

Promoting Islamic financial ecosystem to improve halal industry performance in Indonesia: a demand and supply analysis

Promoting
Islamic
financial
ecosystem

Received 16 December 2019
Revised 9 April 2020
Accepted 10 April 2020

Setiawan Budi Utomo and Ratih Sekaryuni

*Department of Research in Financial Services Sector,
Financial Services Authority of Indonesia, Central Jakarta, Indonesia, and*

Agus Widarjono, Achmad Tohirin and Heri Sudarsono

Department of Economics, Faculty of Business and Economics, Universitas Islam Indonesia, Yogyakarta, Indonesia, and Center for Islamic Economics Studies and Development (CIESD), Faculty of Business and Economics, Universitas Islam Indonesia, Yogyakarta, Indonesia

Abstract

Purpose – The purpose of this study is to identify and explore the role of Islamic financing in supporting development of halal industry in Indonesia.

Design/methodology/approach – This research is divided into two studies. The first study uses survey-based quantitative method and the second study uses focus group discussion (FGD) method. Using a purposive and proportional sampling technique in the first study, this research collected 1,985 samples of Islamic financial products of business owners (demand-side) from all parts of Indonesia. The data were analyzed using the partial least square structural equation modeling approach. The authors also conducted FGDs, involving 35 participants from government, financial, social and education institutions (supply-side) as well as business owners (demand-side) in three separated times.

Findings – In the first study, it can be identified that literacy on Islamic finance, attitude and awareness strongly affect business owners' intention to use Islamic financial products. It is also found that subjective norm significantly influences literacy, attitude and awareness. Interestingly, religiosity does not significantly affect attitude toward Islamic financial products. According to the FGD in the second study, this research generates several factors motivating business owners' preference to choose conventional rather than Islamic financial products, including expensive pricing, less developed technology, bad service quality and the halal status of the products. The reason for insignificant results of religiosity on attitude in the first study is explained in the second study. Most users are utilitarians who mainly perceived the products based on the sought benefits provided by the products.

This paper is part of the research project on “Promoting Islamic financial ecosystem to improve halal industry performance in Indonesia: a demand and supply analysis” funded by the Otoritas Jasa Keuangan/OJK.

The views expressed in this paper are the authors' only and do not necessarily reflect those of Otoritas Jasa Keuangan (OJK).

The authors thank Primandanu FA (Analyst), Jelita S. Rofifa and M. Algifari as research assistants in the development of this paper. They also thank the anonymous referee, the editor and the panelists and participants at the OJK Working Paper Seminar in Solo in August 2019 for their valuable comments and suggestions on the earlier version of this paper.



Practical implications – This research offers the government a road map showing the strategy to build Islamic financial ecosystem in Indonesia. The road map integrates supply-side, which includes government, financial industries, social and education institutions and scientific organizations, and demand-side, which includes business owners or entrepreneur associations.

Originality/value – This research provides a wide range of samples derived from business owners' respondents of halal industry in all representative islands in Indonesia. Therefore, it gives more holistic and representative findings. In addition, the analysis in this research covers not only the demand-side but also the supply-side perspective. Lastly, this research provides an Islamic financial ecosystem model that integrates all stakeholders to improve halal industry performance as a whole.

Keywords Religiosity, Subjective norm, Islamic financial literacy, Attitude awareness, Intention, Halal industry

Paper type Research paper

1. Introduction

There has been an increasing trend to use halal products in many countries worldwide. Such situation indicates an escalating social awareness to recognize the quality and standards of halal products (Gillani *et al.*, 2016). Public knowledge about halal products has helped increase the growth of the halal industry (Hamdan *et al.*, 2013; Abdul Rahman *et al.*, 2013). Halal is a requirement for Muslims intended not only for the afterlife but also for the worldly interests (Bohari *et al.*, 2013).

Halal is not merely a new trend, but rather it has become a new paradigm (Wilson, 2014). It is now considered as a highly important part for the Muslims' life (Wilson and Liu, 2011). As the society becomes more aware of the halal products, it turns to drive the businessman to be more sensitive in running the business. Halal business is not only a matter of producing halal goods and services, but also a matter of building a strong business strategy (Wilson and Liu, 2010).

Halal industry can be defined as all economic activities producing goods or services that do not violate Islamic principles (Laldin, 2006). Islamic principles create a new paradigm of managing the business in several industries (Wilson, 2014). The halal industry includes all human activities in several sectors including food, beverages, pharmaceuticals, tourism, transportation, logistics as well as financial systems such as banking. Halal business owners not only cover the demand-side such as business owners and users, but also include the supply-side such as government, financial institutions and producers. All these stakeholders must be integrated to add more value to Muslim community.

Indonesia as the largest Muslim majority country in the world has an enormous potential in optimizing the halal industry. Based on Islamic Financial Services Board's Stability Report data for 2018/2019, the total global Islamic financial assets at the end of 2017 reached about US\$2,050.2bn. Meanwhile, according to the State of the Global Islamic Economy Report of 2019, Islamic financial assets in 2017 amounted to US\$2,438bn, and in 2023, the global Islamic financial assets are predicted to reach about US\$3,809bn (Salaam Gateway, 2019). The report also shows that in 2023, the estimated total assets of several halal industrial sectors such as halal food, finance, travel, fashion, medicine, entertainment media and cosmetics are expected to experience an average increase of 31%.

Ideally, Islamic financial institutions should play an important part in halal industry. The high level of interaction between Islamic financial institutions and the halal industry shows the high level of accommodation of Islamic financial institutions to the halal industry, and vice versa (Tan *et al.*, 2012). Therefore, building an integrated partnership is highly recommended by several researchers (Ishak and Man, 2011).

The integration between the halal industry and Islamic financial institutions to create an Islamic ecosystem has a bright potential. Some empirical studies showing the positive attitude and behavioral intentions of both Muslims and non-Muslims toward Islamic financial products support this integration. This is evidenced by [Amin *et al.* \(2011\)](#) in Malaysia and [Echchabi and Azouzi \(2015\)](#) in Tunisia. All of the research findings indicate a positive customer attitude toward Islamic financial products. Moreover, in Malaysia, as many as 80% of the business owners have been committed to using Islamic financial services ([Osman and Ali, 2008](#)). However, in Indonesia, the government's efforts to integrate halal industry and Islamic financial institutions have yet to meet success criteria. A service and facilities improvement can help develop a mutually beneficial partnership model between Islamic banking and business owners ([Gillani *et al.* \(2016\)](#)).

Previous studies have shown that intention to choose Islamic products are influenced by awareness ([Abduh and Idrisov, 2014](#); [Husin and Rahman, 2016](#)). In the context of financial decision, [Jamal *et al.* \(2015\)](#) and [Badshah *et al.* \(2014\)](#) found that it is strongly influenced by Islamic financial literacy. Theory of planned behavior (TPB) coupled with knowledge and religiosity is also used to predict intention to purchase Islamic home financing. However, those previous studies were mainly conducted with a sample size of less than 1,000. In addition, previous studies do not have a deep reasoning about the model's results, and are yet to offer a comprehensive integrative model to improve halal industry as a whole.

Therefore, in general, the purpose of this paper is to identify and to explore problems that might challenge the development of halal industry. Specifically, the purpose of this study is divided into two studies. The first study is aimed to identify which are the factors among religiosity, subjective norm, Islamic financial literacy, awareness and attitude, that strongly affect business owners' preference to purchase or use Islamic financial products. The second study is aimed to explore problems perceived by business owners (demand-side) and producers (supply-side) in halal industry context. It also aims to confirm the results in the first study. In the end, by combining the demand- and supply-side perspective, this study offers an integrative model of Islamic financial ecosystem to minimize the problems perceived by the halal industry players.

2. Literature review and hypotheses

2.1 Religiosity and Islamic financial literacy

Some studies suggest that religiosity is an important social factor that can influence human behavior including consumption patterns ([Weaver and Agle, 2002](#); [Cleveland *et al.*, 2013](#)) and shopping orientation ([Mokhlis, 2009](#)). These effects are proven to be consistent in various contexts. In Malaysia, [Alam and Sayuti \(2011\)](#) confirmed the effect of Muslim religiosity on general consumer behavioral intentions. In another context, [Golan and Day \(2010\)](#) proved the effect of religiosity on perceived media credibility. Religiosity also impacts perceived advertising credibility ([Ketelaar *et al.*, 2015](#)), retail store selection ([Mcdaniel and Burnett, 1990](#)), halal products ([Mukhtar and Butt, 2012](#)), self-control and social acceptance ([Welch *et al.*, 2006](#)).

Religiosity is an important factor in shaping consumer attitudes and behavior. The level of one's Islamic financial literacy can also be influenced by the level of religiosity. Several studies focusing on non-specific denomination samples have shown a positive correlation between religiosity and education level ([LaRose, 2009](#)). In addition, [Regnerus and Elder \(2003\)](#) also stated that religiosity can encourage someone to be better educated. Thus, there is some evidence of an effect of the level of religiosity on the level of education or literacy.

However, several studies have also found that a person's level of religiosity is negatively related to the level of literacy, as found by [Lehrer \(1999\)](#), [Darnell and Sherkat \(1997\)](#), [Keysar and Kosmin \(1995\)](#) and [Rhodes and Nam \(1970\)](#). However, these negative findings occurred in

the context of Christian consumers. This study uses Muslims as the context. A Muslim with high religiosity is assumed to have heard or known several terminologies in the context of Islamic finance and banking services, such as *riba* (usury), *gharar* and *maisir*. Therefore, religiosity of business owners can positively have an impact on their Islamic financial literacy.

H1. There is a positive effect of religiosity on Islamic financial literacy of business owners in the halal industry.

2.2 Religiosity, attitude and awareness

Muslim consumers will try to make consumption in accordance with religious norms (Alam and Sayuti, 2011). McDaniel and Burnett (1990) stated that religious beliefs are a strong predictor of consumer behavior, which can also include attitudes (Graafland, 2017) and intention to behave. Individuals who have a strong commitment to their religious beliefs will tend to like products that have similar religious affiliations or attributes (Aji, 2018). Gayatri and Hume (2005) found that the value of Islamic culture held by a Muslim strongly influenced the choice of restaurants, hotels and aviation services. Alam *et al.* (2012) in their study also found that religiosity together with TPB had a significant impact on attitudes and intentions to use Islamic funding.

A person's awareness can also be influenced by the level of religiosity. As explained earlier, religiosity can shape a person's attitude and behavior (McDaniel and Burnett, 1990). Theoretically, awareness can be defined as an individual's interest in something (Ambali and Bakar, 2013). Someone who has a strong connection with his/her beliefs will immediately realize or be aware of something related to his/her beliefs. Therefore, in this study, religiosity is hypothesized to have a positive impact on business owners' awareness to use Islamic financial products.

H2. There is a positive effect of religiosity on business owners' attitude toward Islamic financial products.

H3. There is a positive effect of religiosity on business owners' awareness toward Islamic financial products.

2.3 Subjective norm and Islamic financial literacy

Subjective norm is defined as the individual perception of social pressure to do or not to do a behavior (Ajzen and Fishbein, 1980). Ajzen (1991) defined subjective norms as normative beliefs related to the possibility that the most important people will agree or disagree if someone is doing certain behaviors. Peter and Olson (2010) defined subjective norms as components that reflect consumers' perceptions of individual expectations so that other individuals may take action.

From its meaning, subjective norm is similar to social norm in other definitions. Mackie *et al.* (2012) divided social norms into two, namely, descriptive and injunctive norms. Descriptive norm is related to social behavior at a particular location, whereas injunctive norm assumes that social truth originates in moral beliefs or beliefs (Berkowitz, 2004; Burchell *et al.*, 2013).

A person's attitude and decisions are strongly influenced by what is done by the surrounding community, especially by those who are considered important in life (Ajzen, 1991). This attitude can also affect the level of individual literacy in society. To be accepted into a particular social group, an individual must follow the literacy standard of the population in a social group. The difference in literacy levels will create discomfort.

Someone who comes from an educated family will certainly pursue the same level of education as the other family members. Family is one of the several strong reasons for students in Indonesia to pursue a higher level of study (Kusumawati, 2013; Praboyo and Soedarsono, 2015). Thus, this study hypothesizes that subjective norms have a significant impact on Islamic financial literacy.

- H4. There is an effect of subjective norm on Islamic financial literacy of business owners in Indonesia.

2.4 Subjective norm, attitude and awareness

Ganassali *et al.* (2006) stated in a social psychology theory that social perception, pressure, appreciation and sanctions have a very strong impact on the behavior of an individual in a society. In TPB, subjective norm is proven to be a strong predictor of attitude. Empirically, it has also been proven in various research contexts. Alam and Sayuti (2011) for example, have proven the significant impact of subjective norms on attitudes toward halal food. Similarly, Aji and Dharmmesta (2019) proved the existence of social influences that play a role in shaping Christian consumers' attitude toward Islamic television advertisements. Likewise, the same result was revealed in the context of the Islamic financial industry as proven by Balushi *et al.* (2018), Albashir *et al.* (2018) and Jaffar *et al.* (2014). Based on this, in the context of this study, subjective norms are predicted to have a significant impact on attitudes toward and awareness of Islamic financial products.

- H5. There is an effect of subjective norm on business owners' attitude toward Islamic financial products.
- H6. There is an effect of subjective norm on business owners' awareness of Islamic financial products.

2.5 Awareness, attitude and intention to use Islamic financial products

Theoretically, awareness includes human perception and cognitive reactions to a certain condition. Awareness does not require a person to understand or be knowledgeable. Therefore, awareness is different from literacy or knowledge. In the context of the halal industry, awareness means an interest in halal products and what happens in the halal industry (Ambali and Bakar, 2013). Awareness is the first step in the process of purchasing a product or service, in which customers who initially do not know about the product become familiar with the existing product or service (Bashir *et al.*, 2019).

Previous research confirmed that awareness is the first step of customer involvement in products or services purchased (Ayinde and Echchabi, 2012; Abduh and Idrisov, 2014; Husin and Rahman, 2016). For example, Abduh and Idrisov (2014) tested the intention of customers in Dagestan, Russia to use Islamic banks. They found that customer awareness of Islamic bank products in Russia was still quite low at only 11.8%, but they found that awareness had a significant positive effect on customer's attitudes toward Islamic banks.

Husin and Rahman (2016) examined Islamic insurance (*takaful*) in Klang Valley, Malaysia. They found that awareness had a significant positive effect on customer's attitude toward *takaful*. In a similar context, Ayinde and Echchabi (2012), who examined 200 respondents in Malaysia, found that awareness had a significant positive effect on intention to use *takaful* products. On this basis, it can be implied that the higher the customer awareness of Islamic financial products, the more likely they will use Islamic financial products.

-
- H7. There is an effect of Islamic financial products' awareness on business owners' attitudes toward Islamic financial products.
- H8. There is an effect of Islamic financial products' awareness on business owners' intention to use Islamic financial products.

2.6 Islamic financial literacy, attitude and intention to use Islamic financial products

Financial literacy can also be defined as financial knowledge (Hilgert *et al.*, 2002). Based on Otoritas Jasa Keuangan's (OJK) National Strategy on Indonesian Financial Literacy, a person can be said to be well-literate if he/she have knowledge and beliefs about financial institutions, products and services, and skills in understanding the features, benefits, risks, rights and obligations of financial products (Otoritas Jasa Keuangan, 2017).

Several studies have shown the influence of financial literacy on financial decisions. Jamal *et al.* (2015) conducted a research in Sabah, Malaysia and found that financial literacy had a significant positive effect on attitude and saving behavior. In addition, Badshah *et al.* (2014) found that financial literacy had an effect on short-term investment intentions in Pakistan. Therefore, in the context of this study, the high level of Islamic financial literacy is positively related to business owners' attitude and intention to use Islamic financial products.

- H9. There is an effect of Islamic financial literacy on business owners' attitude toward Islamic financial products.
- H10. There is an effect of Islamic financial literacy on business owners' intention to use Islamic financial products.

2.7 Attitude and intention to use Islamic financial products

Attitude in marketing literature is defined as the overall evaluation of an object (Peter and Olson, 2010). In the context of halal products, attitude is a person's evaluation of halal product consumptions (Marmaya *et al.*, 2019), which can then influence the intention to purchase halal products (Alam and Sayuti, 2011). In the context of social psychology, it is said that attitude is the best predictor of an individual's actions or behavior (Farhat *et al.*, 2019). In addition, consumer attitude has the potential to influence customer intentions to purchase products or services (Davis *et al.* 1989). Previous research about family *takaful* found that attitude is an antecedent of intention to use family *takaful* (Farhat *et al.*, 2019). In terms of this study, the positive attitude of business owners toward Islamic financial products is predicted to have a positive impact on their intentions in using Islamic financial products (Figure 1).

- H11. There is an effect of business owners' attitude on intention to use Islamic financial products.

3. Research methods

This research is divided into two studies. The first study has a purpose to identify factors influencing intention to choose Islamic financial products. Whereas the second study is aimed to explore the problems from the demand- and supply-side in relation with halal industry performance. The research flow can be seen in Figure 2.

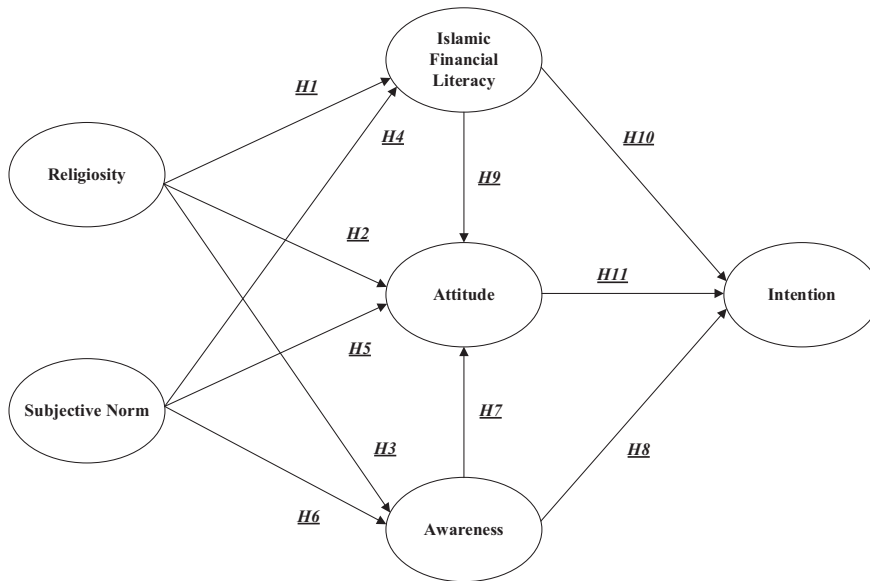


Figure 1.
Research model

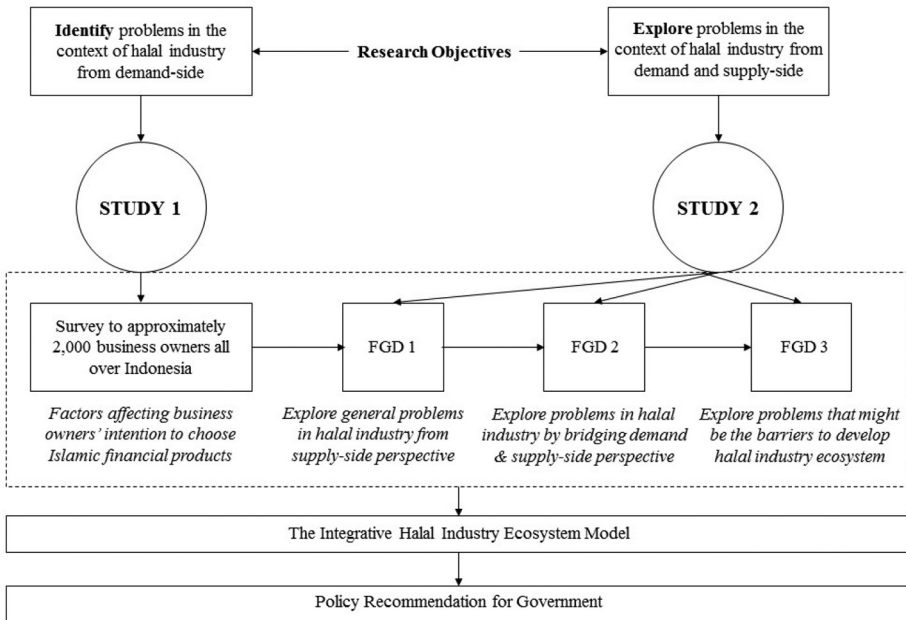


Figure 2.
Research flow

3.1 Study 1

3.1.1 Design. To identify some factors in the first study, a survey-based quantitative method was implemented. The model was tested using structural equation modeling (SEM). Questionnaires were distributed online and offline. The online questionnaire was made by

Microsoft form and distributed via social media. To distribute the questionnaire directly, enumerators were prepared to selected locations in Indonesia. Respondents were requested to answer questions on a five-point Likert scale, ranging from “strongly agree” to “strongly disagree.”

3.1.2 Data collection and sampling technique. This study used purposive and proportional sampling techniques by taking into account the type of industry and the proportion of regional distribution to represent the halal industry in Indonesia. Purposively, the respondents of this study were the player in halal industry. The respondents were not only limited to the business owners but also covered the managers who have central or strategic decision-making authority. The halal industry in this study was classified into large, medium and small industries. According to the Indonesian Central Statistics Agency, industry scale can be distinguished based on the number of employees, in which large, medium and small industries are industries which consists of companies with more than 100 employees, 20-99 employees and 5-19 employees, respectively. Proportionally, the sample was divided based on the OJK’s data on the amount of financing from Islamic banking to small and medium industries. According to the data, the distribution percentage of Islamic banking financing was 17% in Sumatera island, 76.03% in Java and Bali islands, 0.42% in Kalimantan, 2.08% in Sulawesi and Maluku islands and 4.47% in Nusa Tenggara island.

3.1.3 Items measurement. All items in this paper were taken from previously validated instruments. Religiosity was measured by scales from Barro and Mcclary (2003) and Jamal and Sharifuddin (2015). The constructs of subjective norm, attitude and behavioral intention were measured by scales from Ajzen (1991), while Islamic financial literacy was measured by scales adapted from Otoritas Jasa Keuangan (2017).

3.1.4 Data analysis. The data in this study were tested by using SmartPLS version 3.0 M. SmartPLS uses the partial least square (PLS) approach. PLS is one of the alternative methods of model estimation in SEM. The analysis on the relationship between complex variables using SEM required the following steps:

- model specifications;
- identification;
- model estimation; and
- the model goodness-of-fit and significance test.

The specification of the model in the first stage was related to the formation of relationships between variables in SEM. The second step in SEM was identifying misspecification model. The model is good, therefore the estimation can be run. The third step was estimating the model. After that, the significance test of the relationship between variables in SEM could be done.

3.2 Study 2

3.2.1 Design. To explore the problems and to develop practical policies for government, the focus group discussion (FGD) was conducted. It is a tool commonly used for qualitative analysis (Sekaran, 2007; Stokes and Bergin, 2006; Maxwell, 2005; Hines, 2000; Ruyter, 1996; Cooper and Emory, 1995). FGDs are designed for open discussion between researchers and selected participants (Walden, 2006). The purpose of FGD is to provide input to proposals, and to provide information related to data collection and information on the results of data processing based on personal perceptions (Larson *et al.*, 2004).

3.2.2 Participants selection. To get diverse views of participants from different institutions, FGD was divided into three batches and it is important to have several sessions

to get cross-sectional views of diverse populations (Kritzinger, 1995; Grudens-Schuck *et al.*, 2004). FGD 1 discussed the general problems occurring in halal industry within supply-side perspective by inviting government financial institutions as well as Islamic banking industry managers. FGD 2 was held with the purpose to bridge the demand and supply-side perspective. It discussed the problems mainly faced by the users of business owners (demand-side perspective) and Islamic bank managers (supply-side) that impeded the development of halal industry. Lastly, FGD 3 discussed the role of government institutions to solve problems generated in the FGD 1 and FGD 2.

3.2.3 Validity and credibility. Validity, accuracy and credibility of FGD consists of strategies to identify and eliminate the existing possible threats (Wall, 2001; Maxwell, 2005). Bias was a serious concern in conducting FGD which involved content, process or participation and interpretation of research result. According to Grudens-Schuck *et al.* (2004), the question was arranged from general to specific to trigger openness and avoid bias. Moderators in FGD should understand the research topics discussed (Prince and Davies, 2001) because they already had an experience in the field of management of Islamic financial institutions.

4. Results

4.1 Study 1

4.1.1 Respondent demographics. In total, there were 1,985 sample respondents collected from Java, Bali, Nusa Tenggara, Sumatera Kalimantan, Sulawesi and Papua islands. The majority of the respondents were from Java islands (1,299 or 65.44%) in line with the proportional sampling technique as aforementioned. Out of these respondents, 66 (3.32%) were non-Muslims. The distribution was relatively normal in terms of age, in which as many as 36.42% respondents were business owners aged 20-30 years old and 29.37% respondents were aged 31-40 years old. Therefore, majority of business owners in this study (65.79%) were aged from 20 to 40 years old, while the rest (34.21%) were above 40 years old.

In terms of gender, this study collected 1,140 (57.43%) responses from male respondents and 845 (42.57%) from female respondents. As many as 723 respondents (36.42%) aged 20-30 years old and most of them, or as many as 1,919 (96.68%) were Muslims. Table 1 also shows that about 1,724 (86.85%) of the respondents' business turnover was less than IDR 300m a year. It is the highest percentage of all the business turnover ranges. Apart from that, majority of the respondents (1,638 or 82.52%) had less than five employees. The complete data are presented in Table 1.

4.1.2 Validity and reliability test. Cronbach's alpha and composite reliability score for each construct is greater than 0.70, which means that all constructs in this study were reliable, or the respondents answered the questionnaire consistently. In addition, to determine whether the measuring instrument is valid or not, researchers used other methods by looking at the factor loadings of each indicator. It can be seen in Table 2 that all items in this study have a loading factor greater than 0.60. Therefore, the items in this study are valid (Hair *et al.*, 2006). The average variance extracted (AVE) for each construct is above the recommended value of 0.50 (Hair *et al.*, 2006). All items used in this study are free from convergent and discriminant validity issues.

4.1.3 Structural model test. Coefficient of determination (R^2) was 47.2% for overall intention to use Islamic financial products. It means that the model explained 47.2% variance in intention to use Islamic financial products when enabling factors (financial literacy, attitude and awareness) are modeled together. Meanwhile, the combination of religiosity, subjective norm, financial literacy and awareness explained 48.9% of attitude. In

Demographic variables	<i>N</i>	(%)
<i>Gender</i>		
Male	1,140	57.43
Female	845	42.57
<i>Age</i>		
<20	244	12.29
20-30	723	36.42
31-40	583	29.37
41-50	323	16.27
>50	112	5.64
<i>Region (Island)</i>		
Sumatera	570	28.72
Java	1,299	65.44
Kalimantan	37	1.86
Sulawesi	46	2.32
Bali	4	0.20
Nusa Tenggara	25	1.26
Papua	4	0.20
<i>Religion</i>		
Muslim	1,919	96.68
Non-Muslim	66	3.32
<i>Business turnover/year</i>		
IDR < 300m	1,724	86.85
IDR 300m-2.5bn	223	11.23
IDR 2.5bn-50bn	30	1.51
IDR > 50bn	8	0.40
<i>Number of employees</i>		
<5 employees	1,638	82.52
5-19 employees	255	12.85
20-100 employees	75	3.78
>100 employees	17	0.86

Table 1.
Demographic data of
respondents

addition, the combination of religiosity and subjective norm explained 37.3% and 39.1% of financial literacy and awareness, respectively.

The findings reveal that religiosity significantly affects Islamic financial literacy (*path coefficients* = 0.217). The result also reveals that religiosity has no effect on attitude (*path coefficients* = 0.041), yet it has a significant effect on awareness (*path coefficients* = 0.297). These results support *H1* and *H3*. Meanwhile, subjective norm has a significant effect on Islamic financial literacy (*path coefficients* = 0.515). It also significantly affects attitudes (*path coefficients* = 0.313) and awareness (*path coefficients* = 0.475). This finding supports *H4*, *H5* and *H6*. The results show that awareness significantly affect attitude (*path coefficients* = 0.391) and intention (*path coefficients* = 0.222). This finding supports *H7* and *H8*. In addition, other findings show that Islamic financial literacy significantly influences attitudes (*path coefficients* = 0.085) and intention to use Islamic financial products (*path coefficients* = 0.352). These findings support *H9* and *H10*. The latest findings show that attitude has a positive effect on intention (*path coefficients* = 0.236), giving support to *H11*. A summary of the findings and validation of the hypothesis are provided in [Figure 3](#).

Indicator	Statements	Loadings
<i>Religiosity (CA = 0.937; CR= 0.945; AVE = 0.633)</i>		
R1	I believe in God	0.757
R2	I believe in the hereafter	0.727
R3	I believe in the existence of paradise and hellfire	0.787
R4	I believe in my religious holy book	0.774
R5	I understand the halal concept	0.777
R6	I allocate time for religious activities	0.766
R7	Religion influences all decisions in my life	0.835
R8	I spent some time to upgrade understanding about my religion	0.845
R9	Religion is very important to me as it can help to answer the question about life	0.828
R10	I give financial contribution to my religious organization	0.849
<i>Subjective norms (CA = 0.895; CR = 0.927; AVE= 0.760)</i>		
NS1	Most of the people I know use Islamic financial products	0.846
NS2	Important people in my life use Islamic financial products	0.881
NS3	Most of the people I know would agree if I use Islamic financial products	0.882
NS4	Most of the people I know think that I should use Islamic financial products	0.878
<i>Islamic financial literacy (CA = 0.941; CR = 0.949; AVE = 0.608)</i>		
LIT1	I am a customer of Islamic financial products/services	0.747
LIT2	I have Islamic insurance savings	0.838
LIT3	I invest in the Islamic capital market	0.776
LIT4	I understand the principles used in Islamic financial products/services (e.g. <i>Wadiah, Mudharabah, Murabahah, Musyarakah and Ijarah</i>)	0.765
LIT5	I understand some prohibitions in Islamic financial products (example: <i>riba, gharar, maysir and haram</i>)	0.735
LIT6	I understand the benefits of Islamic financial products	0.691
LIT7	I understand the risk of using Islamic financial products	0.711
LIT8	I know the rights I will obtain when using Islamic financial products	0.782
LIT9	I know the liabilities I must fulfill when I use Islamic financial products	0.737
LIT10	I already know the liabilities I must fulfill when I ask for financing in Islamic banks	0.843
LIT11	I already know the liabilities I must fulfill when I invest in Islamic capital market	0.854
LIT12	I already know the liabilities when I use Islamic insurance (<i>takaful</i>)	0.854
<i>Attitude (CA = 0.910; CR = 0.937; AVE = 0.789)</i>		
ATT1	Using Islamic financial products is good	0.860
ATT2	Using Islamic financial products is profitable	0.895
ATT3	Using Islamic financial products is useful	0.909
ATT4	Using Islamic financial products is the best decision to make	0.887
<i>Awareness (CA = 0.897; CR = 0.921; AVE = 0.660)</i>		
AW1	I realize that the Islamic bank is different from conventional bank	0.790
AW2	I realize that the Islamic bank operates under Islamic principles	0.831
AW3	I realize that the Islamic bank is helpful for all customer regardless his/her religious background	0.807
AW4	I realize that my saving money will not be invested by the Islamic bank in a place infringing Islamic principles (such as gambling, alcoholic and prostitution companies)	0.811
AW5	I realize that the Islamic bank implements a profit and loss sharing scheme	0.827
AW6	I realize that the Islamic bank is well-managed as its operations are under government control	0.808
<i>Intention to use Islamic financial products (CA = 0.924; CR = 0.952; AVE = 0.868)</i>		
NI1	I intend to use Islamic financial products in the future	0.936
NI2	I will frequently use Islamic financial products in the future	0.943
NI3	I will recommend Islamic financial products to others	0.916

Notes: CA = Cronbach's alpha; CR = composite reliability; AVE = average variance extracted

Table 2.
Validity and
reliability test

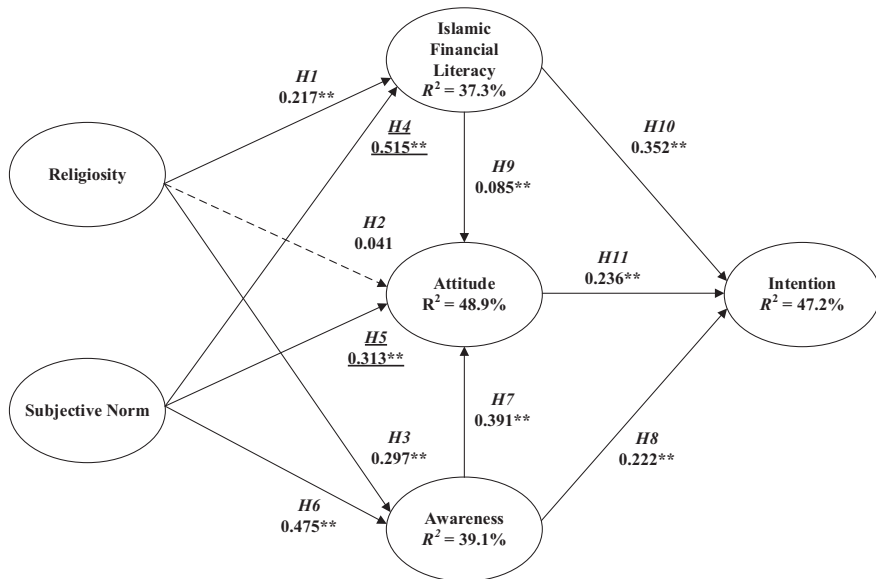


Figure 3.
Structural model results

Notes: The dotted lines indicate non-significant paths. * $p < 0.05$; ** $p < 0.001$

4.2 Study 2

4.2.1 Focus group discussion participants. OJK invites participants from government bodies, financial institutions, social institutions, educational institutions, entrepreneur associations and expert organizations to develop halal industry. Thus, the FGD for the purpose of this research was conducted three times in a different schedule, place and media. The first FGD was conducted on July 2, 2019, inviting six participants from various organizations and through media of video conference. While the second FGD was conducted on July 18, 2019 in Yogyakarta, involving 20 participants from various institutions. The third FGD was conducted on July 18, 2019 in Yogyakarta, involving 17 participants. The institutions invited in every FGD are presented in Table 3.

4.2.2 Results of focus group discussion. FGD 1 aims to explore general problems that occur in the supply-side of halal industry. FGD 1 reveals that currently, institution of Islamic financial service has not been integrated systemically with halal industry. Hence, it is necessary to enhance the role of Halal Product Guarantee Agency (BPJPH) to establish integration between institution of Islamic financial service and halal industry. The results of FGD 1 were elaborated more technically in FGD 2, which focused on the attempt to emphasize the synergy between government institutions, financial institutions, social institutions, educational institutions and business associations in helping and resolving the problems of halal industry. On this account, OJK is required to take part in harmonizing strategies between institution of Islamic financial service and initiating policies in developing halal industry.

The main focus of FGD 3 is to discuss the results obtained in FGD 1, FGD 2 and Study 1 to formulate an Islamic financial ecosystem to develop halal industry. FGD 3 revealed that Islamic banking, Baitul Maal wa Tamwil (BMT) and Micro Waqf Bank (BWM) have a direct role in providing financing and assistance to business owners. Islamic banking focuses on

Promoting
Islamic
financial
ecosystem

FGD 1	FGD 2	FGD 3
Video conference Yogyakarta-Jakarta July 2, 2019 Bank Syariah Mandiri Bank Negara Indonesia Syariah Bank Rakyat Indonesia Syariah Bank Tabungan Pensiunan Nasional Syariah Halal Product Guarantee Agency Indonesian Muslim Entrepreneur Community	Faculty of Economics, Universitas Islam Indonesia, Yogyakarta July 18, 2019 Bank Indonesia (BI), DIY DIY Government Office of Cooperatives, Micro, Small, and Middle Enterprises DIY Government Office of Industry and Trading DIY Government Office of Tourism Bank Pembangunan Daerah (BPD), DIY Islamic Rural Bank (BPRS) Mitra Cahaya, DIY Micro Waqf Bank (BWM), Al Muna Berkah Mandiri, DIY Baitul Maal wa Tamwil (BMT), Bringharjo The Assessment Institute For Foods, Drugs and Cosmetics Indonesian Council of Ulama (LPPOM MUI), DIY Indonesian Muslim Entrepreneur Community (KPMI), DIY Asbisindo, DIY Institution of Amil Zakat Infaq and Shadaqah Muhammadiyah (LAZISMU) Institution of Amil Zakat, Infaq and Shadaqah Nahdlatul Ulama (LAZIS-NU) Student Business Incubation (IBISMA), UII Pesantren Al Mumtaz Indonesian Association of Islamic Economist (IAEI), DIY Islamic Economic Society (MES), DIY Academics of Universitas Gadjah Mada (UGM) Entrepreneur of Petak Umpet Entrepreneur of Sogan Batik	Jakarta October 1, 2019 Bank Syariah Mandiri Bank Negara Indonesia Syariah Bank Rakyat Indonesia Syariah Bank Tabungan Pensiunan Nasional Syariah Halal Product Guarantee Agency Indonesian Muslim Entrepreneur Community (KPMI) Department of Sharia Economic and Finance, Bank Indonesia Islamic Economic Society National Islamic Finance Committee (KNKS) Paytren Asset Management PT Trihamas Finance Syariah PT Asuransi Takaful Integrated Financial Service Policy Group (GKKT) Directorat of Islamic Capital Market (DPMS) Directorat of Sharia IKNB (DNBS), Directorat of Islamic Banking Regulation (DP3S) Directorat of Financial Education and Literacy

Table 3.
FGD participants

providing financing to medium and large business owners. BMT and BWM provide financing to ultra-micro, micro and small business owners. The role of Lembaga Zakat Infaq dan Shadaqah (LAZIS) is to provide facilities from productive *zakat* to business owners at the ultra-micro and micro level. Meanwhile, the role of capital market is to provide capital through the issuance of *sukuk*. In addition to that, Islamic insurance can play a role of providing guarantee on security risk for financial institutions and business owners.

This ecosystem will be effective if there is alignment of types of financing and assistance from banks, capital markets and insurance, as well as industry and trade offices, tourism

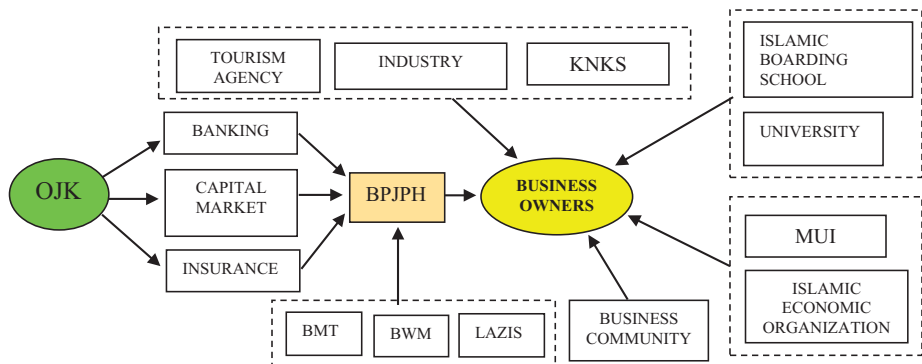


Figure 4.
Halal industry
ecosystem model

agencies, National Islamic Finance Committee (KNKS), Majelis Ulama Indonesia (MUI), Islamic boarding schools, universities, Islamic economic organizations, business communities, LAZIS, BWM and BMT. Communication and coordination between institutions are needed to optimize a measured and planned ecosystem program. Coordination from government institutions, such as OJK, is needed to maintain the spirit and consistency of Islamic financial ecosystem in developing halal industry. In addition, upgrading in terms of facilities and services is certainly needed (Gillani *et al.*, 2016) for business owners to feel the added value of this halal industry ecosystem. Overall, halal industry ecosystem model can be seen in Figure 4.

5. Discussion

The result of Study 1 is consistent with the findings of LaRose (2009) and Regnerus and Elder (2003). It indicates that the level of religiosity of business owners in Indonesia affects their level of Islamic finance literacy. This situation shows that religiosity is very important in influencing the business owners' understanding of Islamic financial products and institutions. Study 1 also found that religiosity had no effect on attitudes toward Islamic financial products. These results are not in accordance with previous studies such as Graafland (2017) and Alam *et al.* (2012). It addresses a gap between spirituality and business logic. This result implied that most of the halal business owners in Indonesia evaluate Islamic financial products not based on religious evaluation, but based on utilitarianism (cost-benefit) evaluation.

This statement is supported by the result of Study 2. A business owner participant in FGD 2 admitted that he refused Islamic financing because he perceived it to be relatively more expensive than the conventional one, even though he also realized the risk of *riba* in conventional financing. The insignificant relationship of religiosity and attitude is also confirmed by an FGD 2 participant. He said that based on his research that the more religious a customer, the more he/she get away from Islamic banking.

The research results, however, show a significant connection between religiosity and awareness of Islamic financial products. This finding supports Mcdaniel and Burnett (1990) and Ambali and Bakar (2013). Therefore, it can be implied that the more religious the halal business owners are, the more they are aware of Islamic financial products. This result confirmed the first argument that "someone who has a strong connection with hihe/her beliefs will immediately realize or aware of something related to hihe/her beliefs." In FGD 3, a participant also revealed that public now has a strong Islamic spirit that is consequently related to their awareness on Islamic financial products.

Subjective norm in this study is found to significantly influence Islamic financial literacy of business owners in Indonesia. It supports [Berkowitz \(2004\)](#) and [Burchell et al. \(2013\)](#) who stated that subjective norm might affect social behavior of business owners in a particular area. This situation is supported by a growing number of Islamic movement communities who always consistently speak up, spread and socialize the prohibition of *riba* (usury), which is strongly connected with Islamic financial institutions' activities. The more people are enlightened by this movement, the stronger the social effect, which eventually affects individuals in a society in terms of Islamic financial literacy and attitude.

In addition, subjective norm was also found to significantly affect business owners' awareness of Islamic financial products, confirming [Lada et al. \(2009\)](#), [Jaffar et al. \(2014\)](#), [Albashir et al. \(2018\)](#) and [Balushi et al. \(2018\)](#). Therefore, this result suggests the need to start building awareness of the use of Islamic financial institution products by building public understanding of Islamic financial products. It is because awareness is the first step before achieving the goals ([Ambali and Bakar, 2013](#); [Bashir et al., 2019](#)). In line with this argument, an FGD 3 participant strongly highlighted the role of education institutions to improve public's Islamic product literacy and understanding.

Awareness in this study significantly affects attitude toward Islamic financial products, giving support to [Abduh and Idrisov \(2014\)](#), [Ayinde and Echchabi \(2012\)](#) and [Husin and Rahman \(2016\)](#). Attitude is an overall evaluation of an object, and no one can evaluate an object unless he/she is aware of it. As awareness is the step before attitude, this finding suggests the need to establish a frequent and engaged socialization program to generate public awareness. Socialization programs will have a positive direct impact on Islamic financial literacy. As is revealed, the result significantly affects attitude toward and intention to use Islamic financial products. This result is in accordance with [Jamal et al. \(2015\)](#) and [Badshah et al. \(2014\)](#).

From demand-side perspective, the issue on uncompetitive pricing and facilities of Islamic financial products perceived by business owners becomes the main barrier of the development of halal industry ecosystem. In addition, without a painstaking effort to improve public literacy on Islamic financial products, the development of halal industry ecosystem is hardly realized. However, from Studies 1 and 2, it can be understood that there is a positive public awareness of Islamic financial products and strong spirit to live an Islamic life. This is a bright potential for the development of halal industry ecosystem.

Policy recommendations for OJK in developing Islamic financial ecosystem include:

- OJK should encourage financial service institutions to promote financing based on profit-sharing schemes for halal industry by adjusting prudential provisions, such as provision of tier 1 capital, asset quality, risk weighted assets and legal lending limit.
- OJK is advised to facilitate cluster of people business credit, ultra micro credit and Family Welfare Development Program to develop halal industry by optimizing the function of BMT and BWM as fund manager. Usage of funds shall be controlled and monitored by BPJPH and Team for Acceleration of Regional Financial Access.
- OJK is required to encourage the formation of halal supply chain based on the use of financial technology in collaboration with business associations. This collaboration can be realized by creating a special economic zone of *Sharia* and digital.
- OJK should facilitate the use of the capital market to develop halal industry in the regions through regional *sukuk* and the development of halal industry concerning environmental preservation through green *sukuk*.

- OJK needs to initiate to form a halal industry curriculum at high school by collaborating with KNKS and educational institutions (universities). The purpose of this curriculum is to enhance students' knowledge, understanding and experience of halal industry.

6. Conclusion and recommendation

It can be concluded that in Study 1, all variables, namely, subjective norm, Islamic financial literacy, awareness and attitude are proven to be the strong predictors of intention to use Islamic financial products, except for religiosity. In addition, combining the insight from Study 2, a utilitarianism evaluation is argued to be the reason of the insignificant effect of religiosity intention. It can also be implied that business owners better understand religiosity related to the issue of divinity (creed) and worship, but not on the issue of business contracts and transactions (*muamalah*). Therefore, it is recommended that future research examines the effect of utilitarianism motivation in the model.

Cooperation between Islamic financial institutions, Islamic social institutions and government agencies is important to create a roadmap of synergy in the halal industry ecosystem by emphasizing the role of each institution in minimizing the problems related to halal industry. Islamic financial institutions, such as commercial banks, rural banks such as Bank Perkreditan Rakyat (BPR), BMT, insurance and capital markets play an important role in financing provision. Meanwhile, Islamic public financial institutions such as Badan Amil Zakat Nasional, LAZIS and BWM play an important role in providing productive funding assistance. In addition, government institutions such as OJK, KNKS and BPJPH perform the function of policymaking. Professional and Islamic institutions, such as MUI, Indonesian Association of Islamic Economist and Islamic Economic Society take part in providing assistance to market players. If all institutions are integrated in carrying out their respective role in the same direction, Islamic financial ecosystem will form a strong halal industry community.

Lastly, it is recommended that all parties, including financial institutions, professional institutions, social institutions and government agencies, have a common vision in developing halal industry. Therefore, it is necessary to create a road map that is verified in the design of strategies to guide these institutions. If the halal industry ecosystem is developed measurably based on target, the halal industry can be the source of national competitive advantage.

References

- Abduh, M. and Idrisov, M. (2014), "The role of awareness and perceived values upon the acceptance of Islamic banking in Dagestan", *Journal of Islamic Banking and Finance*, (July), pp. 50-60.
- Abdul Rahman, R., Rezaei, G., Mohamed, Z., Shamsudin, M.N. and Sharifuddin, J. (2013), "Malaysia as global halal hub: OIC food manufacturers' perspective", *Journal of International Food and Agribusiness Marketing*, Vol. 25, pp. 154-166, doi: [10.1080/08974438.2013.809672](https://doi.org/10.1080/08974438.2013.809672).
- Aji, H.M. (2018), "Factors determining the retail patronage behavior: the case of Islamic retail store", in *The Proceeding of 31st International Business Information Management Association Conference*.
- Aji, H.M. and Dharmmesta, B.S. (2019), "Subjective norm vs dogmatism: Christian consumer attitude towards Islamic TV advertising", *Journal of Islamic Marketing*, Vol. 10 No. 3, pp. 961-980, doi: [10.1108/JIMA-01-2017-0006](https://doi.org/10.1108/JIMA-01-2017-0006).

- Ajzen, I. (1991), "The theory of planned behavior", *Organizational Behavior and Human Decision Processes*, Vol. 50 No. 2, pp. 179-211.
- Ajzen, I. and Fishbein, M. (1980), *Understanding Attitudes and Predicting Social Behavior*, NJ: Prentice Hall.
- Alam, S.S. and Sayuti, N.M. (2011), "Applying the theory of planned behavior (TPB) in halal food purchasing", *International Journal of Commerce and Management*, Vol. 21 No. 1, pp. 8-20, doi: [10.1108/10569211111111676](https://doi.org/10.1108/10569211111111676).
- Alam, S.S., Mohd, R. and Hisham, B. (2011), "Is religiosity an important determinant on Muslim consumer behaviour in Malaysia?", *Journal of Islamic Marketing*, Vol. 2 No. 1, pp. 83-96, doi: [10.1108/17590831111115268](https://doi.org/10.1108/17590831111115268).
- Alam, S.S., Jano, Z., Che Wel, C.A. and Ahsan, N. (2012), "Is religiosity an important factor in influencing the intention to undertake Islamic home financing in Klang valley?", *World Applied Sciences Journal*, Vol. 19 No. 7, pp. 1030-1041, doi: [10.5829/idosi.wasj.2012.19.07.392](https://doi.org/10.5829/idosi.wasj.2012.19.07.392).
- Albashir, W.A., Zainuddin, Y. and Panigrahi, S.K. (2018), "The acceptance of Islamic banking products in Libya: a theory of planned behavior approach", *International Journal of Economics and Financial Issues*, Vol. 8 No. 3, p. 105.
- Ambali, A.R. and Bakar, A.N. (2013), "Halal food and products in Malaysia: people's awareness and policy implications", *Procedia - Social and Behavioral Sciences*, Vol. 121, pp. 7-32.
- Amin, H., Rahman, A.R.A., Sondoh, S.L., Jr and Hwa, A.M.C. (2011), "Determinants of customers' intention to use Islamic personal financing: the case of Malaysian Islamic banks", *Journal of Islamic Accounting and Business Research*, Vol. 2 No. 1, pp. 22-42.
- Ayinde, L.O. and Echchabi, A. (2012), "Perception and adoption of Islamic insurance in Malaysia: an empirical study", *World Applied Sciences Journal*, Vol. 20 No. 3, pp. 407-415, doi: [10.5829/idosi.wasj.2012.20.03.1954](https://doi.org/10.5829/idosi.wasj.2012.20.03.1954).
- Badshah, W., Hakam, U., Khan, A.S. and Saud, S. (2014), "Factors affecting short-term investment intentions of stock investors in Pakistan", *Management and Administrative Sciences Review*, Vol. 3 No. 3, pp. 464-469.
- Balushi, Y.A., Locke, S. and Boulanour, Z. (2018), "Islamic financial decision-making among SMEs in the sultanate of Oman: an adaption of the theory of planned behaviour", *Journal of Behavioral and Experimental Finance*, Vol. 20, pp. 30-38.
- Barro, R.J. and Mcclary, R.M. (2003), "Religion and economic growth across countries", *American Sociological Review*, Vol. 68 No. 5, pp. 760-781.
- Bashir, A.M., Bayat, A., Oluotuse, S.O. and Abdul Latiff, Z.A. (2019), "Factors affecting consumers' intention towards purchasing halal food in South Africa: a structural equation modelling", *Journal of Food Products Marketing*, Vol. 25 No. 1, pp. 26-48.
- Berkowitz, A.D. (2004), *The Social Norms Approach: Theory, Research, and Annotated Bibliography*, New York, NY, available at: alanberkowitz.com
- Bohari, A.M., Hin, C.W. and Fuad, N. (2013), "An analysis on the competitiveness of halal food industry in Malaysia: an approach of SWOT and ICT strategy", *Malaysia Journal of Society and Space*, Vol. 1 No. 1, pp. 1-11.
- Burchell, K., Rettie, R. and Patel, K. (2013), "Marketing social norms: social marketing and the "social norm approach", *Journal of Consumer Behaviour*, Vol. 12 No. 1, pp. 1-9.
- Cleveland, M., Laroche, M. and Hallab, R. (2013), "Globalization, culture, religion, and values: comparing consumption patterns of Lebanese Muslims and Christians", *Journal of Business Research*, Vol. 66 No. 8, pp. 958-967.
- Cooper, D.R. and Emory, C.W. (1995), *Business Research Methods*, 5th ed., Richard D. Irwin Inc.
- Darnell, A. and Sherkat, D.E. (1997), "The impact of protestant fundamentalism on educational attainment", *American Sociological Review*, Vol. 62 No. 2, pp. 306-315.

- Davis, F.D., Bagozzi, R.P. and Warshaw, P.R. (1989), "User acceptance of computer technology: a comparison of two theoretical models", *Management Science*, Vol. 35 No. 8, pp. 982-1003.
- Echchabi, A. and Azouzi, D. (2015), "Predicting customers' adoption of Islamic banking services in Tunisia: a decomposed theory of planned behaviour approach", *Tazkia Islamic Finance and Business Review*, Vol. 9 No. 1, pp. 19-40.
- Farhat, K., Aslam, W. and Sanuri, B.M.M.S. (2019), "Predicting the intention of generation M to choose family Takaful and the role of halal certification", *Journal of Islamic Marketing*, Vol. 10 No. 3, pp. 724-742, doi: [10.1108/JIMA-12-2017-0143](https://doi.org/10.1108/JIMA-12-2017-0143).
- Ganassali, S., et al. (2006), "Young people purchase-decision patterns: a European comparative analysis", in the European Platform for Research in Marketing – "Young" Program'06.
- Gayatri, G. and Hume, M. (2005), "Understanding service quality from the Islamic customer perspective", *ANZMAC 2005 Conference: Services Marketing*, (January).
- Gillani, S.H.B., Ijaz, F. and Khan, M.M.S. (2016), "Role of Islamic financial institutions in promotion of Pakistan halal food industry", *Islamic Banking and Finance Review*, Vol. 3 No. 1, pp. 29-49.
- Golan, G.J. and Day, A.G. (2010), "In god We trust: religiosity as a predictor of perceptions of media trust, factuality, and privacy invasion", *American Behavioral Scientist*, Vol. 54 No. 2, pp. 120-136.
- Graafland, J. (2017), "Religiosity, attitude, and the demand for socially responsible products", *Journal of Business Ethics*, Vol. 144 No. 1, pp. 121-138.
- Grudens-Schuck, N., Allen, B.L. and Larson, K. (2004), *Focus Group Fundamentals*, Ames, IA: IA State University Extension, available at: www.extensions.iastate.edu/Publications/PM1969B.pdf visited on 1 August 2011.
- Hair, J.F., Black, W.C., Babin, B.J., Anderson, R.E. and Tatham, R.L. (2006), *Multivariate Data Analysis*, Uppersaddle River: Pearson Prentice Hall.
- Hamdan, H., Issa, Z.M., Abu, N. and Jusoff, K. (2013), "Purchasing decisions among Muslim consumers of processed halal food products", *Journal of Food Products Marketing*, (December), pp. 37-41, doi: [10.1080/10454446.2013.724365](https://doi.org/10.1080/10454446.2013.724365).
- Hilgert, M.A., Hogarth, J.M. and Beverly, S.G. (2002), "Household financial management: the connection between knowledge and behavior", *Federal Reserve Bulletin*, pp. 309-322, available at: www.federalreserve.gov/pubs/bulletin/2003/0703lead.pdf
- Hines, T. (2000), "An evaluation of two qualitative methods (focus group interviews and cognitive maps) for conducting research into entrepreneurial decision making", *Qualitative Market Research: An International Journal*, Vol. 3 No. 1, pp. 7-16.
- Husin, M.M. and Rahman, A.A. (2016), "Do Muslims intend to participate in Islamic insurance? Analysis from theory of planned behaviour", *Journal of Islamic Accounting and Business Research*, Vol. 7 No. 1, pp. 42-58, doi: <http://dx.doi.org/10.1108/MRR-09-2015-0216>.
- Ishak, F.I. and Man, Y.C. (2011), "Halal economy: proof from Al-Quran and as-Sunnahand demands to utilize it in parallel", in *International Islamic Banking, Finance and Investment Conference. Kuala Lumpur, Malaysia*.
- Jaffar, M.A., Musa, R. and Mahamad, K.A.K. (2014), "Factorial validation of salient beliefs pertaining to Islamic financing instrument", in *Proceedings of the 1st AAGBS International Conference on Business Management 2014 (AiCoBM 2014)*.
- Jamal, A.A.A., Ramlan, W.K., Karim, M.A. and Osman, Z. (2015), "The effects of social influence and financial literacy on savings behavior: a study on students of higher learning institutions in Kota Kinabalu, Sabah", *International Journal of Business and Social Science*, Vol. 6 No. 11, pp. 110-119.
- Jamal, A. and Sharifuddin, J. (2015), "Perceived value and perceived usefulness of halal labeling: the role of religion and culture", *Journal of Business Research*, Vol. 68 No. 5, pp. 933-941.

- Ketelaar, P.E., Konig, R., Smit, E.G. and Thorbjørnsen, H. (2015), "In ads we trust. Religiousness as a predictor of advertising trustworthiness and avoidance", *Journal of Consumer Marketing*, Vol. 32 No. 3, pp. 1-30.
- Keysar, A. and Kosmin, B.A. (1995), "The impact of religious identification on differences in educational attainment among American women in 1990 published by: Wiley on behalf of society for the scientific study of religion stable URL: www.jstor.org/stable/1386522 the impact of reli", *Journal for the Scientific Study of Religion*, Vol. 34 No. 1, pp. 49-62.
- Kritzinger, J.N.J. (1995), "Religious communities as agents of change: an agenda for missiology", *Missionalia*, Vol. 23 No. 3, pp. 366-396.
- Kusumawati, A. (2013), "A qualitative study of the factors influencing student choice: the case of public university in Indonesia", *Journal of Basic and Applied Scientific Research*, Vol. 3 No. 1, pp. 314-327.
- Lada, S., Tanakinjal, G.H. and Amin, H. (2009), "Predicting intention to choose halal products using theory of reasoned action", *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 2 No. 1, pp. 66-76.
- Laldin, M.A. (2006), *Introduction to Shariah and Islamic Jurisprudence*, Kuala Lumpur: Cert Publisher.
- LaRose, R. (2009), *The Relationship between Religiosity and Educational Pursuit and Perception*, Logan, UT.
- Larson, K., Grudens-Schuck, N. and Allen, B.L. (2004), *Can You Call It a Focus Group?*, Ames, IA: IA State University Extension.
- Lehrer, E.L. (1999), "Religion as a determinant of educational attainment: an economic perspective", *Social Science Research*, Vol. 28 No. 4, pp. 358-379.
- Mcdaniel, S.W. and Burnett, J.J. (1990), "Consumer religiosity and retail store evaluative criteria", *Journal of the Academy of Marketing Science*, Vol. 18 No. 2, pp. 101-112.
- Mackie, G. Moneti, F. Shakya, H. and Denny, E. (2012), "What are social norms? How are they measured?", available at: www.unicef.org/protection/files/4_09_30_Whole_What_are_Social_Norms.pdf
- Marmaya, N.H., Zakaria, Z. and Mohd Desa, M.N. (2019), "Gen Y consumers' intention to purchase halal food in Malaysia: a PLS-SEM approach", *Journal of Islamic Marketing*, Vol. 10 No. 3, pp. 1003-1014, doi: [10.1108/JIMA-08-2018-0136](https://doi.org/10.1108/JIMA-08-2018-0136).
- Maxwell, J.A. (2005), "Qualitative research design: an interactive approach", *Applied Social Research Method Series*, Volume 42, Sage Publications.
- Mokhlis, S. (2009), "Relevancy and measurement of religiosity in consumer behavior research", *International Business Research*, Vol. 2 No. 3, pp. 75-84.
- Mukhtar, A. and Butt, M.M. (2012), "Intention to choose halal products: the role of religiosity", *Journal of Islamic Marketing*, Vol. 3 No. 2, pp. 108-120.
- Osman, M.R. and Ali, D.H. (2008), "Exploring Muslim entrepreneurs' knowledge and usage of Islamic financing", in *Seminar Keusahawanan Islam II Peringkat Kebangsaan*, Universiti Malaya.
- Otoritas Jasa Keuangan (2017) "Strategi nasional literasi keuangan Indonesia (revisit 2017), Jakarta", available at: [www.ojk.go.id/id/berita-dan-kegiatan/publikasi/Documents/Pages/Strategi-Nasional-Literasi-Kuangan-Indonesia-\(Revisit-2017\)-/SNLKI_\(Revisit_2017\).pdf](http://www.ojk.go.id/id/berita-dan-kegiatan/publikasi/Documents/Pages/Strategi-Nasional-Literasi-Kuangan-Indonesia-(Revisit-2017)-/SNLKI_(Revisit_2017).pdf)
- Peter, J.P. and Olson, J.C. (2010), *Consumer Behavior and Marketing Strategy*, Singapore: Mc Graw-Hill.
- Praboyo, A. and Soedarsono, R. (2015), "Influential factors in choosing higher education institution: a case study of a private university in Surabaya", *Jurnal Manajemen Pemasaran*, Vol. 9 No. 1, pp. 1-7, doi: [10.9744/pemasaran.9.1.1-7](https://doi.org/10.9744/pemasaran.9.1.1-7).
- Prince, M. and Davies, M. (2001), "Moderator teams: an extension to focus group methodology", *Qualitative Market Research: An International Journal*, Vol. 4 No. 4, pp. 207-216.
- Regnerus, M.D. and Elder, G.H. (2003), "Staying on track in school: religious influences in high- and low-risk settings", *Journal for the Scientific Study of Religion*, Vol. 42 No. 4, pp. 633-649.

-
- Rhodes, A.L. and Nam, C.B. (1970), "The religious context of educational expectations", *American Sociological Review*, Vol. 35 No. 2, pp. 253-267.
- Ruyter, K.D. (1996), "Focus versus nominal group interviews: a comparative analysis", *Marketing Intelligence and Planning*, Vol. 14 No. 6, pp. 44-50.
- Salaam Gateway (2019), "An inclusive ethical economy state of the global Islamic economy report 2018/19. Dubai", available at: www.salaamgateway.com/en/story/Report_State_of_the_Global_Islamic_Economy_201819-SALAAM06092018061914/
- Sekaran, U. (2007), *Research Methods for Business: A Skill Building Approach*, 4th ed., Wiley India.
- Stokes, D. and Bergin, R. (2006), "Methodology or 'methodolatry'? An evaluation of focus groups and depth interviews", *Qualitative Market Research: An International Journal*, Vol. 9 No. 1, pp. 26-37.
- Tan, M.I.I., Razali, R.N. and Desa, M.I. (2012), "Factors influencing ICT adoption in halal transportations: a case study of Malaysian halal logistics service providers", *International Journal of Computer Science Issues*, Vol. 9 No. 1, pp. 62-71.
- Walden, G.R. (2006), "Focus group interviewing in the library literature: a selective annotated bibliography 1996-2005", *Reference Services Review*, Vol. 34 No. 2, pp. 222-241.
- Wall, A.L. (2001), "Evaluating an undergraduate unit using a focus group", *Quality Assurance in Education*, Vol. 9 No. 1, pp. 23-31.
- Weaver, G.R. and Agle, B.R. (2002), "Religiosity and ethical behavior in organizations: a symbolic interactionist perspective", *Academy of Management Review*, Vol. 27 No. 1, pp. 77-97.
- Welch, M.R., Tittle, C.R. and Grasmick, H.G. (2006), "Christian religiosity, self-control and social conformity", *Social Forces*, Vol. 84 No. 3, pp. 1605-1623.
- Wilson, J.A.J. (2014), "The halal phenomenon: an extension or a new paradigm?", *Social Business*, Vol. 4 No. 3, pp. 255-271.
- Wilson, J.A.J. and Liu, J. (2010), "Shaping the halal into a brand?", *Journal of Islamic Marketing*, Vol. 1 No. 2, pp. 107-123, doi: [10.1108/17590831011055851](https://doi.org/10.1108/17590831011055851).
- Wilson, J.A.J. and Liu, J. (2011), "The challenges of Islamic branding: navigating emotions and halal", *Journal of Islamic Marketing*, Vol. 2 No. 1, pp. 28-42, doi: [10.1108/17590831111115222](https://doi.org/10.1108/17590831111115222).

Corresponding author

Heri Sudarsono can be contacted at: heri.sudarsono@uii.ac.id