (2004) and Krauss et al., (2005). Based on the dimensions that are the basis of Islamic teachings, in-depth interviews resulted in 31 statement items. After two field tests, it was obtained valid and reliable statement items, and was reported no more respondents who have difficulty understanding the words used in the statement items. Thus, the statement items can be used as a measurement of religiosity variable.

Based on Factor Analysis, the 31 statement items resulted in 5 dimensions. Naming the dimensions refers to Tiliouine & Balgoumudi (2009), and Glock & Stark (1965). The first dimension is named Religious Consequential, which includes the impact of beliefs, experiences, and knowledge in someone's everyday life (Glock & Stark, 1965). The second dimension is Religious Tolerance which is a measurement of the humanity relationship aspects, especially tolerance to conditions and choice of other individual. Furthermore, Religious Enrichment Dimension which is a measurement of the expansion of knowledge of religious and spiritual experience (Tiliouine & Balgoumudi, 2009). The fourth dimension, Religious Contradiction which is a measurement that describes the attitude of individuals when found a conflict of interest between the religion and humanity. Finally, Religious Belief Dimension which is a measure of confidence that refers to the content and scope of religious beliefs (Glock

& Stark, 1965).

Dimensions and statement items are used in the IRS is:

Religious Consequences Dimension

1. Islamic banking system leads to any transaction in Islamic banks are guaranteed kosher (halal)
2. Islamic banking system leads to any products of Islamic banks are guaranteed halal
3. Islamic banking system leads to any benefits of Islamic banks are guaranteed halal
4. Important differentiator between Islamic banks and conventional banks is contract (akad)
5. Wealth will be safe from evil if using Islamic banks

Religious Tolerance Dimension

6. I can understand if there are people who choose a different bank (Islamic or Conventional Bank)
7. I prefer not to discuss the different options of banks (Islamic or Conventional Bank)
8. It is the right of all people to choose any bank (Islamic or Conventional Bank)
9. I'm not going to judge negatively, those who choose a different bank (Islamic or Conventional Bank)
10. I can understand people who choose a bank because of lower costs (Islamic or Conventional Bank)
11. I can understand people who choose a bank because of difficulties in accessing other banks (Islamic or Conventional Bank)
12. I can understand people who think all banks only pursue advantage of customers (Islamic or Conventional Bank)

Religious Enrichment Dimension

13. I tried to find out the laws of the banking system in the Qur'an
14. I tried to find out the laws of the banking system in the Hadith
15. I tried to understand the Islamic banks by seek information from various sources
16. I tried to understand Islamic banks by discussing with friends
17. I tried to understand Islamic banks by ask to the experts of Islamic banking
18. I enjoyed hearing the explanation of Islamic banks
19. I like to watch television that shows explanation of Islamic banks
20. I love to learn Islamic banks
21. I like listening to the information about the Islamic banks in the media

Religious Contradiction Dimension

22. I choose a bank that gives benefits to society regardless of Islamic or conventional banks
23. I choose a bank that really helps customers especially when in trouble regardless of Islamic or conventional banks

24. I choose a bank that is away from the dirty practices that can be detrimental to the public regardless of Islamic banks or conventional

Religious Belief Dimension

25. I believe the use of Islamic banks is the command of Allah
26. I believe the use of Islamic banks is a form of submission to Allah
27. I believe that the Islamic banks are banking system in accordance with the Quran and Hadith
28. I believe the Islamic banking system in accordance with the rules and teachings of Islam in conducting banking business
29. I believe the Islamic banking system is the implementation of the principles of Islamic business
30. Using the Islamic banks is a form of worship
31. Using the Islamic banks is a form of obedience to the teachings of Islam

Dimensions IRS to measure religiosity consist of two aspects, ie the divinity and humanity. Religious individuals are not only determined by his obedience to the aspect of divinity, but also aspects of humanity. Thus, religious individuals based measurement IRS will not be the same as that expressed by Delener (1994) that the religious individual characteristics are high dogmatic or closed minded (less tolerant, less flexible, and more rigid).

5.2. Descriptive Analysis

The average score of Variable Religiosity is measured based on the weighted average of its dimensions. The Weight is 'variance explained', which is derived from Factor Analysis. Data processing resulted in that Factor 1 has a variance explained by 0.4963, Factor 2 = 0.2227, Factor 3 = 0.1517, Factor 4 = 0.0715, and Factor 5 = 0.0577. Based on the variance explained, the average score of religiosity variable was calculated by equation:

$$\text{Religiosity}_i = 0.4963 \text{ Consequences}_i + 0.2227 \text{ Tolerance}_i + 0.1517 \text{ Enrichment}_i + 0.0715 \text{ Contradiction}_i + 0.0577 \text{ Belief}_i$$

The mathematical equation shows that the degree of religiosity is not only determined by the aspect of divinity, but also the humanity aspects, and even tolerance towards other human beings is the second-highest weighing in generate an average score of religiosity. In other words, humanity aspects of the IRS have an important contribution in shaping the degree of religiosity. A fundamentals teaching of Islam that never has taken into account in previous religiosity measurements.

In addition, in previous measurements of religiosity, especially in especially in countries with strong Islamic traditions, Belief Dimension usually has a large contribution in determining the degree of religiosity respondents. Considering that the Belief

Dimensions use statement items which sourced on Rukun Iman and Rukun Islam, as a result, majority of the respondents have a high degree of religiosity. In IRS, the Belief Dimension has the lowest weighing, so that its contribution was lower in generating an average score of religiosity.

One concern in measuring religiosity, especially in Indonesia is the tendency of respondents to respond homogeneously to the statement items of variables religiosity, as has been shown Hassan (2007), so that almost all respondents have a high degree of religiosity. Table 1 shows the average minimum and maximum scores of each dimension is close to or equal to the upper limit and lower limit of the measurement scale used (1 for the lower limit and 6 for the upper limit). This variation is also supported by the standard deviation, which indicates the variety of responses.

Variations in the response indicate that the respondents do not feel guilty to answer the statement items according to what he/she feels. This condition also shows that the statements were constructed insensitive and does not breaking the values or norms of the individual or the community if the respondent does not agree, so that the respondents are not burdened to respond to a particular answer. One cause of this condition is the IRS does not use statement items sourced on Rukun Iman and Rukun Islam.

The average scores for each dimension of religiosity measurement are relatively high considering the scale used is 1 to 6. Nevertheless, the average score is still lower than research conducted by Hassan (2007) which include Rukun Iman and Rukun Islam as a dimensional measurement, and conclude that the Indonesian respondents 'strong religiosity'.

Table 1 shown that the dimensions of which have the highest average score is Religious Belief. It shows how sensitive the statement items regarding Dimension Beliefs. Although the IRS is no longer used statement items which sourced on Rukun Iman, in fact, the average scores of Dimension Beliefs remain high.

<Table 1> Descriptives Statistics of Variable Religiosity

Statistics	Consequences	Tolerance	Enrichment	Contradiction	Belief	Religiosity
Mean	4.6182	4.4888	4.7016	4.1469	4.7147	4.5739
Median	4.8000	4.7143	4.7778	4.3333	5.0000	4.6772
Maximum	6.0000	6.0000	6.0000	6.0000	6.0000	5.9362
Minimum	1.8000	1.0000	1.8889	1.0000	1.7143	2.2639
Std. Dev.	0.8590	0.9437	0.8529	1.0909	0.9223	0.5571

5.3. Selection of Islamic Bank

To conduct testing of research hypotheses, about the influence of religiosity on the selection of Islamic banks, is used the following models:

$$\text{Religiosity} = C(1) + C(2)*(KN=2) + C(3)*(KN=3)$$

Where,

- C(1) : the average score of religiosity Islamic bank customers.
 C(2) : the average difference scores of religiosity between conventional bank and Islamic banks customers
 C(3) : the average difference scores of religiosity between Islamic banks customers and customers who hold account in both banks and.

Statistical hypothesis to test the Hypothesis 1 is:

- 1) $H_0: C(2) \geq 0$
 $H_1: C(2) < 0$

Meanwhile, to test Hypothesis 2:

- 2) $H_0: C(3) \geq 0$
 $H_1: C(3) < 0$

Based on the testing of the statistical hypothesis 1, we have the t-statistic = 3.94, so it was decided to reject H_0 at level of significant $\alpha = 0.05$. It can be concluded that data support Hypothesis 1. Thus it can be stated that the average scores of religiosity of Islamic bank customers significantly higher than the average score of a conventional bank customers. In other words, individuals who have the higher degree of religiosity tended to prefer Islamic bank than conventional bank.

Meanwhile testing toward the statistical hypothesis 2 was decided not to reject H_0 at level of significant $\alpha = 0.05$, because the test gave the t-statistic of -1.032766. It can be conclude that data do not support Hypothesis 2. These result leads to the conclusion that the average score of religiosity of Islamic bank customers are not significantly higher than the average scores of customers who have accounts at both banks. It can be interpreted religious Muslims tended to use Islamic banks, but not all of them are considered forbidden to use conventional banks. The results of this study raises the question, why the Muslims who have a higher degree of religiosity still using a conventional bank?

The main sources of Islamic law are the Qur'an and Hadith. To deal with a new issues or phenomenon, Muslim scholars and leaders (ulamas) create new sources of Islamic law, known as fatwa (Hashim and Mizerski, 2010). Although Islam has provided clear directions between Halal (permitted) and Haram (forbidden) (Al-Qaradawi, 1999), the debates on the various issues are unavoidable because many of the current issues are not explicitly commanded or be forbidden. Prohibition of interest is one of the fatwa, which can not be avoided from a difference of opinion among Muslims.

Based on hypothesis testing, it can be stated that Islamic banks tend to be selected as a result of customers' belief that the prohibition of bank interest. However, individuals who believe prohibition of bank interest are not necessary for choosing the Islamic bank. At this point, religiosity encourage individual to prefer the Islamic banks. This is due to the people who are more religious tend to be obedient on religion teaching that he/she believes in, which is in this case they believe bank inter-

est is forbidden, as is implied in the definition of religiosity (e.g. Delener, 1990; McDaniel & Burnett, 1990; Shafranske & Maloney, 1990; Johnson et al., 2001). Meanwhile, individuals, who believe the prohibition of bank interest with not using the Islamic banks, indicated that the individual does not implement his/her faith. Customers who are breaking his/her faith can be classified as having a low degree of religiosity.

Hypothesis testing results also show that even though customers with a high degree of religiosity tend to prefer Islamic banks to conventional banks, but it does not mean that they are anti conventional banks, because the meaning in parameters of religiosity for customers who only have account on Islam bank is not differ significantly compared to customers who have account on both banks. This condition indicates a reluctance of customers, including religious groups, to abandon the conventional banks, even though it has had account in Islam bank (Assumption: the customer has had a conventional bank account, before having Islamic bank account, as commonly the case in Indonesia).

Thus it can be stated that the religious customers and belief in prohibition of bank interest are not always forbidden for the use of conventional banks. One cause of this condition is obtained in an exploratory study, as stated by the informant: Some ulamas stated the law of the use of conventional banks is permissible (mubah) or makrooh, because it must be distinguished between the use of bank facilities and saving money for the profit. Therefore, many religious Muslims hold two accounts. For the purposes of the transaction, pay electricity, pay for shopping, ATM, and others, he/she uses a conventional bank, because the conventional banks have a very supportive IT. But to save money, savings which she rarely uses, and investment, they use Islamic banks.

6. Conclusions and Managerial Implication

6.1. Conclusions

This research has successfully developed a measurement of religiosity, which is called Islamic Religiosity Scale (IRS). The excellence of IRS has considered the Islamic tradition and the humanity aspect, and reduced the normative statement that is usually rooted in Rukun Iman and Rukun Islam. Variations in the response indicate that the respondents do not feel guilty or innocent to answer the statement items according to what he/she feels. This is due to the statement items were constructed by insensitive items and does not breaking the values or norms of the individual or the community even though the respondent does not agree to the statement items.

The present study revealed there are three groups of bank customers based on religiosity, i.e.: (1) bank customers who believe bank interest are prohibited, so that they also believe that the use of conventional banks is also prohibited (2) bank customers who believe bank interest are forbidden but tolerate to use of conventional banks with specific reasons; and (3) bank

customers who believe bank interest are not always forbidden and so are free to use any banks.

On the one hand, these results indicate that religiosity plays a significant role on the decision of customers to choose Islamic banks, because the degree of religiosity of Islamic bank customers is higher than that of conventional bank customers. Therefore, this study suggests that the development of the Islamic banks simply cannot be separated from the religious sentiment, because the Islamic banks are naturally established on the basis of the Islamic law or principles. Religiosity should be taken into account as a part of a strategy to get new customers or to retain the existing customers.

Nevertheless, on other hand, this study also revealed that religiosity is not the only factor that influences customers to selecting the Islamic banks, because the degree of religiosity of Islamic bank customers do not differ significantly with customers who hold accounts in both bank. These results support several suggestions (Wilson, 1995; Ahmad & Haron, 2002; Asyraf & Nurdianawati, 2006; Dusuki & Abdullah, 2007) that the Islamic banks should not rely solely on the religious factor as a strategy to attract more customers. In other words, the Islamic banks should not be considered as a means of doing business, fulfilling the religious obligations of a Muslim community (Wilson, 1995).

6.2. Managerial Implication

Promoting the Islamic banks as banks free of *riba* should be developed by taking advantage of the positive values that actually have been embedded in Islamic banking principles. The Islamic banks offer a fair system as 'equity-participation' (Hassan et al., 2008), profit and loss sharing (Haron, 1997), and 'mutual risk and profit sharing' (Idris et al., 2011). In addition, Islamic banks also follow Islamic law which prohibits 'gharar' (speculative trading) and 'maisir' (transactions that contain elements of gambling) (Idris et al., 2011), transaction (payment or receipt) to businesses engaged in the business of dealing with illicit products, such as: alcohol, pig trade, or gambling activities (Manzoor et al., 2010), and they continue to run the business and trading activities based on the principle justice and justifies profit, pay zakat, prohibits monopolistic practices, and work together for social purposes (Haron, 1997). The system, which is based on positive values as offered by Islamic banks, of course, will be accepted by all parties, including non-Muslims. With the good promotion, those positive values will expand the market of Islamic banks.

Those positive values would also make the Islamic banks compete with the conventional banks in providing the needs and desires of customers. Even the positive values will make the differentiation between Islamic banks and conventional banks. In marketing strategy, differentiation is an important aspect to win the competition. However, the results of in depth-interview indicate that the Islamic banks still have some fundamental problems, such as (1) difficulty in getting sharia-minded human resources; (2) lack of personnel with high competence; (3) limited infrastructure, especially on the information technology. Thus,

Islamic banks have to make improvements constantly if they want to win a large potential market in Indonesia.

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