



Factors Influence Intention to Opt for Islamic Investment Schemes among Market Players

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Abstract : Employing theory of reasoned action with religiosity as its additional construct in the model, this paper is aimed at examining factors influence the intention of investors to opt Islamic investment schemes in Malaysia Islamic capital markets. As many as 120 questionnaires were collected from market players in Bursa Malaysia using online survey. Afterwards, the data collected were analyzed using structural equation model to reveal the relationship of variables tested in the proposed model. The result shows that religiosity and subjective norms appeared to be the significant factors affecting intention to choose Islamic investment schemes in Malaysia Islamic capital markets. Interestingly, despite its significant role shown in previous studies, this study has shown insignificant level of the attitude in predicting the intention behavior. The managerial implications are discussed in this paper.

Keywords: Investors' behavior, Islamic investment, Bursa Malaysia

JEL Classification Codes: **G02, G11, G23**

Introduction

Islamic finance, which is touted as one of the fastest growing industry on the planet, has currently gained attention from the Muslims and the non-Muslims around the globe. Policies changes and relaxation of certain rules and regulations in many countries proved the huge interest that lies within the industry. Started as an effort by groups of Muslims striving to do banking islamically (without the element of interest/usury), the Islamic finance industry has grown to be the best alternative for the conventional financial system. Moreover, the interconnected laws and implementation of the industry has forced special acts to be declared thus moving it status higher in the legislation of a country.

Many have said that the most distinct characteristic of Islamic finance is the prohibition of the four elements, namely *riba*' (interest), *gharar* (uncertainty), *maysir* (gambling) and what are considered *haram* (prohibited) in Islamic teachings. These differences, though some may considered as minor and insignificant, but looking at the current implementation of the Islamic finance, these traits differentiate the core principle of the Islamic finance industry from the conventional counterpart. Leaving the discussion of the similarity in practice to the conventional finance or better known as "substance over form" intellectual discourse, this research was done to garner opinion and understanding of the public on what they have perceived as Islamic investment. The arguments over how the real Islamic finance should be implemented shall be reserved to another research.

The history of Islamic capital market in Malaysia goes back to 1990 when the first issuance of Islamic corporate bonds by Shell MDS Sdn Bhd, and later in 1993 Arab Malaysian Unit Trust Berhad launched the first Islamic equity unit trust fund. The Malaysian capital

market regulatory body, Securities Commission (SC) waited until 1995 to set an Islamic Capital Market unit and appoint the *Shariah* Advisory Council (SAC) in 1996 to guide and serve the apex ruling body in *Shariah* permissibility of financial products in the Malaysian Islamic Capital Market. For the first time, in 1997, SAC of SC issued an official list of *Shariah* compliant securities traded in the Kuala Lumpur Stock Exchange (KLSE), currently known as Bursa Malaysia (Bursa), and the list was updated using the new *Shariah* screening methodology introduced in 2013. To date, there are many Islamic financial products offered in the Malaysian Islamic capital market such as, sukuk, unit trust and mutual funds, stocks, real estate investment trust (REITs), and exchange traded funds (ETF).

Boasting itself as the most vibrant country in exploring the possibilities in Islamic finance, Malaysia has the largest exchange listing in terms of global sukuk outstanding. Malaysia prided itself as the undisputed leader in the sukuk market with 66% share of the total global sukuk outstanding in 2010. The Islamic capital market is expected to sustain annual double digit growth to reach almost RM3 trillion in 2020.

Bursa Malaysia stated that less than 30% of the active traders in Bursa Malaysia trading platform are Muslims. The social stigma of trading in shares as prohibited is still ingrained. The SC announced in the latest update that of all the equities traded in the Bursa Malaysia, 89% are *Shariah*-compliant. Random checks on CPO Futures active participants revealed that quite a number of the active traders are Muslims. When scrutinized, apart from the Futures being very liquid, some remisiers claim that the reason for the active participation is due to the *Shariah* Committee of SC ruling that the trade is *Shariah* compliant.

This research focuses on examining the determinants of Islamic capital market participatory behavior among the market players, namely the individual investors, the remisiers, the brokers and the dealers. Due to its difficulties in collecting the data from market players, to the best of authors' knowledge, this study is among the first in its kind and thus can be introduced as a preliminary study, particularly in Malaysian context.

Theoretical and Literature Review

"Behavioral finance is the paradigm where financial markets are studied using models that are less narrow than those based on Von Neumann–Morgenstern expected utility theory and arbitrage assumptions" (Ritter, 2003). It studies a different dimension from the traditional risk and return motives in human investment decision. Ritter (2003) and Statman (2008) listed two components of behavioural study which are cognitive psychology (how people think) and the limits of arbitrage (when markets will be inefficient).

The inability of the traditional framework in explaining the empirical patterns in the capital markets has fuelled the expansion of behavioral study. Statman (2008) proved in his article that investment decisions firstly were based on peoples' perception and secondly cultural differences. The study had used questions such as "do propensities for risk, regret, and maximization, vary by country of origin?", "Do investment decision vary by gender and age?", and "Do level of level of trust and happiness vary by country?". The study outlined several significant outcomes where it concludes that culture does carry significant influence on investment decision. Among notable findings in the research was Malaysians was notably has among the highest propensity for regret and has the lowest level of satisfaction in their life. These findings led to a conclusion that financial advisers should consider clients area of origin when educating and advising their respective clients.

Drawing upon the previous research conducted in determining the investment-decision factors among investors, this study is relied on the Theory of Reasoned Action (TRA) as the main theory to develop a model that fits the variables collected from the market participants. The original theory is then modified to include religiosity as an additional construct to be observed as a factor that affects the investment behavior of the investors. The use of Malaysia as a demographic background is in line with the previous findings in relating cultural differences which is believed to have an impact on the behavioral intention.

Theory of Reasoned Action (TRA)

As mentioned by Ajzen and Fishbein (1975), Gordon Allport said “...attitude is probably the most distinctive and indispensable concept in contemporary American social psychology. No other term appears more frequently in experimental and theoretical literature”. It was said more than 40 years ago and the statement seems to be valid until today. It has even been expanded across continents and the study of attitude has taken place in even wider body of knowledge. The study of attitude, in more definitive and structured manner, which was started by Ajzen and Fishbein in 1975, was not the first of its kind in the field. Yet, the conclusion and theory of reasoned action has been instrumental in setting the course of behavioral intention study till today. Earlier on, the attitudinal study has failed to recognize and organize the attitude’s definition, and how it has significantly affecting the behavior.

Hale, et.al., (2002) observed that TRA model theory was born out of frustration to the traditional discussion of attitude. Most of the frustrations were seen in the weak correlation between attitude, measures and performance of volitional behaviors. TRA is a theory that explains volitional behaviors. The simplest form of TRA can be explained as in equation 1 below:

$$BI = (ATT)W_1 + (SN)W_2 \quad (1)$$

where, BI represents one’s behavioral intention. The behavioral intention is a function of both ATT (one’s attitude towards performing the behavior) and SN (one’s subjective norms related to performing the behavior) and the W_s represent empirically derived weights. TRA postulates that voluntary behavior is directly influenced by behavioral intentions which in turn are directly related to attitude and subjective norms related to the behavior (Hale, et.al., 2002).

TRA Application in Islamic Finance

A number of researches have been conducted in a wide range of knowledge discipline through the application of TRA (e.g. banking, food consumption, internet usage, reading patterns, investment decision) and similar researches within Islamic Finance area has blossomed in the past few years. Researchers have been leveraging the TRA model to study the intention to subscribe or participate in Islamic banking products (Abduh and Omarov, 2013), house financing (Razak and Abduh, 2012; Fauziah, et.al., 2008), depositors withdrawal behavior in Islamic banks (Abduh et al, 2011), Islamic Pawn Broking (Amin and Chong, 2011), Islamic credit cards (Amin, 2013), et cetera. Although the Islamic finance topics covered in previous researches seems to be wide ranging, further improvement can be made to further enhance the Islamic finance body of knowledge in the area of Islamic capital markets.

Fauziah, et.al. (2008) and Razak and Abduh (2012) were focusing on Islamic home financing via Musyarakah Mutanaqisah (Diminishing Partnership, DP) model. Fauziah, et.al. (2008) generalized their findings to the Malaysian context by gathering feedbacks from 300 university students from International Islamic University of Malaysia (47%), University Teknologi MARA (30%) and University Putra Malaysia (23%). Analytical methods namely factor analysis and correlation & regression analysis were used to regress attitude and subjective norms, with behavioral intention as a dependent variable. The research revealed that both Attitude and Subjective Norms positively relate to the intention to use DP. While it is apparent that Attitude is an important determinant of intention, Subjective Norms remains as a better predictor as evidenced by its higher coefficient value.

Research conducted by Abduh et.al. (2011) were to explore the factors influence depositors’ withdrawal behavior in Islamic Banks. In this research, the author employs cluster sampling and Klang Valley is chosen because it is a place where many people from all over the country reside and where most banks' head offices are located at. Due to the unavailability of the list of respondents, this research uses convenient sampling to get a reasonable number of respondents from Islamic banks' depositors. In the analysis, the research tested 24 observed variables and five latent variables. The latent variables are as per Ajzen and Fishbein original

TRA theory - Intention to Behavior (BI), Subjective Norms (SN), and Attitude towards Behavior (ATT), Behavioral Beliefs (BB) and Normative Belief (NB). The results indicate that SN positively influences the intention to withdraw, Attitude towards withdrawal behavior positively influences the intention to withdraw, and Subjective Norms positively influence the attitude towards withdrawal of money from Islamic banks.

In another research conducted in the field of Islamic Pawn Broking (Ar Rahn), Amin and Chong (2011) examine the applicability of the Theory of Reasoned Action (TRA) in the context of Islamic pawnshop using Structural Equation Modeling (SEM). This research is considered as one of the pioneer researches conducted in applying TRA model to the newly emerging context of Islamic pawnshop. The TRA model has been proven to be very relevant for application in this context. The study manages to successfully implement TRA model and has sufficiently addressed the impact of the attitude and subjective norms factors on the Islamic pawnshop use. The study stressed the scarce research conducted using SEM and TRA as theoretical basis for Islamic pawnshop acceptance.

In another research conducted by Amin (2013) within the TRA model framework, the research explores the factors influencing Malaysian bank customers' decisions to choose Islamic credit cards. The research modified the original TRA model by adding another construct - perceived financial cost to attitude and subjective norms. A total of 257 respondents answered the survey and the data was analyzed using Partial least Square (PLS) statistical tool to examine the impact of the factors on the intention via variance-based structural equation model (SEM) for the causal relationship between the constructs affecting the intention to choose Islamic credit cards. In similarity to the previously discussed research on intention to use Islamic pawnshop, TRA model has not been applied in the area of Islamic credit cards.

Although Islamic finance researches has been blossoming in recent years, the study of determinants, motivating factors and perception of the people towards Islamic investment using the TRA model has been scarce and most of the research conducted were concluded using qualitative methods. It is also worthwhile to highlight that the study of determinants in the Islamic capital market applying the TRA as the theoretical model has been scanty. The rarity of the study of determinants in the Islamic capital market and the dearth of researches utilizing the TRA model motivate this study to apply the TRA model in determining the motivating factors for participation in Islamic capital market within the Malaysian landscape. Taking leads from previous research findings, it is justified and fit for purpose to study Malaysian active capital market participants, the factors influencing them into joining or involving in Islamic capital market, owing to Malaysia's reputation as one of the front runners to be established as an international Islamic financial hub in the region and the world. Malaysia provide a fertile ground for this study due to her infrastructural capabilities in building the knowledge workers for the industry, clear commitments from the governments on the future of Islamic finance direction in the country, and for having multicultural and multi-religious background. The next section explains the constructs that has been proposed from the hypothesis formed to be tested in this research.

Appropriate identification of research participants is critical to the science and practice of psychology, particularly for generalizing the findings, making comparisons across replications, and using the evidence in research syntheses and secondary data analyses. If humans participated in the study, report the eligibility and exclusion criteria, including any restrictions based on demographic characteristics.

Religiosity as a Construct to the Intention to Adopt Islamic Financial Products

A number of researches have studied the relationship between religiosity and the behavioral intention towards Islamic finance and financial products. Among those researches are Abduh and Omar (2010), Abduh (2011), Abduh and Omar (2012), and Abduh et.al. (2012).

Abduh and Omar (2010) conducted a survey towards 260 bank customers in Indonesia, particularly in Bogor City, West Jawa. The paper had used awareness on fatwa, zakat payment

and *Shariah* compliance issues as proxies for religiosity. Referring to the variables which survived through the stepwise method of logistic regression, an individual who seeks for *Shariah* compliant deposit account and aware about the fatwa which prohibits bank interest are much more likely to deposit their money at Islamic banks as compared to individuals who are not concern with *Shariah* issues. This can be understood as a religious factor influencing individual's decision to patronize banks. Muslims patronize Islamic banks due to their conviction that it is a sin to receive and pay bank interest. Similar findings found for Abduh et.al. (2012).

Abduh (2011) extracted the information of factors influence individuals to withdraw from Islamic banks. A total of 276 Islamic banking customers in Jakarta, Indonesia, were involved through a direct survey. Factor analysis was carried out to uncover the key dimensions of Indonesian Islamic banking service quality. Next, we use central tendency measurement to extract the information of depositors' withdrawal behavior towards those dimensions. Afterwards, the importance and performance analysis (IPA) was employed to evaluate the level of Indonesian Islamic banking service quality. The exploratory factor analysis uncovered five key dimensions of Indonesian Islamic banking service quality, including reliability, bank-customer relationship, tangibles, Shari`ah issues, and rates and charges. Shari`ah and tangible are the first and second most influence factors for depositors to withdraw their funds from Islamic bank.

In the case of Malaysia, Abduh and Omar (2012) had investigated the Islamic-bank selection criteria towards 279 respondents within the Klang-valley. The Analytic Hierarchy Process was used to rank the criteria based on the respondents' preferences. The result has shown that *Shariah*-compliant attribute is the highest priority before an individual decides to patronize an Islamic bank. The next priorities are given to profitability, bank's reputation, bank's status, facilities and services, and friendly personnel respectively.

Theoretical Framework

This research proposes a model consisting of three constructs with the additional construct, from the original TRA model, religiosity in order to find the relationship between the three constructs with the behavioral intention. In line with the proposed research model, Figure 1 above visualized the model and thus the following hypotheses are of value to be tested:

- H1: Religiosity will have a positive effect on the intention to participate in the Islamic Capital Market.
- H2: Attitude will have a positive effect on the intention to participate in the Islamic Capital Market
- H3: Subjective Norms will have a positive effect on the intention to participate in the Islamic Capital Market

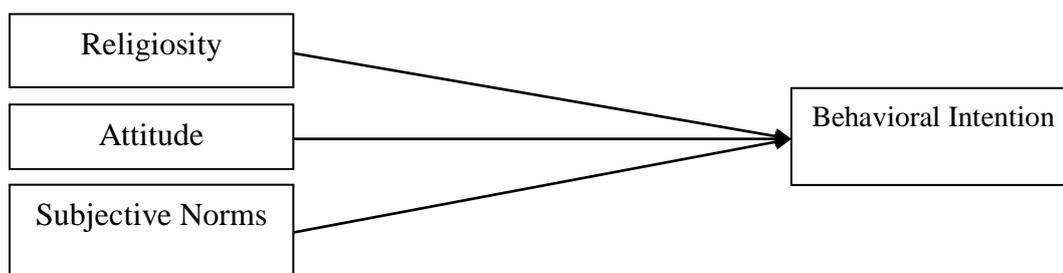


Figure 1
Religiosity as an Additional Construct in TRA Model

Data And Methodology

Data

This research is based on primary data collected through an online survey. With regard to its sample size, the recommendation overtly made by Gorsuch (1983) and Kline (1979) is employed. According to Gorsuch (1983) and Kline (1979) the sample size for a research should not be less than 100. Hair et.al. (2010) also supported the sample size range of 100 to 400 based on other research conducted in search for causal relationship (Table 1). In this study, sample size of 120 respondents is considered as good enough number of respondents following the recommendation made by Gorsuch (1983), Kline (1979) and Hair et.al. (2010).

Table 1
Sample Size Fromulation

Sample Size	Model's Construct
100	≤ 5 constructs with ≥ 3 observed variables
150	≤ 7 constructs with no unidentified construct
300	≤ 7 constructs and/or multiple underidentified
500	Large number of constructs and \leq observed variables

Source: Hair et.al. (2010)

Research Instrument

The survey questionnaire is made up of five parts. In part 1 the respondents fill up a simple demographic survey of gender, race, religion, annual income and self-description of function in the capital market. In Part 2, respondents opinion were identified through a set of nine questions where questions like, do you put religious consideration in your commercial decision, do you consider yourself to be a religious person (rating of 1 to 5 where 5 is the most religious), et cetera. In Part 3, the respondents were requested to self-evaluate their current investment practice in the capital market and questions like, what is the percentage of your current portfolio consist of *Shariah* compliant equities or instruments, what percentage of your *Shariah* counters investments gives return below market rate, et cetera. In Part 4, respondents were asked of the obstacles and incentives of investing in the capital market, and the questions such as what matters most in an investment is the profit, I believe my religious beliefs are reflected in my investment approach, et cetera. Finally, in Part 5, the survey requires respondents to fill up the observed variables for the TRA model, where four elements are measured, namely 1) Attitude, 2) Subjective Norms, 3) Religiosity and 4) Intention to perform.

Structural Equation Model

In using SEM, two important terminologies that need to be understood are exogenous and endogenous variable. Exogenous variable is similar to independent variable and endogenous variable is the dependent variable or outcome variable. Exogenous and endogenous variables can be observed or unobserved, depending on the model being tested. Within the context of structural modeling, exogenous variables represent those constructs that exert an influence on other constructs under study and are not influenced by other factors in the quantitative model. Those constructs identified as endogenous are affected by exogenous and other endogenous variables in the model.

In order for a model to represent sets of data properly, suitability of the model needs to be tested. This study chooses the following goodness of fit indexes to ensure the model fits the data available; CMIN, RMSEA, NFI, TLI, and CFI. CMIN or Chi-Square is an indicator of discrepancy between the model and the data. Most researchers recommend reporting Chi-square as the goodness-of-fit index of the model under the Maximum Likelihood Estimation (MLE).

The rule of thumb for CMIN is that the model is accepted if the value is within 3/1 and 2/1 range. Smaller chi-square value indicates better fit.

One of the most critical indexes in SEM to see model fit is the Root Mean Square Error of Approximation (RMSEA). RMSEA is a modern approach for reliability to model fit. RMSEA was developed as an alternative goodness-of-fit measure due to the sensitivity of the χ^2 statistic to sample size. The best value for RMSEA is less than 0.08. The Normed Fit Index (NFI) is one of the original incremental fit indices. It is a ratio of the difference in the χ^2 value for the fitted model and a null model divided by the χ^2 value for the null model. Its value ranges between 0 and 1, and a model with perfect fit would produce an NFI of 1. The rule of thumb for accepted value of NFI is greater than equal to 0.90.

Furthermore, the TLI is conceptually similar to the NFI, but it varies in that it is actually a comparison of the normed chi-square values for the null and specified model, which to some degree takes into account model complexity. However, the TLI is not normed, and thus its value can fall below 0 and above 1. Usually, models with good fit have values that approach 1, and a model with a higher value suggests a better fit than a model with a lower value.

Lastly, the Comparative Fit Index (CFI) is an incremental fit index that is an improved version of the normed fit index (NFI). The value of CFI ranges between 0 and 1, with higher value indicating better fit. The rule of thumb is that any value of greater than 0.90 is good as model fit and greater than 0.95 is a very good model fit.

Results

Descriptive Analysis

The sample size of the study is 120 Malaysians who are participants of the Malaysian capital market (Table 2). Out of a total of 120 samples, 43 (36%) are female and the remaining are male respondents. This study is participated by a relatively young sample, with 102 participant or 85% of the total sample from the 21 to 50 year old age bracket. The high rate of younger respondents was anticipated because of the survey make use of emails and online survey to collect data that might not be at ease for the older generation of participants.

Majority of the respondents holds a degree or higher qualifications whereby 87 persons or 72.5% of the sample possess a tertiary degree or a post graduate certificate. From the four types of market participants, retail investors contributed the majority of sample gathered with 56 persons or 47% of the total sample. 57 persons or 47.5% of the responders are high income earners with annual earnings in excess of RM 60,000 in a year. It is noticed that the Muslims formed the majority respondents to this study, which suggest that the Muslims might be attracted to participate due to the title of the research of Islamic capital market.

Structural Equation Model

Table 3 below shows the scores of model fit assessed i.e. RMSEA, CMIN/DF, NFI, TLI and CFI. In this case, the NFI value is 0.941 which is more than acceptable value of 0.90, the TLI value is 0.963 which is close to 1 and the CFI value of the default model in this study had shown a very good model fit with value of 0.973.

Table 2
Descriptive Statistics

		Religion				Total
		Islam		Non Islam		
		Count	%	Count	%	Count
Gender	Female	37	31%	6	5%	43
	Male	63	53%	14	12%	77

Age	<20	7	6%	1	1%	8
Group	21-30	33	28%	11	9%	44
	31-40	28	23%	6	5%	34
	41-50	22	18%	2	2%	24
	>50	10	8%	0	0%	10
	HEQ	Secondary	8	7%	1	1%
	Diploma	5	4%	0	0%	5
	Tertiary	46	38%	7	6%	53
	Post Graduate	41	34%	12	10%	53
PDY	Company Dealer (wholesale)	10	8%	4	3%	14
	Remisier (retail)	13	11%	0	0%	13
	Fund Manager (wholesale)	31	26%	6	5%	37
	Retail Investor	46	38%	10	8%	56
Annual Income	<RM30,000	16	13%	0	0%	16
	RM30,001-RM40,000	15	13%	3	3%	18
	RM40,001-RM50,000	14	12%	0	0%	14
	RM50,001-RM60,000	9	8%	6	5%	15
	>RM60,001	46	38%	11	9%	57

Note: HEQ = Highest Education Qualification, PDY = Please Describe Yourself

Table 3

Model Fit Indexes

Root Mean Square Error of Approximation (RMSEA)	CMIN/D F	Normed Fit Index (NFI)	Tucker Lewis Index (TLI)	Comparative Fit Index (CFI)	Remarks
.08	1.789	.941	.963	.973	Acceptable Fit

The hypothesized model appears to be a very good fit to the data and post-hoc modifications was not done because of the good fit of the data to the model. Since all indices show that the proposed model can fit the data, it is safe to say that it is a statistically accepted model for investment behavior of market players in Bursa Malaysia. The coefficients are 0.311, 0.03, and 0.412 for religiosity, attitude, and subjective norm respectively in predicting the intention to perform. However, there were only religiosity and subjective norms found to be statistically significant. This study had failed to prove the attitude as one of the predictor for intention to perform. The R-square shows 0.83 which means that the model could capture 83% of the variation of the data.

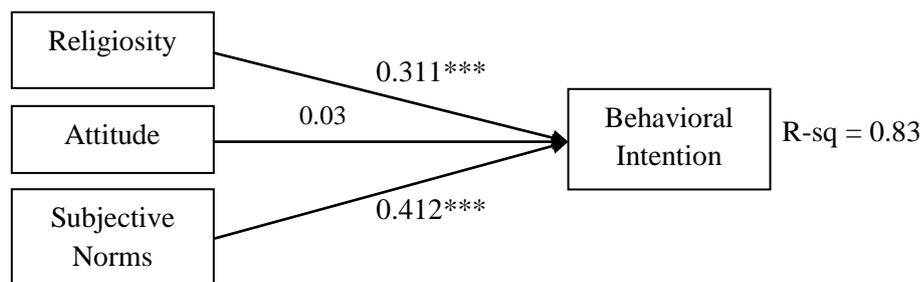


Figure 2
The Path Diagram

Discussion

The main objective of this study is to determine whether attitude, subjective norms and religiosity contribute to market players' behavioral intention in the Malaysian Islamic capital market. The result shows that the independent variables which are attitude, subjective norms, and religiosity could explain up to 83% of the variance in the intention to undertake the Islamic investment. The study depicted that religiosity (H1) and subjective norms (H2) have significant and positive effects which influence the intention to participate in the Islamic capital market.

As to what extend religiosity has an effect on the behavioral intention of market players' decision in participating in Islamic capital market, it is proven that religiosity has a positive and significant impact in affecting the behavioral intention of market participants in Malaysia. Religiosity that this study emphasized is not the registered religion of a person, instead this study focuses on the understanding and responsibility of the believers in applying the religious principles in every aspects of life, including investment decision. The result shows that the higher the investor's religiosity level, the more weight will be given to the fulfillment of Islamic principles and ethics in their investment decision making process, which creates higher possibility for them to opt for Islamic investment schemes rather than conventional schemes.

Table 4
Hypotheses Testing Outcome

No	Hypotheses	Remark
H1:	Religiosity will have a positive effect on the intention to participate in the Islamic Capital Market	Accepted
H2:	Attitude will have a positive effect on the intention to participate in the Islamic Capital Market	Rejected
H3:	Subjective Norms will have a positive effect on the intention to participate in the Islamic Capital Market	Accepted

Secondly, attitude has been found to be insignificant in affecting the behavioral intention in the Islamic capital market, thus H2 is rejected. The insignificance of attitude in affecting the behavioral intention raised a question of whether or not Islamic finance has been portrayed in the best manner in the markets. However, the positive relationship shown between the attitude and the intention reveals that the market participants do invest in the Islamic financial instruments available in the capital market due to its *Shariah* permissibility rather than because of the perceived idea of the good rewards and benefits to the investors. This study implies that despite tremendous amount of academic works contributed towards the study of performance and stability in the Islamic financial instrument, it has not yet impacted the investors.

Lastly, as to what extend subjective norms has an effect on the behavioral intention of market players' decision in participating in Islamic capital market, subjective norms had been proven to be statistically significant in a positive direction in influencing the behavior of Malaysian investors. It indicates that the investors surrounding, opinion from people perceived important, is more effective in influencing the decision making process whether they should or should not invest in Islamic investment schemes.

Conclusion and Suggestion

This study is aimed at investigating the determinants of market players' intention towards Islamic investment schemes in Malaysia Islamic capital markets. Furthermore, originated upon the earlier of the TRA, this study had proposed a modification to be made on the existing model to include Religiosity as an additional construct of the causal relationship. Primary data was collected via online questionnaire survey sent to the capital market

participants irrespective of race, religion and role in the capital market. Using Malaysia as a basis to study the causal relationship within the context of capital market, this study contributed to the Islamic finance body of knowledge in the scope of behavioral study in the Islamic capital market.

From the results, this study concluded that the proposed modified model of TRA is an acceptable model due to the acceptable fit from the goodness of fit indexes of the model. In addition, the results also show that the proposed TRA model can explain 83% variation of behavioral intention in the Islamic capital market. Both Subjective Norms and Religiosity have a significant positive effect on the behavioral intention with the coefficient of .412 and .311 respectively. These outcomes suggest that there are room for behavioral factors in determining the investment decision among investors apart from the traditional risk and return decision.

As this study employed small size of sample, thus, further researches in this field with larger sample size and better categorization in the unit groups of analysis would likely to give more robust results.

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