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- Islamic Banking and Its Implications on Human Capital Development in Nigeria
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- Wider Access to Collateral-Free Financing and The Role of Waqf in Promoting Loss-Profit Sharing Contracts.
- Comparison of Efficiency in Conventional and Islamic Banks Using Data Envelopment Analysis (DEA).
- Islamic Social Finance: A Sustainable Means of Alleviating Poverty



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Karachi, Pakistan.

Ph: +92 (021) 35837315

Fax: +92 (021) 35837315

Email: ia_ib@yahoo.com

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Islamic Financial Services Patronizing Behavior in Tatarstan: An Exploratory Study

By
Ruslan Sabirzyanov*
Muhamad Abduh**

Abstract:

Despite the tremendous growth shown by global Islamic financial services industry, there are Muslim minority countries that have not embraced Islamic finance yet and Russian Federation is one of them. This research is aimed at investigating the people patronizing behavior towards Islamic financial services in the Republic of Tatarstan, the Russian Federation. The theory of reasoned action is adopted to examine the factors affecting Tatarstan citizens' behavioural intention to patronize Islamic financial products and services. Sample size of 517 is available for analysis. Confirmatory factor analysis and structural equation model were used as the method of analyses. The finding shows that awareness had positively influenced people's attitude towards Islamic financial services and subjective norms had positively influenced the intention to patronize Islamic financial institutions. This study evidences that in order to attract more people to patronize Islamic financial institutions, Islamic bankers in Tatarstan can approach people perceived important by the people of Tatarstan such as scholars and teachers.

Keywords: *Islamic finance, patronizing behavior, TRA, Russia, Tatarstan*

1. Introduction

The Republic of Tatarstan is not an independent state but a constituent republic of the Russian Federation, one of the country's 85 federal subjects. The population of the Republic of Tatarstan numbers around 3.838 million and comprises representatives of

* Authors: Ruslan Sabirzyanov is affiliated with IIUM Institute of Islamic Banking and Finance, International Islamic Universiti Malaysia.

** Muhamad Abduh: Department Accounting and Finance. School of Business and Economics, Universiti Brunei Darussalam.

115 ethnic groups; these include Tatars (53.2%), Russians (39.7%), Chuvashes, Udmurts, Mordva, Mari, Ukrainians, Bashkirs and others. 76.1% of Tatarstan residents live in urban areas. Over thousand religious societies have been registered in the territory of the Republic of Tatarstan. The most widely spread religions are Islam and Orthodox Christianity. The Sunni Islam was adopted as official religion in the Volga Bulgaria as early as in 922. At present, it is professed by a majority of Tatars and Bashkirs. The supreme body of Muslims is the Religious Muslim Board of the Republic of Tatarstan.

Tatarstan is among the group of Russian regions with high level of social and economic development. In 2011, Forbes and Ernst and Young ranked Tatarstan as the best region for doing business in Russia. The Republic of Tatarstan is ranked in Russia's top ten regions in terms of the gross regional product with 1,436 billion roubles in 2012. Economic growth has been stable for the past 5 years with the exception of a recession in 2009 due to global financial crisis.

There are several institutions involved in Islamic financial services, namely the Islamic business and finance development fund (IBFD Fund), the Tatarstan International Investment Company (TIIC), Financial House "Amal" (FH-Amal), TatAgroPromBank, the Russian Centre of Islamic Economics and Finance (RCIEF) and Centre for Islamic Economics and Finance Development (CIEFD). TIIC and FH-Amal are merely Shari'ah compliant financial institutions doing financing and investment on the basis of *ijarah*, *murabahah*, *musharakah* and *mudarabah*. On top of that, FH-Amal accepts deposits on the basis of *qard* and *mudarabah*. TatAgroPromBank, in its turn, has not started its Islamic banking operations. However, it is currently developing Islamic banking products and services suitable for Tatarstan and Russian markets. IBFD Fund, RCIEF and CIEFD are key players in Islamic economics and finance education and training in Tatarstan particularly and in Russian Federation in general. These institutions are spreading the knowledge, removing public ignorance and increasing the level of awareness pertaining Islamic economics and finance.

Despite the aforementioned activities, all of the aforesaid organisations reported the low level of recognition and familiarity of Islamic financial products and services by the Tatarstan people. Moreover, the level of awareness among potential consumers of Islamic financial products and services is very crucial in order to develop this sector of finance.

Having this in background, this empirical research aims to explore the role of perceived values and awareness in Islamic financial products and services towards patronizing behaviour of the people in Tatarstan. This study can help to determine the level of awareness of Tatarstan people toward the Islamic financial products and services, which facilitates further researches in this field in order to develop this promising industry. This research will also help existing Islamic financial institutions in Tatarstan to better understand the market, which, eventually, could be a reason for further expansion of their businesses.

2. Literature Review

2.1 Review on Previous Studies

To date Islamic banking and finance attracts more and more researchers in different countries. One of the aspects that are studied is consumer behaviour. Level of awareness and perception of customers are viewed as one of the main concerns for providers of

services and products in any sector of the economy of any country. Islamic financial products and services industry, in its turn, does not remain aside, but also acknowledges the importance of consumer behaviour understanding. Furthermore, understanding the changes in consumer behaviour and proper adjustment of business in line with these changes are necessary for any financial institution to remain competitive in the market.

Considering the structure and composition of Tatarstan population, the most interesting and relevant researches seem to be Turkey, Kazakhstan, Uzbekistan and Dagestan. Turkey, despite the fact of vast majority of its population being Muslims, is a secular country, where, until now, there is no special legislation for Islamic financial institutions, specifically for Islamic banks. Islamic banks in Turkey are called as participatory banks. Kazakhstan, in its turn, is also a Muslim majority country with civil law system similar to Russian. Moreover, Kazakhstan is the first Commonwealth of Independent States (CIS) country, which amended its law to accommodate Islamic finance. Uzbekistan is another CIS country with vast majority of population ngbei Muslims. Still, the legislation for accommodation of Islamic finance is yet to be introduced. However, the Republic of Dagestan is one of the states of Russian Federation like the Republic of Tatarstan, which in turn, both Tatarstan and Dagestan states are of one legal framework set by the Federation.

Okumus and Genc (2013) conducted a study on customer satisfaction and interest-free bank selection in Turkey using 281 responses on given questionnaires. As in previous study majority of respondents chose interest-free banks on religious grounds. However, only about 45% used only participation banks, whereas, remaining 55% used both participation and conventional banks. Among the most important reasons of utilising conventional banking, with 50-60% of response rate, are ‘some products not available at participation banks’, ‘insufficient branch network of participation banks’, ‘lack of available credits with favourable terms in participation banks’ and lack of credit cards with favourable terms participation banks’. All in all, Islamic banks in Turkey should come up with more products and services to satisfy the needs and demands of the current and potential customers. Furthermore, expansion of branches throughout the country is a vital step for the growth and development of the whole Islamic banking industry in Turkey.

With a Muslim population of 281,000, which is a mere 1.5% of the total population of Australia, Islamic finance in Australia cannot obtain government support like in other Muslim minority countries where the proportion of Muslim population is more than 20% of the total country’s population. Despite that, Islamic finance is growing in this country and has a bright future. As awareness is one of the most important factors for any product, Rammal and Zurbruegg (2007) conducted research on the awareness of Islamic banking products among Muslims in Australia. The selection criteria for the survey ensured that respondents were potential customers of Islamic banks. With 300 questionnaires being distributed, 89% of respondents were male. Major findings of the study indicate a willingness of the Australian Muslim community to move to Islamic banks as long as Islamic banking services are competitive with their conventional counterparts. Yet, certain products play crucial role for the potential Islamic banking customers, such as credit facility, brand of the bank et cetera. Moreover, lack of knowledge of basic rulings and principles of Islamic finance is one of the obstacles for Islamic financial institutions to gain momentum in Australia. As a result, educating

Muslims about principles of Islamic finance and increasing Muslims' awareness about Islamic financial services are two things that must be done in order to increase market share of Islamic financial institutions. Not only that, Islamic banking services should be competitive with their conventional counterparts to meet the needs and expectations of the customers.

Kazakhstan is very close to Russia in many aspects and the legal aspect is one of them. Civil law governs both Russia and Kazakhstan. Being parts of the Union of Soviet Socialist Republics (USSR) leaves its mark on the current legislation of both countries. Nonetheless, Kazakhstan is one step further in terms of development of Islamic finance in the country because it has special legislation in order to accommodate Islamic banking and financial practice. Nevertheless, Islamic finance is still at its infancy level, thus competition with conventional finance, which has much longer history than Islamic finance, urges to know the awareness of Muslim population regarding Islamic finance.

Abduh and Omarov (2013) conducted research on Muslim's awareness and willingness to patronize Islamic banking in Kazakhstan. The research targeted only Muslim population of Kazakhstan, which constitutes 65% of total population. This number is similar to that in Republic of Tatarstan. The research used self-administered questionnaires to collect the data. From 400 questionnaires distributed in 5 major cities of Kazakhstan only 300 were available for analysis. The study employed descriptive analysis to obtain the information gathered from the respondents. Vast majority of respondents were from 20 to 49 year old, i.e. economically productive age; and most of them (83%) know about existence of Islamic banking in Kazakhstan. Those who are aware of prohibition of interest in Islam are of the same percentage. Yet, when it comes to principles of Islamic banking, Islamic banking products and differences between Islamic and conventional banking, only 14-16% of respondents know about them. Nonetheless, more than 70% of respondents believe in a high potential of Islamic banking in Kazakhstan and that Islamic banks are able to compete with conventional counterparts and, what is probably most important, they are ready and willing to become clients of Islamic banks in Kazakhstan. They also stated that there is a lack of marketing for Islamic banks. Therefore, it is very important to provide more information pertaining to Islamic banking products and services to the public in order to promote this sector.

Uzbekistan is another country with a law structure similar to Russia. Shaamirova (2014) conducted a research on public perception on the feasibility of introducing Islamic banking in Uzbekistan looking at consumer perspective. As many as 240 responded questionnaires were available for the study. The data was analysed in two stages. First, descriptive statistics method was used. As for second stage, Confirmatory Factor Analysis (CFA), Measurement Model, and Structural Equation Modelling (SEM) were employed. Results of the research show that religious factor plays crucial role in patronizing behaviour of Islamic banking customers. However, attitude and knowledge do not have positive effect on behavioural intention to patronize Islamic banking, as only almost one third of respondents know the difference between Islamic and conventional banking. Furthermore, profitability, quality of services, location, et cetera has an influence on customers' decision-making criteria regarding Islamic banking.

Abduh and Idrisov (2014) conducted study on the role of perceived values and awareness upon the acceptance of Islamic financial products and services in Dagestan.

Dagestan is a state of Russian Federation like Tatarstan. With vast majority of Muslim population, it is a second state of Russia where Islamic financial institutions started their operation. The study employed a survey with 400 responses. This research used similar techniques for data analysis as the one conducted in Uzbekistan (Shaamirova, 2014). Results have shown, that 98% of those who were surveyed are Muslims, and just more than half of them have heard about Islamic finance. Moreover, only mere 6% are familiar with Islamic financial contracts. Nevertheless, around 70% are willing to become customers of Islamic bank. One of the issues that emerge from these findings is public ignorance pertaining to basics of Islamic finance. Therefore, the study suggests that education of public should take place to promote Islamic finance industry.

2.2 Theory of Reasoned Action

This study attempts to determine the factors influencing Islamic financial products and services patronizing behaviour of Tatarstan people. In order to achieve this objective, Theory of Reasoned Action (TRA) of Ajzen and Fishbein (1980) is employed. The strength of this theory lies on its ability to predict the behaviour using several external and internal factors. Razak and Abduh (2012) is among previous studies using TRA in Islamic finance cases, particularly the intentional behavior of Islamic bank customers to subscribe to *musharakah mutanaqisah* home financing.

Behavioural intention of people of Tatarstan toward Islamic financial products and services can be predicted by several factors among which attitude, subjective norms and perceived values which can be done using TRA model. Based on Abduh and Idrisov (2014), awareness is regarded as external variable and has positively influenced attitude. This research, however, adopts and adapts the aforementioned model and thus awareness of people in Tatarstan toward Islamic financial products and services is considered as an external factor. The modified and proposed theoretical framework is illustrated in Figure 1.

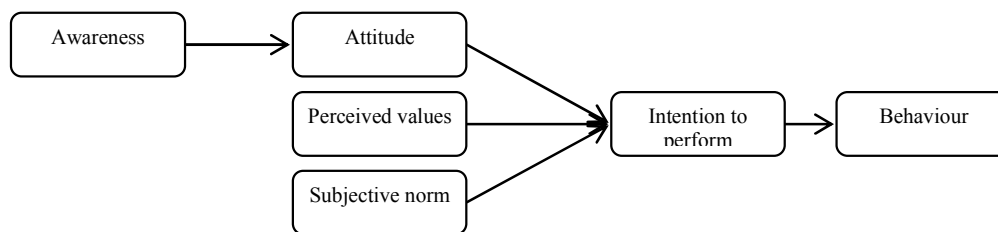


Figure 1. Modified and Proposed Theoretical Framework

Based on the aforesaid studies, the following four hypotheses were developed:

- H1: Perceived values have a positive effect upon the intention of the people to patronize Islamic financial products and services in Tatarstan.
- H2: Subjective norms have a positive effect upon the intention of the people to patronize Islamic financial products and services in Tatarstan.
- H3: Attitude has a positive effect upon the intention of the people to patronize Islamic financial products and services in Tatarstan.
- H4: Awareness has a positive effect upon the attitude of the people towards patronizing Islamic financial products and services in Tatarstan.

3. Data and Methods

3.1 Data

The data was collected from survey which was conducted using the questionnaire within six months starting from June until November of 2014. The questionnaires were distributed in all major cities of the Republic including Kazan, the capital city of Tatarstan, NaberezhnyeChelny, Almetyevsk, Nizhnekamsk, Zelenodolsk, Bolgar, Chistopol, Bugulma, Nurlat, and Zainsk. Total number of questionnaires available for the analysis after screening is 517.

3.2 Variable

This study examines the relationship among five latent variables namely awareness, perceived values, attitude towards Islamic financial products and services, subjective norms and intention to patronize Islamic financial institution. In this regard, awareness of Islamic financial products and services is described by how people acknowledge and understand contracts in Islamic finance, as well as products and services offered by Islamic financial institutions, particularly by Islamic banks. Perceived values toward Islamic financial products and services is described by how products and services offered by Islamic financial institutions can deliver additional value for them and meet the people's extra needs or requirements. Attitude toward Islamic financial products and services is described as people's sense of being comfortable and fulfilled in patronizing Islamic financial products and services. Subjective norm is described as the perception that significant referents think that a person should use Islamic financial products and services. In this study, the intention to patronize Islamic financial products and services in Tatarstan is used as the dependent variable.

3.3 Confirmatory Factor Analysis and Structural Equation Model

Confirmatory factor analysis (CFA) is applied to inspect the number of latent variables (constructs or factors) underlying the observed variables and to evaluate the adequacy of observed variables (indicators) for the latent variables they are supposed to measure. Basically, each construct included in the model is usually measured by a set of observed indicators. Hence, in a CFA model no specific directional relationships are assumed to be between the constructs. The assumption is only on that constructs are potentially correlated with each other. In CFA, the specified theoretical hypothesised model is statistically tested for significance, in other words, whether the sample data confirm that model. Furthermore, the number of factors is assumed to be known. The researcher specifies number factors (latent variables), which factors are correlated as well as the observed variables (indicators) that measure each factor (Schumacker & Lomax, 2010).

Structural equation model (SEM) is a statistical method that takes a confirmatory (i.e. hypothesis-testing) approach to the multivariate analysis of a structural theory bearing on some phenomenon. Typically, this theory represents 'causal' processes that generate observations on multiple variables (Byrne, 1998). Generally, every SEM analysis including CFA goes through the steps of model specification, model identification, model testing, and, possibly model modification (Bollen & Long, 1993). All steps will be discussed together with the output in the following section.

4. Findings and Discussion

4.1 Demography

Table 1 shows that majority of respondents of the survey are males with 62.5%. An interesting point to be put forward is that more than three quarters of respondents' age is between 18 to 35 years, which equates to 405 respondents.

Table 1. Demography of Respondents

Parameter	Items	Frequency	Percentage
Gender	Male	323	62.5
	Female	194	37.5
Age	18 – 25 years	167	32.3
	26 – 35 years	238	46.0
	36 – 45 years	58	11.2
	46 – 55 years	22	4.3
	56 and above	32	6.2
Religion	Islam	411	79.5
	Others	106	20.5
Marital Status	Married	278	53.8
	Not married	239	46.2
Level of Education	Elementary – High school	84	16.2
	Diploma	82	15.9
	Undergraduate degree	294	56.9
	Postgraduate	57	11.0
Occupation	Entrepreneur	63	12.2
	Government employee	48	9.3
	Employee of private company	169	32.7
	Student	99	19.1
	Teacher	63	12.2
	Others	75	14.5
Monthly Income Level	Less than 10000 rub	136	26.3
	10000 – 20000 rub	145	28.0
	20001 – 50000 rub	171	33.1
	50001 – 100000 rub	46	8.9
	More than 100000 rub	19	3.7

Another interesting point that needs to be highlighted is that almost four fifths of respondents are confessing as a Muslim. Although, more than 40% of population of the Republic of Tatarstan are representing other religions and beliefs than Islam, only 20.5% of the respondents of the survey do not confess religion of Islam. As for marital status, the number of both married and not married groups of respondents is similar, with the number of married respondents slightly bigger than the number of not married respondents.

Furthermore, in terms of the current maximum level of education, the number of bachelor degree holders overpasses the total number of school graduates, diploma holders and postgraduate degree holders, representing 16.2%, 15.9% and 11% of the total number of the respondents respectively. As for current occupation there are two major groups

representing more than half of the respondents, namely employees of private companies (32.7%) and those involved in education sector (31.3%) comprising of students and teachers.

The last parameter is the monthly income level. Just above quarter of the total number of respondents have an income level below 10,000 Russian Roubles per month (136 out of 517). As many as 145 respondents (28%) have monthly income level between 10,000 and 20,000 Russian Roubles and about one third of the total number of the respondents state their income level between 20,001 and 50,000 Russian Roubles per month. The remaining two groups represent minority with only 12.6% of the total number of the respondents combined together.

As many as 305 respondents said that they have heard about Islamic financial institution and its products and services while 212 respondents said that they knew about Islamic banking but not clear about its products and services.

4.2 Awareness

Table 2 provides the statistical results on the level of awareness of Islamic financial products and services in Tatarstan. Interestingly, for each question the percentages of those who are not familiar at all or just not familiar are higher than 82%. The statistics shows that only 28 out of 517 respondents (5.4%) are very familiar about existence of Islamic financial services and their advertisement in Tatarstan. It is followed by the number of familiar respondents, who denote 12.4% only. Remaining figures are more significant with 38.1% of less familiar and 44.1% of those who are not familiar at all.

Table 2. Awareness towards Islamic Financial Products and Services

Parameter	Frequency	Percentage
Existence of Islamic financial services and their advertisement in Tatarstan		
Not familiar at all	228	44.1
Less familiar	197	38.1
Familiar	64	12.4
Very familiar	28	5.4
Contracts in Islamic finance: <i>murabahah, mudarabah, musharakah, ijarah</i>		
Not familiar at all	308	59.6
Less familiar	129	25.0
Familiar	44	8.5
Very familiar	36	7.0
Profit and loss sharing concept, investment in <i>halal</i> industry, no <i>riba</i>		
Not familiar at all	253	48.9
Less familiar	177	34.2
Familiar	55	10.6
Very familiar	32	6.2

4.3 Perceived Values

Although the awareness level of the respondents toward Islamic financial products and services in Tatarstan is low, the level of perceived values is considerably high. For instance those who believe that Islamic banks will play big role in poverty elimination encompass 39.5% of the total number of the respondents. Furthermore, 22.2% of the respondents strongly agree with the statement.

As for the statement of Islamic banks serving the low income community in Tatarstan, 108 out of 517 respondents (20.9%) strongly agree and 222 out of 517 respondents (42.9%) agree with it. The percentage of those who strongly disagree with this statement is the same with those who strongly disagree that Islamic banks will fulfil the banking need of Muslims in Tatarstan, and it equals to 5% only (26 out of 517 respondents). Nevertheless, majority strongly agree or just agree with the latter statement.

Table 3. Perceived Values regarding Islamic Financial Products and Services

Parameter	Frequency	Percentage
I believe Islamic banks will play big role in poverty elimination		
Strongly disagree	23	4.4
Disagree	58	11.2
Neutral	117	22.6
Agree	204	39.5
Strongly agree	115	22.2
I believe Islamic banks will serve low income community in Tatarstan		
Strongly disagree	26	5.0
Disagree	60	11.6
Neutral	101	19.5
Agree	222	42.9
Strongly agree	108	20.9
I believe Islamic finance will fulfil the financial needs of Muslims in Tatarstan		
Strongly disagree	26	5.0
Disagree	49	9.5
Neutral	89	17.2
Agree	227	43.9
Strongly agree	126	24.4

4.4 Reliability Analysis

The reliability test was done using Cronbach's alpha. From table 4.10, which shows the values of Cronbach's alpha for every factor (latent variable) in theoretical model, it

can be seen that Cronbah's alpha for all factors are above the minimum required value of 0.7. It indicates that all variables are reliable as it is recommended by Hair et.al. (2010). Based on the figures from the table below, the Cronbah's alpha for respondents' awareness, perceived values, attitude, subjective norms and intention are 0.865, 0.898, 0.909, 0.883 and 0.936 respectively.

Table 4. Cronbach's Alpha Values for Every Factor

Factor	Number of indicators	Cronbach's Alpha
Awareness (AW)	3	0.865
Perceived Values (PV)	3	0.898
Attitude (ATT)	4	0.909
Subjective Norms (SN)	3	0.883
Intention to Perform (INT)	3	0.936

4.5 Model Modification

As can be seen from the Table 5, fit indices do not satisfy goodness-of-fit of the model. The indices should satisfy the following conditions, namely χ^2/df should be less or equal to 5.00; NFI, RFI, IFI, TLI and CFI should be more than 0.9; and RMSEA should be less 0.08. Therefore, there is a need for model modification.

Table 5. Fit Indices

χ^2/df	NFI	RFI	IFI	TLI	CFI	RMSEA
22.025	0.704	0.652	0.713	0.662	0.713	0.202

For model modification, in order to obtain a better fitting for the hypothesized model, the approach provided by 'IBM SPSS AMOS version 21' can be used. Kline (2011) said that this approach can show us which path of covariance should be added or removed to improve the model fit. As suggested by the software, initially, double headed arrows of covariances between factors (latent variables) 'Awareness' and 'Perceived values', 'Awareness' and 'Subjective norms' as well as 'Perceived values' and 'Subjective norms' were added. These modifications showed positive effect on the model fit since χ^2/df and RMSEA values decreased to 12.715 and 0.151 accordingly. Moreover, values of NFI, RFI, IFI, TLI and CFI increased to 0.834, 0.799, 0.845, 0.812 and 0.845 respectively. However, the indices showed that the model is still not well fitted.

Therefore, again double headed arrows of covariances were added between 'e1' and 'e2'; 'e2' and 'e3'; as well as 'e1' and 'e3', to remove residual 'e4' as it caused high error in the model and could not be correlated with other residuals, and double headed arrows of covariances between pairs of unobserved variables 'e8' and 'e10'; 'e11' and 'e12'; as well as 'e14' and 'e15'.

After all modifications, Table 6 shows the fit indices satisfied the following conditions, specifically $\chi^2/df < 5.00$; NFI, RFI, IFI, TLI and CFI > 0.9 ; and RMSEA < 0.08 . Given that all indices values are statistically acceptable the modified measurement model is considered as the one to explain Islamic financial products and services patronizing behaviour in the Republic of Tatarstan taking into account the role of perceived values and awareness among people of Tatarstan.

Table 6. Fit Indices after Modification

χ^2/df	NFI	RFI	IFI	TLI	CFI	RMSEA
3.841	0.957	0.943	0.968	0.957	0.968	0.074

4.5 Test the Hypotheses

After the goodness-of-fit of the model is achieved, the model can be used to evaluate the hypotheses developed in this research. The study has four hypotheses in total that are driven from previous literature. Table 7 shows the results of the hypotheses testing whereby, one can find the estimates, standard errors, critical ratios and p-values. It can be seen from the table that only two hypotheses are supported by the results of the model testing with $p < 0.05$. While two hypotheses are rejected due to the fact that they were found to be not significant as $p > 0.05$.

Table 7. Estimates of the Hypothesized Model

Structural Path		Estimate	Std. Error	Critical Ratio	p-value
Attitude	<--- Awareness	3.724	0.815	4.568	***
Intention	<--- Attitude	0.03	0.066	0.45	0.65
Intention	<--- Subjective Norms	1.32	0.082	16.124	***
Intention	<--- Perceived Values	-0.119	0.051	-2.315	0.21

The findings indicate that only subjective norms have significant positive influence towards the intention to patronize Islamic financial products and services among people of the Republic of Tatarstan. This means that people are heavily considering the opinion or words of what people perceived important to them and put aside their own opinion or attitude towards the decision of whether or not they should patronize Islamic financial products and services. It is also proven that awareness regarding Islamic finance has a crucial influence on the attitude of Tatarstan people toward Islamic financial products and services. Nonetheless, this study discovered that perceived values do not play a significant role in behavioural intention in patronizing Islamic financial products and services in Tatarstan. In other words, perceptions that Islamic banks will play big role in poverty elimination, will serve low income community in Tatarstan or will fulfil the financial needs of Muslims in Tatarstan are not important in influencing their intention to patronize Islamic financial products and services. Therefore, similar to Abduh and Omar (2010) and Abduh and Omar (2012), it is recommended that Islamic financial institutions in Tatarstan to focus on providing quality Shari'ah compliant services compatible with conventional counterparts.

5. Conclusion

Using modified TRA model, this study is aimed at examining the factors influencing Islamic financial products and services patronizing behaviour in Russian Federation, particularly in Tatarstan. In terms of knowledge about Islamic finance it is interesting to note that more than a half of respondents have heard of Islamic finance. On the other hand, those who are not aware about Islamic finance denote 41% of the total number of the respondents. In addition, it is important to note that that 'subjective norms'

is the key factor in intention to patronize Islamic financial products and services in Tatarstan.

Due to the lack of literature related to the area of the current study pertaining to Islamic financial products and services in Tatarstan, the present paper can be considered as a potential area for the new line of future research. As with all such studies, there are limitations that offer opportunities for further research. In view of the fact that the current study is the first on the topic of Islamic finance in the Republic of Tatarstan there are few limitations that include number of parameters of the hypothesized model, number of indicators (observed variables) as well as sample size. All the aforementioned elements can be improved further in next researches.

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