

## Halal Purchase Intention- A Study on Islamic Banks of Bangladesh

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### Abstract

Purchase intention is a term used in consumer behaviour which can influence the augmentation of the brand's performance. Many researches done on the issue of purchase intention, brands and brand equity but this study focuses only on the Halal paradigm. We have limited our study within the Islamic banking Industry of Bangladesh. Even though Bangladesh is a Muslim major country, yet awareness and knowledge of what is Halal (allowable in Islam) and what is Haram (forbidden in Islam) is really poor. Still majority of the banks are operating in conventional i.e. interest based banking. People follow their religion as some rituals descended from their ancestors, not completely knowing about the actual rules. Purchase intention is a very important term in consumer behaviour and has positive outcome if fostered properly. Marketers thus emphasize precisely in this in order to have better business performance. Halal purchase intention is a new term in the realm of Islamic marketing and branding. There are numerous research done so far on purchase intention and its antecedents' relationship. However, very few studies have been done on halal purchase intention. This study aims to explore the antecedents of halal purchase intention. Six IVs has been identified- brand equity, brand trust, product involvement, value consciousness, shariah compliance and attitude. To fulfil the purpose, a quantitative research study surveyed on 200 customers and potential customers of the Islamic banks in Bangladesh. Collected data were analysed using partial least squares (PLS) structural equation modelling with the help of Smart PLS 2.0 M3 software. Findings reveal that out of six variables, five namely brand equity, brand trust, product involvement, value consciousness and attitude has significant relationship with halal purchase intention. The outcome of this study devotes the Islamic bank managers to make their marketing choices with the help of purchase intention statistics associated with product demand, market segmentation as well as promotional strategies. This research thus tries to fill the gap and contribute in the literature of Islamic marketing and branding.

**Keywords:** Purchase intention; Halal purchase intention; Brand equity and islamic banks.



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### 1. Introduction

Purchase intention is a term used in consumer behaviour which can influence the augmentation of the brand's performance. The spiritual necessity of Muslim customers is termed as 'Halal' (Alserhan, 2010). It plays an important role in their lives by conveying them an indication to buy and consume allowable products (Rajagopal *et al.*, 2011; Shafie and Othman, 2006). Thus, Halal purchase intention is the intention to choose halal (permissible by Islamic law) product/ service for purchase or use. Purchase intention thus analyse as well as forecast the behaviour of customers (Lin and Lin, 2007) concerning to their enthusiasm to buy, use and their widespread attention towards the particular brand (Changa and Liub, 2009; Shah *et al.*, 2012).

Islamic banking is amongst the frontrunner performers in service industry today. Since the past thirty years, Islamic banking has aroused as one of the quickest developing business sector. It expanded in every parts of the world and earned vast recognition by Muslims as well as non-Muslims (Iqbal and Molyneux, 2005). Islamic banking is no more considered as just a business unit that fulfils the religious requirements of the Muslims, rather more importantly, as a business that is inevitably attracting new customers whilst engaging the old ones (Wilson, 1995). The demand of Islamic finance has headed numerous reputable traditional players to come into the industry, hence expanding the assortment of Islamic monetary organisations and its product range. Nevertheless, this inspiring evolution is not only limited to the Muslim world, but also throughout the West and the Asia Pacific regions where the evolution is compelled by commercial and business attentions (Aziz, 2007).

Islamic banking in Bangladesh started its operation from March, 1983 through the establishment of Islami Bank Bangladesh. According to Mannan (2012), former managing director of Islami Bank Bangladesh Limited (IBBL), it was registered as the first shariah-based Bank in South-East Asia. Later, to date, other eight Islamic banks gradually came up with their shariah-based halal financial products and services. Globally Islamic banking has 38 million customers. Of these, 13 million or 35 percent are in Bangladesh alone. Besides, the biggest shariah-based Islamic bank in Bangladesh contains 50 percent of the global microcredit (Mannan, 2012). According to Nabi *et al.* (2015),

despite of Islamic banking industry in Bangladesh has achieved more than 20 percent annual growth, the industry has immense potentials for further expansion as Bangladesh is a Muslim majority. In spite of its spectacular growth of Islamic banks in Bangladesh over the last 30 years, most of the customers of Islamic banks are not familiar with Shariah based deposit and investment products. Islamic banking is still vastly misunderstood by many (Akbar, 2014). The major misconceptions are about the concepts and practices of Islamic banking and its products. The major variances between Islamic and conventional banking are not well inferred although religion is thought as a chief motivator for choosing Islamic banking (Ahmad *et al.*, 2011). In this ground, the present research initiative has been taken to explore the factors that influence the purchase intentions of Muslims of Bangladesh in selection and use of retail Islamic banking and financial products and services.

## 2. Literature Review

For understanding customers' consumption intention, it is essential to understand the customer behaviour processes. This process includes how individuals select, purchase, use, or dispose off products, services, ideas, or experiences in order to satisfy their needs and requirements. From the customer behaviour theories, it is also found that the ethical service is a function of consumption (Adnan, 2011). The service purpose for persons in the Islamic system include a new variable – prize or punishment in the life after death (Al-Zarqa, 1992). He also stated the fractional connection between prizes (dependent on one's faith and balance of intentions and activities in this life) and consumption. *Halal* purchase Intention, thus, indicate the Muslim consumers a rationale to patronize Islamic brands.

### 2.1. Purchase Intention and *Halal* Purchase Intention

In marketing literature, one of the core concept is purchase intention. The curiosity of marketing scholars on buying purposes derives from its affiliation to buying behaviour. There are numerous researches that have stated a clear connection amongst purchase intentions and purchase behaviour (Morwitz and Schmittlein, 1992; Morwitz *et al.*, 1996). Consumers must have an intention to purchase a product or service before the action takes place; therefore, purchase intentions are an antecedent to actual purchase behaviours (Dees *et al.*, 2010). Besides, marketing managers are curious about customer purchase intentions for estimating current sales and new products and services. Managers can make their marketing choices with the help of purchase intention statistics associated with product demand, market segmentation as well as promotional strategies (Tsotsou, 2006).

Very limited research is available till now which studied the relationship between *halal* issues and purchase intention (Aziz and Chok, 2013). Bonne *et al.* (2009), studied the factors affecting *halal* meat consumption among the Muslim society in Belgium. Another study conducted by Luthfi and Imam (2010) on the aim to shift from products without certified *halal* labels in an extensive range of purchase framework, particularly in the case of food and medicine products. A research by Shaari and Arifin (2010) focused on the *halal* purchase intention variable in general without empirically investigating the impact of each component on purchase intention. However, Golnaz *et al.* (2010) examined the affiliation between *halal* perception and perceived behavioural control with behavioural intention to buy *halal* products in a community of Non-Muslims. *Halal* product/ service customer belongs to a different segment of people having a unique set of belief and culture. Their purchase intention is completely different from others in consumer behaviour and thus requires immense study to full fill the gap in this commanding area.

### 2.2. Brand Equity

Once a product or service has established a positive sentiment in the mind of the customer, brand equity is established by the firm (Benjamin, 2015). The strength of a brand lies in its equity with customers. Brand equity is also known as the additional worth given to goods and services. This value may be mirrored in how customers think, feel, and act with respect to the brand. It also reflects in the prices, market share, and profitability which the brand commands for the organization. Brand equity is, as well, a significant intangible asset that has psychological and financial value to the firm (Kotler *et al.*, 2007).

Cobb-Walgren *et al.* (1995) studied brands from both service and product categories where they found that higher the brand equity, the greater the consumer purchase intention. Yoo and Donthu (2001) found that the brand equity and purchase intention dimensions were highly correlated. Higher the level of brand equity, more it drive repurchase of the similar brand. Brands are evidenced to be strong sources of high purchasing decision-making and building durable relationships since last decades. Higher the brand equity levels which eventually leads to more consumer preferences and purchase intention (Cobb-Walgren *et al.*, 1995). From the several literature reviews it is found that brand equity ultimately impacts consumer preferences and purchase intentions or intention to use and finally leads to brand choice (Roozy *et al.*, 2014), (Cobb-Walgren *et al.*, 1995), (Shah *et al.*, 2016), Buaprommee and Polyorat (2016) & Banks (1950). Brands with higher equity is found to create significantly greater customer preference and purchase intentions. Thus, the following hypothesis can be proposed:

**Hypothesis 1:** *Brand equity have significant positive effect on halal purchase intention.*

### 2.3. Brand Trust

There have been numerous researches on brand trust in previous literatures (Ballester and Aleman, 2005; Kim *et al.*, 2008; Lau and Lee, 1999; Mohammad, 2012). Chaudhuri and Holbrook (2001) defined brand trust as “the willingness of the average consumer to rely on the ability of the brand to perform its stated function Chaudhuri and Holbrook, (2001). Brand Trust arises from company's offerings and direct experiences of consumer via brand. A

common strategy used to strengthen a brand is creating brand trust between company and consumer. Brand trust thus provides a superior lens through which consumers' behavioural responses could be assessed. Since brand Personality deals with human traits associated with the brand (Aaker, 1997), therefore, it may be assumed that an Islamic banking is associated with trust worthiness. Moreover, few studies indicate that trustworthiness plays an integral role in the bank-customer relationship (Kamal *et al.*, 1999; Mihai, 2010; Rashed *et al.*, 2012). Thus, the hypothesis is proposed:

**Hypothesis 2:** *Brand trust has significant positive effect on halal purchase intention*

## 2.4. Product Involvement

In marketing, involvement has gained extensive consideration which became the subject of concern in attitude, customer behaviour, persuasion as well as advertising research. The product involvement is recognized applicability of a product class based on customers' inherent needs, interests and values. According to Macinnis and Park (1991), involvement is discovered to be connected to programme-induced sentiments in advertising to ad processing. Involvement is further connected to information processing as well as search behaviour (Bloch *et al.*, 1986) which ultimately influence purchase intention. Involvement of product was further discovered to have an immediate impact on the level of satisfaction (Richins and Bloch, 1991). Product involvement is thus, reflected in the individual's interest in a product and discuss the matter with others (Zaichkowsky, 1985).

The extent of product involvement highly influences purchase intention. It is being practically proved that product involvement is undoubtedly linked to brand perception as well as preference (Dholakia, 2001). High involvement products / services tend to engage customers to have more information search as well as deliberate a great deal of substitutes while making their decision (Sarah *et al.*, 2016). Thus, Muslim customers have a tendency of categorizing every product as high involvement products, since they need to be alert in consuming any goods or services (Wilson and Liu, 2010). According to Zaichkowsky (1985), product involvement is known as the perceived relevance of a product class based on the customers' inherent needs, interests and values. Product involvement also affects the purchase intention (Tsiotsou, 2006). The level of product involvement highly affects purchase intention. Thus, the following hypothesis can be proposed:

**Hypothesis3:** *Product Involvement has significant positive effect on halal purchase intention.*

## 2.5. Value Consciousness

Customers whose value is depending largely on the capability of the product to fulfil essential need or based on the acquisition utility are known as value conscious customers (Lichtenstein *et al.*, 1990). Thus, a value conscious customer is a customer having no reliance on transaction utility. Past studies reveal that Muslims prioritizes authenticity followed by quality and price. It is found that more religious customers are more aware of price and are prone to buy discounted products and seek variety (Sood and Nasu, 1995); (Yousaf and Shaukat, 2013).

According to a study, the value consciousness has optimistic and noteworthy impacts on Islamic brand purchase intention (Sarah *et al.*, 2016). Past study recommends that values directly influence customers' criteria of choice, and indirectly their attitudes, purchase behaviour and intentions. It is also found that values influence choice criteria constituted by customers and impact customer's acknowledgement of a problem, information search and beliefs. The product class which is not correlated to customer's value system will be disregarded. Customers' attitudes, intentions and purchase behaviour are indirectly affected by values (Pitts and Woodside, 1984). Thus, the following hypothesis can be proposed:

**Hypothesis4:** *Value consciousness has significant positive effect on halal purchase intention*

## 2.6. Shariah Compliance

*Shariah* is the regulation on practices and activities of Islamic principles. Practices in terms of relations among humans (or may be applicable for any organizational aspect) are classified as *mu'amalah*. As *mu'amalah* encompasses political, economic and social activities, it is obvious that banking and any other financial activities also lie within the realm of *mu'amalah* (Triyanta, 2009) Though some studies specified that religions don't play a significant role in bank patronage anymore. Islamic banks can maintain their competitive benefit against other traditional or foreign banks that offer similar *Shariah* compliance facilities, only through modernization in products and services (Haron and Azmi, 2005). As Islamic banking substitutes to traditional banking and finance is growing, Muslims and to an assured level non-Muslims are looking for *Shari'ah* based solutions to their financial requirements.

*Shariah* compliance (adherence to Islamic law) is the main distinguishing factor of the Islamic banks. It is often criticized of not complying with shariah principles and not fulfilling the goals of Islamic law. In a study it is found that shariah requirements affect Islamic funds' performance (Hesham, 2014). The customers are therefore sometimes not confident enough about their financial transaction and dealings with the commercial banking system. In this study, shariah compliance is a new variable added in the model of halal purchase intention. According to Ullah (2014), shariah compliance condition in Bangladesh is very susceptible. It is varying highly amongst the different Islamic banks. Violation of the shariah principles is high specially in investing activities. The following hypothesis is proposed:

**Hypothesis 5:** *Shariah compliance has significant positive effect on halal purchase intention.*

### 2.7. Attitude Toward a Product or Services

According to the theory of action (TRA), attitude was considered as a significant predictor of purchase intention (Fisbein and Ajzen, 1975) in early days. The TRA and TPB are theories of the relationship between attitude and behaviour. In this study the most relevant component of Theory of Planned Behaviour used is attitude toward a product or services. The attitude towards a behaviour is initiated from a combined behavioural belief for example belief about whether the product is halal, which could lead to positive outlooks like having intention to purchase (Aziz and Chok, 2013). Nevertheless, for this study, subjective norms and perceived behavioural control are not much related as this study incorporates some of the basic marketing and branding theories that are considered to be significant in understanding the *halal* concept which is related to purchase intention.

In the Islamic banking and halal branding contexts, a positive connection between the brand attitude and intention to purchase has been described. In Pakistan, a research investigated the relationship between Muslim attitude towards *halal* products and their intention to have any choice. A positive effect of attitude has been found on the intention to choose *halal* products/ services (Mukhtar and Butt, 2012). A study using TRA, conducted a similar research in Malaysia, where they found brand attitude as a predictor of intention to choose *halal* brands (Lada et al., 2009). Thus, the following hypothesis can be proposed:

**Hypothesis 6:** Attitude towards halal product has significant positive effect on halal purchase intention.

### 3. Methodology

This study employed quantitative research method. Survey done from a sample of 200 respondents from Dhaka city. The sampling technique used in this research is, non-probability sampling, in that convenient sampling is used for better representation. The questions were prepared using six point Likert scale questionnaires. The six anchors that were used in the questionnaires were (1) strongly disagree, (2) disagree, (3) fairly disagree, (4) fairly agree, (5) agree, (6)strongly agree. The items for the variables have been adapted from past studies. The collected data have been analysed using partial least squares (PLS) structural equation modelling with the help of the software Smart PLS2.0 M2 to investigate the relationships between exogenous and endogenous variables.

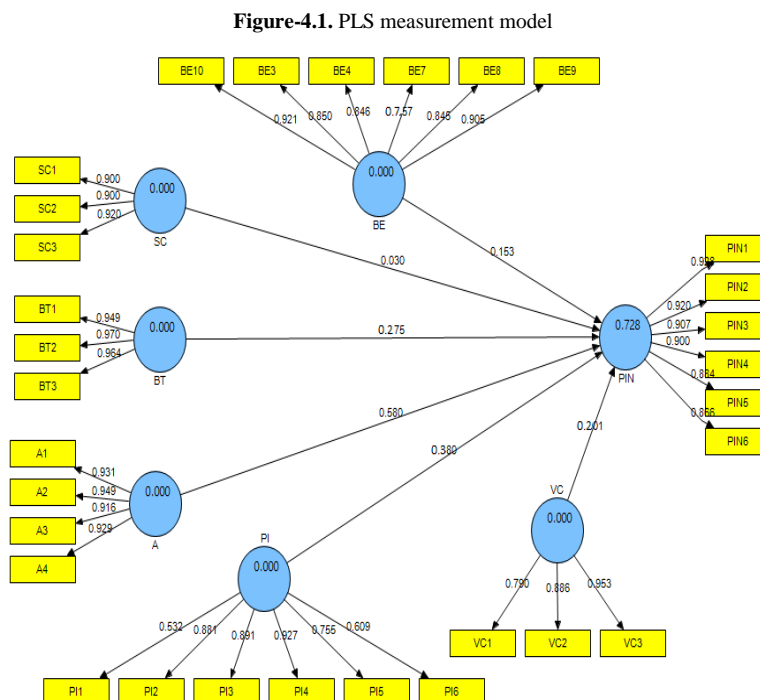
The hypotheses of this study were tested based on the empirical data by means of structural model of partial least squares (PLS) method. In PLS, the test of a conceptual model involves two steps namely measurement model (outer model) and a structural model (inner model). The findings of measurement model and structural models are given below.

### 4. Findings

Out of 200 questionnaires being distributed, 135 questionnaires were successfully collected, giving a 67.5% response rate. Sekaran (2003) agrees with Roscoe (1975) that for most studies, a sample size between 30 and 500 would be sufficient.

#### 4.1. PLS-SEM Analysis Result

The present study has six exogenous variables and one endogenous variable. The figure 4.1 below shows the hypothesized model generated through smart PLS software version M2.0. The findings of measurement model are also documented in table 4.1.



In PLS SEM analysis, reliability test is done by observing the Cronbach alpha values, also the composite reliability. On the other hand, two types of validity are measured in PLS-SEM analysis. The criteria of reliability and validity tests are discussed below.

## 4.2. Reliability Test

The first step is to assess the reliability and validity of the constructs in the measurement model (outer model). Reliability refers to the internal consistency of data (Hair *et al.*, 2014). Cronbach's alpha and Composite reliability values are used to assess reliability of constructs. For reliability, all constructs should have Cronbach alpha values above the threshold of 0.70 (Hair *et al.*, 2012) and the composite reliability values of the all constructs should be greater than the threshold of 0.70 (Bagozzi and Yi, 1988). As shown in table 4.1, all the Cronbach alpha and composite reliability values are above 0.70 which indicates good internal consistency of data (Hair *et al.*, 2012) and the reliability of all constructs is established in this study.

**Table-4.1.** Measurement Properties of Constructs

Construct	Item	loadings	AVE	Composite Reliability	Cronbach's Alpha
<b>Brand Equity (BE)</b>	BE3	0.850	0.657	0.915	0.884
	BE4	0.846			
	BE7	0.757			
	BE8	0.845			
	BE9	0.904			
	BE10	0.921			
<b>Brand Trust (BT)</b>	BT1	0.949	0.973	0.866	0.958
	BT2	0.970			
	BT3	0.963			
<b>Product Involvement (PI)</b>	PI1	0.532	0.608	0.899	0.864
	PI2	0.881			
	PI3	0.891			
	PI4	0.927			
	PI5	0.755			
	PI6	0.608			
<b>Value Consciousness (VC)</b>	VC1	0.790	0.772	0.910	0.880
	VC2	0.886			
	VC3	0.953			
<b>Shariah Compliance (SC)</b>	SC1	0.899	0.722	0.932	0.891
	SC2	0.900			
	SC3	0.920			
<b>Attitude (A)</b>	A1	0.930	0.667	0.963	0.948
	A2	0.949			
	A3	0.916			
	A4	0.928			
<b>Purchase Intention (PIN)</b>	PIN 1	0.927	0.612	0.962	0.953
	PIN2	0.919			
	PIN3	0.907			
	PIN4	0.900			
	PIN5	0.883			
	PIN6	0.866			

## 4.3. Convergent Validity

The extent to which indicators actually represent the intended latent variables and indeed correlate with other indicators of the same latent variable is known as convergent validity (Hair *et al.*, 2007). To assess convergent validity, construct's average variance extracted (AVE) and factor loadings are used. Convergent validity is established when all constructs have an average variance extracted (AVE) value greater than 0.50 (Fornell and Larcker, 1981). As shown in table 4.1, all the values of AVEs are above 0.50 which confirms the convergent validity of constructs. The absolute standardized outer loadings of items are above 0.50. Chin (1998) believes that loadings over 0.5 still be acceptable if there exists other indicators in the block for comparison. Table 4.1 shows that all the item loadings are higher than 0.50 which confirms convergent validity at indicator level. Therefore, 0.50 and above AVE values of all the constructs and 0.50 and above values of item loading confirm the convergent validity of constructs in this study.

## 4.4. Discriminant Validity

The extent to which a particular latent construct is different from other latent constructs is known as discriminant validity (Duarte and Raposo, 2010). Discriminant validity is established when the indicators loadings on their measured construct are all greater than the cross-loadings on other constructs and the square root of each

construct's average variance extracted (AVE) is larger than its correlations with other constructs (Chin, 1998). The first assessment of discriminant validity is to examine the indicators' loadings with respect to all construct correlations. Smart PLS algorithm function is used to produce the cross loadings of all items. As shown in table 4.2, all the items are well loaded on their constructs much higher than the cross loadings on other construct which satisfies the first assessment of the measurement model's discriminant validity (Chin, 1998).

**Table-4.2.** Factor Loadings and Cross-Loadings

A1	A	BE	BT	PI	PIN	SC	VC
A2	0.93	0.51	0.534	0.468	0.375	0.413	0.112
A3	0.949	0.542	0.415	0.401	0.403	0.565	0.132
A4	0.916	0.421	0.497	0.391	0.348	0.463	0.165
BE10	0.928	0.335	0.422	0.479	0.475	0.349	0.118
BE3	0.586	0.92	0.369	0.454	0.378	0.384	0.215
BE4	0.517	0.85	0.34	0.458	0.403	0.342	0.156
BE7	0.483	0.846	0.41	0.348	0.257	0.419	0.19
	0.395	0.657	0.275	0.233	0.161	0.158	0.282
	0.243	0.845	0.606	0.419	0.41	0.607	0.167
	0.497	0.904	0.491	0.393	0.354	0.581	0.225
	0.414	0.42	0.949	0.42	0.412	0.486	0.237
	0.473	0.33	0.97	0.426	0.436	0.356	0.236
	0.49	0.473	0.963	0.413	0.378	0.488	0.261
	0.338	0.357	0.459	0.532	0.283	0.393	0.023
	0.591	0.395	0.568	0.88	0.462	0.602	0.221
	0.34	0.427	0.632	0.89	0.481	0.598	0.212
	0.446	0.269	0.57	0.926	0.452	0.638	0.188
	0.353	0.346	0.486	0.755	0.477	0.545	0.18
	0.494	0.502	0.48	0.608	0.436	0.408	0.21
	0.271	0.483	0.449	0.453	0.927	0.628	0.156
	0.467	0.385	0.46	0	0.919	0.548	0.121
	0.403	0.44	0.306	0.41	0.907	0.571	0.125
	0.422	0.469	0.385	0.415	0.9	0.577	0.145
	0.382	0.361	0.418	0.364	0.883	0.564	0.153
	0.552	0.452	0.587	0.251	0.866	0.543	0.152
	0.535	0.437	0.433	0.321	0.607	0.899	0.172
	0.319	0.424	0.524	0.415	0.586	0.9	0.183
	0.437	0.228	0.461	0.414	0.585	0.92	0.065
	0.107	0.187	0.21	0.304	0.077	0.066	0.789
	0.062	0.13	0.155	0.248	0.045	0.075	0.886
	0.151	0.234	0.256	0.165	0.192	0.185	0.953

Secondly, the square root of the AVE of each construct was compared with the correlation between that construct and the other constructs. As shown in table 4.3, the square root of the AVEs exceeds the highest correlation between that construct and the other constructs, providing another support of discriminant validity (Chin, 1998; Fornell and Larcker, 1981) of the constructs in this study.

**Table-4.3.** Correlations of Constructs and Discriminant Validity Assessment

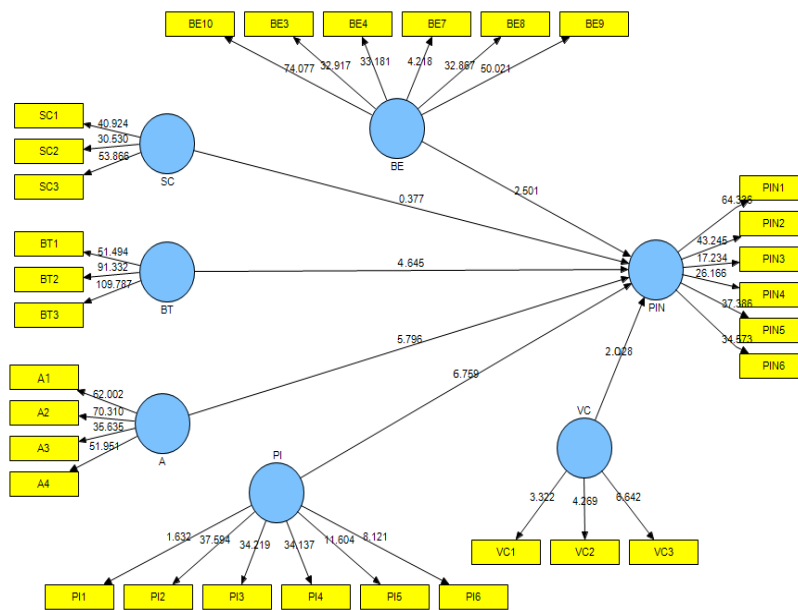
	A	BE	BT	PI	PIN	SC	VC	R
A	0.857							
BE	0.581	0.81						
BT	0.622	0.608	0.85					
PI	0.535	0.693	0.68	0.779				
PIN	0.633	0.552	0.704	0.51	0.782			
SC	0.495	0.635	0.705	0.589	0.554	0.849		
VC	0.141	0.229	0.255	0.232	0.158	0.155	0.878	
R	0.325	0.235	0.421	0.236	0.495	0.198	0.325	0.781

\*Square root of the AVE on the diagonal.

#### 4.5. Structural Model Assessment for Hypotheses Testing

Having assessed the measurement model for reliability and validity, the next phase is the assessment of the structural model. In the structural model of PLS analysis, hypotheses testing can be done. Here the path coefficient, t statistics, p values and error are taken in to consideration. Table 4.4 shows the findings of the structural model for hypotheses testing. Figure 4.2 also shows the PLS structural model output. Please refer to appendix E for details.

Figure-4.2. The Structural Model



To test the proposed hypotheses, the path coefficient between latent variables and their significance is assessed. After running a PLS model, estimates are provided for the path coefficients, which represent the hypothesized relationships linking the latent constructs. In order to test the main hypotheses, the bootstrap approach was used to assess the significance of hypothesized relationships in the path model. 1000 resamples were used to perform the bootstrap (Chin, 1998). The number of bootstrap cases equal to the original number of observations to generate standard errors and obtain t-statistics (Hair et al., 2013). A hypothesis can be accepted if it is significant at 5% ( $p < 0.05$ ) level or if the t statistics is higher than 1.96 (Hair et al., 2014).

Table-4.4. The Structural estimates

Hypothesized Relationship	Path Coefficients ( $\beta$ )	Standard error	T Statistics	P Value
H1: Brand Equity -> Purchase Intention	0.153	0.102	2.501**	0.006
H2: Brand Trust -> Purchase Intention	0.274	0.115	4.645***	0.000
H3: Product Involvement -> Purchase Intention	0.379	0.104	6.758***	0.000
H4: Value Consciousness -> Purchase Intention	0.201	0.049	2.027	0.021
H5: Shariah Compliance -> Purchase Intention	0.030	0.080	0.377	0.353
H6: Attitude -> Purchase Intention	0.580	0.100	5.795***	0.000

Note: \*\* $P < 0.05$ ; \*\*\* $P < 0.01$ .

**Hypothesis 1:** Brand equity have significant positive effect on halal purchase intention. This hypothesis gets strong support as the table 4.4 depicts that the path coefficient value is 0.153 and the corresponding t statistics is 2.501 ( $P < 0.05$ ) that indicates 5% significance level. So it is accepted that Brand equity have significant positive effect on halal purchase intention.

**Hypothesis 2:** Brand trust has significant positive effect on halal purchase intention. The findings of present study prove this hypothesis. The path coefficient here is 0.274 with a positive sign and this value is significant at 1% ( $t, 4.645; P, < .01$ ) level. So it is accepted that brand trust has significant positive effect on halal purchase intention.

**Hypothesis 3:** Product Involvement has significant positive effect on halal purchase intention. The findings of this hypothesis testing show that Product Involvement is significantly and positively correlated with halal purchase intention. The path coefficient for this variable is 0.379 and the t statistic is 6.758 ( $P < 0.01$ ). So the findings reveal that Product Involvement is a significant factor that positively influences halal purchase intention which leads to the decision that hypothesis 3 is accepted.

**Hypothesis 4:** Value consciousness has significant positive effect on halal purchase intention. From the table 4.4, it is seen that brand affection has a path coefficient value of 0.201 and the corresponding t statistics is 2.027 which is significant ( $p < 0.05$ ). Therefore, hypothesis 4 which posits that Value consciousness has significant positive effect on halal purchase intention is supported.

**Hypothesis 5:** Shariah compliance has significant positive effect on halal purchase intention. This hypothesis is not supported as the path coefficient value is insignificant ( $P > 0.05$ ,  $t, 0.377$ ). So Shariah compliance has no significant positive effect on halal purchase intention

**Hypothesis 6:** *Attitude towards halal product has significant positive effect on halal purchase intention.* This hypothesis is supported as the path coefficient value is 0.580 with a positive sign and this value is significant at 1% level ( $t, 5.795; p < 0.01$ ). So it is proved through this empirical study that *Attitude towards halal product has significant positive effect on halal purchase intention.*

## 5. Discussion

Purchase intention is a procedure which analyse as well as forecast the behaviour of customers concerning to their enthusiasm to buy, use and their widespread attention towards the particular brand. The present study's findings generated from empirical data revealed that brand equity is positively and significantly correlated with the halal purchase intention. This finding is in line that of [Shah et al. \(2016\)](#), [\(Buaprommee and Polyorat, 2016\)](#) and [Benjamin \(2015\)](#) who found that brand equity has positive effect on purchase intention. Therefore companies producing halal brands should always try to establish a positive sentiment in the mind of the customers so that they intend to buy the halal brand. [Benjamin \(2015\)](#) also argued that brand equity is established by the firm only when customers have positive perceptions regarding that brand. Brand trust is an important component of a brand. Trust significantly influences consumer behaviour. Customers decide, choose or select goods and services based on the level of trust they have on organizations. Consumers favor those brands that are trustworthy. Brand Trust arises from company's offerings and direct experiences of consumer via brand. A common strategy used to strengthen a brand is creating brand trust between company and consumer. Brand trust thus provides a superior lens through which consumers' behavioural responses could be assessed. Similarly, the present empirical study's findings indicate that brand trust is a significant predictor of halal purchase intention.

The extent of product involvement highly influences purchase intention. It is being practically proved that product involvement is undoubtedly linked to brand perception as well as preference ([Dholakia, 2001](#)). In marketing, involvement has gained extensive consideration which became the subject of concern in attitude, customer behaviour, persuasion as well as advertising research. Product involvement is the recognized applicability of a product class based on customers' inherent needs, interests and values. The present study's findings show that product involvement is positively and significantly correlated with halal purchase intention. This product involvement indicates the customers' interest that they find in a product class. Customers tend to involve in more active information search when a good/ service is perceived as high involvement and thereby they can seek an assortment of alternatives in their decision making process. However, Muslim customers are likely to classify all products and services as high involvement products, since they are vigilant before consuming a product or service ([Wilson and Liu, 2010](#)).

The present study also found that values consciousness is positively and significantly correlated with halal purchase intention. Consciousness is the state or quality of awareness, or, of being aware of an outside object or something within oneself. It has been described as sentience, awareness, subjectivity, the capability of experiencing or feeling, wakefulness, having a sense of selfhood, as well as the executive control system of the mind. The value consciousness has optimistic and noteworthy impacts on Islamic brand purchase intention ([Sarah et al., 2016](#)). The literatures of marketing proposes that values directly impact customers' selection criteria, and indirectly their attitudes, intentions as well as purchase behaviour. Studies found values to impact selection criteria created by customers as well as effect customer's acknowledgement of a problem, information search and beliefs.

The present study also tested whether shariah compliance is significantly associated with halal purchase intention or not. The findings reveal that shariah compliance is not a significant predictor of halal purchase intention. This finding is inconsistent with that of [Shafie and Othman \(2006\)](#), [Salih and Emel Yildiz \(2014\)](#); [Farooq \(2011\)](#), [Subhani \(2012\)](#), [Okumus \(2005\)](#) and [Qureshi et al. \(2012\)](#)., who found in their studies that Shariah compliance is the most significant issue in choosing banks for the Muslims. Findings of this study reveal a different scenario in the context of Bangladesh. It might be due to the fact that the respondents are not that much aware of the Shariah compliance of the banks. Rather they focus on the goods and services of the banks while choosing a particular bank. Since this study revealed different findings, future researchers might look into the matter.

## 6. Conclusion

Bangladesh is a Muslim major country, yet practice of the shariah (Islamic laws) is far reaching. Most of the people are aware of what they are consuming (intake of e.g. food) and ignores about with what they are expending to consume / buy products (i.e financial issues). This shows that the awareness of Islamic Financial aspects for the consumers as well as the business owners, is still in its infancy. Knowing the level of halal purchase intention thus is a prime need of this industry and this research meets that need by exploring the level of Halal purchase intention of Islamic banking product and services.

Though some studies were conducted in the halal purchase intention of other products, studies on halal purchase Intention of Islamic banking is rare. Hence, the present study expands the knowledge of purchase intention in the field of banking services which might be valuable to the Islamic banking industry all over the world. On the other hand, in Bangladesh, it is difficult for managers to understand how customers perceive Islamic bank brands. Thus, the findings of this study might help the Islamic banking industry all over the world to understand how to attract customers to their banks.

This paper is an initial study which have achieved its objective of deriving the dimensions for *halal* purchase intention. Six dimensions has been proposed and tested. The study has several limitations. This study raised some issues which may path ways for future researches. The firms can understand the scope or criterion to focus on in



winning consumer purchasing decision. Understanding how consumers evaluate their purchase intention in buying *Halal* product would contribute to better meeting the needs and expectation of potential consumer.

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