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RISK PERCEPTION AND INVESTMENT INTENTION IN ISLAMIC BANKS' TERM DEPOSITS: AN EMPIRICAL STUDY IN MOROCCO

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Abstract:
This study focuses on the impact of risk perception on the intention to invest in Islamic banks' term deposits in Morocco. Using quantitative methodologies, including statistical analysis, Cronbach's reliability tests, and structural equation modelling, the study assesses the influence of various factors, including perceived quality and perceived value, on the intention to invest. Contrary to expectations and the existing literature, the results suggest that risk perception has no statistically significant effect on the intention to invest in these financial products. However, perceived value shows a significant relationship with intention to invest, indicating its crucial role in financial decision-making within this specific context. These results have important implications for Islamic banks, policymakers, and researchers, as they challenge the conventional emphasis on risk perception in the Islamic finance literature. The results suggest that other factors, such as perceived quality and value, may play a more influential role in the intention to invest in Islamic term deposits.

JEL: G11, G 21, Z12, D81

Keywords: risk perception, investment willingness, term deposits, Islamic banks

1. Introduction

The financial landscape has undergone major transformations in recent decades, notably with the emergence of Islamic banking as a viable alternative to conventional banking systems. Despite its relative youth, Islamic banking has succeeded in attracting a global audience, thanks in part to its ethical principles and risk-sharing mechanisms.

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The growth of Islamic financial institutions in predominantly Muslim countries, as well as in pluralistic societies, highlights the contemporary relevance of understanding investor behaviour within this sector. Therefore, the focus of this investigation is on risk perception and intention to invest in Islamic bank term deposits, with an empirical focus on Morocco - a nation that has recently seen an increase in the proliferation of Islamic financial services. The concept of risk perception in financial decision-making is deeply rooted in a plethora of economic theories, including Utility Theory (von Neumann and Morgenstern, 1944), Prospect Theory (Kahneman and Tversky, 1979), and the Theory of Planned Behaviour (Ajzen, 1991). At the same time, Islamic banking, with its unique prohibition against interest ('Riba') and its emphasis on risk sharing, provides a new context for examining these well-established theories. Studies such as El-Qalqili (2009) and Ahmed et al. (2015) have explored the motivational factors influencing investment in Islamic financial products but have rarely addressed the role played by risk perception in shaping investment intentions. Given the gap in the existing literature, the main objective of this research is to understand how risk perception influences the intention to invest in Islamic bank term deposits in Morocco. The study aims to answer the following research questions:

1) How does the perception of risk influence the intention to invest in Islamic bank term deposits?
2) Are there significant differences in risk perception between different demographic groups?
3) What role do cultural factors play in shaping risk perception and investment intentions in Islamic banking?

The results of this study will not only contribute to the theoretical corpus concerning the perception of risk in financial decision-making but will also provide actionable information for policymakers, financial institutions, and investors. By focusing on the Moroccan context, the study also adds a geographical dimension to the existing literature, which has mainly focused on Asian and Gulf Cooperation Council (GCC) countries. The remainder of this paper is organised as follows: Section 2 provides a comprehensive literature review that lays the theoretical foundations for the study. Section 3 describes the research methodology, while Section 4 presents the empirical results. Section 5 discusses the results and section 6 concludes with implications and avenues for future research.

2. Literature review

In economics, saving and consumption are two interconnected concepts often studied through the prism of two major theories: the Permanent Income Hypothesis (Friedman, 1957) and the Life Cycle Hypothesis (Ando and Modigliani, 1963). According to the former, savings are mainly influenced by permanent income and remain unaffected by transitory fluctuations in income. The second theory proposes that an individual's

consumption patterns extend over his or her entire life, implying that savings are accumulated during the working years and used during retirement.

These theories also highlight the impact of interest rates on savings (Friedman, 1957; Ando and Modigliani, 1963). In the context of Islamic finance, interest rates are problematic because of their association with 'gharar' and 'riba', prohibited elements in Islamic transactions (Warde, 2000). The Islamic financial system aims to achieve the broader objectives of Maqasid al-Sharìah, which seek to promote the general welfare and avoid mischief in society (Chapra et al., 2008; Meera and Larbani, 2006; Maqasid al-Shari'ah, 2020). However, implementing these principles in everyday financial practice presents challenges (Dusuki and Abozaid, 2007). The literature on savings in predominantly Muslim countries presents mixed results regarding the impact of interest rates. For example, Kasri and Kassim (2009) found that interest rates have a significant influence on savings in Islamic banks in Indonesia, while Mushtaq and Siddiqui (2016) found that interest rates do not have a significant impact on bank deposits in Muslim-majority countries. Other studies, such as Akram and Akram (2015), suggest that the impact of interest rates on savings varies between Muslim and non-Muslim majority countries. Moreover, these studies call for a more granular analysis using microeconomic data to better understand these dynamics (Akram and Akram, 2015; Mushtaq and Siddiqui, 2016). While previous research has mainly focused on the macroeconomic determinants of savings, this study makes a contribution by focusing on the microeconomic drivers of savings in the context of Islamic finance (Dusuki and Abdullah, 2007). This combination of perspectives highlights the complexity of the factors influencing savings behaviour, particularly in the context of Islamic finance, and underscores the need for further research to understand these dynamics.

2.1 **Savings behaviour in Muslim-majority countries**

Indonesia, which holds the record for having the world's largest Muslim community, is home to around 229 million Muslims, or almost 87.2% of its total population (Diamant, 2019; Muslim Population by Country, 2020). Despite this demographic dominance, the country's Islamic banking sector has evolved at a relatively slow pace (Pramono, 2018). Since the establishment of Indonesia's first Islamic bank in 1991, the industry has faced the '5% trap', meaning that it has never managed to exceed a threshold of 5% of total market share for around a quarter of a century (Bloomberg, 2019). In monetary terms, this translates into a market share of Islamic savings products amounting to just 6.8% of Indonesia's IDR currency, out of a total of IDR5,799.8tn (Jayani, 2019). In addition, various comparative studies assessing the level of familiarity with Islamic finance in several Muslim countries such as Malaysia, the United Arab Emirates, Pakistan, and Saudi Arabia, place Indonesia in a modest fourth place in terms of Islamic finance knowledge.
This raises pertinent questions about the reasons for the low uptake of Islamic banks in a predominantly Muslim country. Therefore, this research proposes to explore how the level of knowledge of Islamic finance influences the intention of Muslim customers to save or invest in Islamic financial institutions.

2.2 Product knowledge

Erol and El-Bdour (1989) noted that religious motivations are not the main factor attracting customers to Islamic banks. Other aspects, such as familiarity with Islamic financial products and the reputation of the bank, are also determinants of customer choice (Haron et al., 1994). In Malaysia, it has been observed that most Muslim consumers have a rudimentary knowledge of Islamic banking, limited mainly to the prohibition of interest in Islam (Ahmad and Haron, 2002). Moreover, many of them are not versed in the jargon specific to the sector, such as the terms 'mudarabah', 'ijarah', or 'istisna' (Ahmad and Haron, 2002). In the consumer domain in general, product knowledge is often defined as a combination of expertise and familiarity (Alba and Hutchinson, 1987; Rao and Monroe, 1988). This knowledge can be categorised as either objective or subjective. The former is the information stored in the consumer's memory, while the latter represents what the consumer thinks he or she knows about the product (Rao and Monroe, 1988). It is also recognised that prior knowledge of a product facilitates the acquisition of new information and the application of existing knowledge (Park and Lessig, 1981). In other sectors, such as the automotive industry, it has been shown that consumers' perception of product quality is influenced by their level of product knowledge (Blair and Innis, 1996). Similarly, Eisingerich and Bell (2008) have argued that customer education, which increases their level of knowledge, positively affects their perception of service quality. Haron et al. (1994) also found that Muslim and non-Muslim customers had similar perceptions of service quality and speed of service in banking.

This compilation of studies highlights the importance of product and service knowledge in consumer perception and choice, including in the specific context of Islamic banks. For example:

H1: Product knowledge has a positive impact on perceived quality.

Products and services have both visible and non-visible attributes, which influence the consumer's perception of them (Ophuis and Van Trijp, 1995). Prospect theory emphasises that individuals evaluate options in terms of expected value and associated risk (Wang and Hazen, 2016). In the absence of visible or tangible cues, a product or service is often perceived as risky by the consumer (Laroche et al., 2003).

For example, in the fashion industry, the inability to assess the tangibility of a product creates a feeling of insecurity in the consumer about the performance of the item (Aghekyan-Simonian et al., 2012). This uncertainty can lead to a reluctance to make a purchase, for fear of financial loss (Grewal et al., 1994). In this context, providing complete and transparent product information can help to reduce this uncertainty (Eisingerich and Bell, 2008). Better product knowledge not only increases perceived value but also facilitates the development of a relationship of trust between the service provider and the consumer (Eisingerich and Bell, 2008).

In the Islamic banking sector, this knowledge is particularly critical due to the fundamental differences between Islamic and conventional financial products. For example, unlike conventional banks that operate on interest rates, Islamic banks operate on a profit-sharing model to serve the collective interest of society (Hilman, 2016). A

typical product, such as a time deposit in Islamic banking, is structured on the principles of Mudharabah, where the bank and the customer act as partners (Amin, 2013; Haron et al., 1994). This model does not guarantee a fixed return and involves profit and loss sharing, which is heavily influenced by the bank's performance (Amin, 2013). Despite this, in practice, returns are often shared using a revenue-sharing model rather than profit and loss sharing, which largely mitigates risk for investors (Ismal, 2012). As a result, without a proper understanding of the specifics of Islamic term deposits, customers may perceive a higher level of risk when investing in Islamic banks compared to conventional banks. This point highlights the importance of consumer education for the wider adoption of Islamic financial products. Therefore,

H2: Product knowledge has a negative impact on perceived risk.

Product value refers to the consumer's overall assessment of the usefulness of a product (or service) based on perceptions of what is received and what is given (Zeithaml, 1988). A study that examined consumer perceptions of remanufactured automobiles shows that perceived value is significantly influenced by consumer knowledge (Wang and Hazen, 2016).

A previous study on Islamic banking shows that Muslim customers in rural and urban areas in Malaysia in general have a lack of awareness in terms of the existence of Islamic banks, Islamic banking terms, and the attributes of Islamic banking (Thambiah et al., 2010). Thus, they are unaware of the value of Islamic banking products, their relative advantages, and their compatibility with conventional banking products (Thambiah et al., 2010). As a result:

H3: Product knowledge has a positive impact on perceived value.

The effect of product knowledge on purchase intention has been widely examined in the context of new and foreign products (Bamber et al., 2012; Lin and Chen, 2006; Wang et al., 2013).

Academics had suggested various strategies, such as educating the market at an early stage through a promotional programme for school children and teenagers; emotionally appealing advertising; education on Islamic banking and finance, and tactical personal selling on the field, to educate Muslim consumers to increase the penetration rate of Islamic banking (Setyobudi et al., 2015).

A previous study reported that consumers with better product knowledge would have better understanding and appreciation of new products (Wang et al., 2008), which would generate higher purchase intention; in other words, expert consumers would have higher purchase intention compared to novice consumers (Cakici and Shukla, 2017).

In the context of Islamic banking research, Muslim customers in Malaysia will consider patronising Islamic banks if they have a comprehensive understanding of how Islamic banks work (Haron et al., 1994). Therefore:

H4: Knowledge of the product has a positive impact on the intention to invest.

2.3 Perceived quality and perceived value

The perceived quality of products and services is a crucial criterion for customers when choosing a bank (Mylonakis et al., 1998). Perceived quality is one of the main components of perceived value (Dodds and Monroe, 1985; Ruiz et al., 2008) and contributes to a company's competitive advantage (Reichheld and Sasser, 1990). It is considered to be the most difficult element for competitors to imitate (Parasuraman and Grewal, 2000). Using tourism data, Chiang and Lee (2013) showed that perceived value is a dynamic determinant of tourism selection.

It is therefore important to take perceived value into account in order to understand purchasing behaviour, which is linked to improving the service quality. In the Islamic banking system, perceived quality is an important element for customers, as it contributes to the company's competitive advantage, and is linked to improving service quality. Islamic banks should therefore strive to maintain high quality standards for the products and services they offer to meet customer needs and expectations.

In addition, Islamic banks need to focus not only on the quality of the financial products and services they offer, but also on the quality of service they provide to their customers. This can include aspects such as the speed and efficiency of the application handling processes, the availability, and competence of employees, as well as transparency and effective communication. It is also important to note that perceived quality is a subjective concept that can vary from customer to customer. Islamic banks must therefore strive to understand their customers' expectations and needs so that they can meet them adequately. This can include setting up feedback systems to collect customer comments and thus be able to continuously improve the quality of the products and services offered. Perceived quality is a crucial element for customers in their choice of bank, and it is therefore important for Islamic banks to strive to maintain high-quality standards for the products and services they offer, as well as for the quality of service they provide to their customers. Islamic banks must also strive to understand the expectations and needs of their customers in order to meet them adequately. Therefore, the following hypothesis was formulated:

H5: Perceived quality has a positive impact on perceived value.

2.4 Perceived quality and perceived risk

Snoj et al. (2004) found a strong relationship between perceived quality and perceived risk. Research by Clow et al. (1998) has shown that service quality cues can help reduce consumers' perceived risk. These cues can take the form of any stimulus likely to provide information about the quality of the product or service before the consumer can consume or experience it (Mehrotra and Palmer, 1985). Especially now that customers are more sensitive to the financial aspects of products and services, it is increasingly important to study this relationship. In the context of banks, financial risk becomes the main risk that a consumer focuses on, as the main products offered by banks are financial products (Chen and Chang, 2005) such as savings and term deposits. However, perceived risk can be observed more broadly to include not only financial loss, but also deviations from

expected utility, physical harm, unhappiness, and negative social image (Chen and Chang, 2005). Snoj et al. (2004) found that perceived quality has a weaker impact when measured alone, but a stronger impact when perceived risk is included. This negative relationship between perceived quality and perceived risk was reported by Sweeney et al (1999). The following hypothesis can therefore be formulated:

H6: Perceived quality has a negative impact on perceived risk.

2.5 Perceived risk and perceived value

The Islamic banking system differs from conventional systems by adopting a legal principle based on the Arabic concept of "*al-ghunm bil ghurm*", which means "*one is entitled to a gain if one accepts responsibility for the loss*" (Hossain, 2009). Consequently, cooperation and risk sharing are key elements of Islamic banking (Echchabi and Olaniyi, 2012). In the conventional business context, studies have shown that perceived risk has a negative impact on perceived value (Snoj et al., 2004; Kwun and Oh, 2004). These studies show how the Islamic banking system differs from conventional systems by emphasising cooperation and risk sharing between fund providers and users (Ahmad, 2000; Iqbal and Molyneux, 2005). In addition, the Islamic banking system advocates ethics and social responsibility in risk management. Investments in projects that have a positive social impact are encouraged, while investments in sectors such as alcohol, weapons, and tobacco products are prohibited (Iqbal and Molyneux, 2005). In addition, the Islamic banking system uses innovative financial instruments such as profit and loss sharing (PLS) and participation financing (Mudharabah) to minimise risk for investors while promoting cooperation and solidarity (Ahmad, 2000). The Islamic banking system differs from conventional systems by adopting a legal principle based on cooperation and risk sharing, advocating ethics and social responsibility in risk management and using innovative financial instruments to minimise risks for investors. Based on the above discussion, the following hypothesis has been formulated:

H7: Perceived risk has a negative impact on perceived value.

2.6 Perceived quality and intention

Perceived quality in the service industry is known as service quality. A study by Ali et al. (2013) described perceived service quality as the customer's perception of the actual performance of the service received by the customer and provided by the company, including in the context of Islamic banking. The study also revealed that service quality is directly influenced by the customer's perception of the level of performance. In the tourism industry, the perceived quality of a destination's offerings has been found to lead to tourists' behavioural intentions to visit the destination (Žabkar et al., 2010). In a study of coffee shops, perceived product quality and perceived service quality had positive influences on intention to revisit coffee shops (Ting et al., 2018). In the context of Islamic financial products, Newaz et al. (2016) investigated the relationship between religiosity, purchase attitude, and purchase intention. They found that purchase attitude is fully

mediated for Islamic financial products, except for Islamic insurance products. Therefore, the following hypothesis is:

H8: Perceived quality has a positive impact on the intention to invest in term deposits.

2.7 Perceived risk and intention

Investment intention is a type of purchase behaviour intention. Customers are expected to obtain positive consequences from a product in order to feel satisfied or to engage in purchase behaviour. However, when customers are confronted with the potential for negative consequences of using a product, we call this perceived risk. Negative consequences have a negative impact on customers and reduce their intention to buy (Stone and Grønhaug, 1993). Research by Croy et al. (2010) revealed that the intention to save is greater in a person who is more (vs. less) tolerant of risk. Therefore, customers who are less likely to hold a risky financial asset will decrease their intention to save or invest in a bank. This study also found that risk-taking is positively associated with income, negatively associated with age, and lower among women than men. Hypothesis H9 proposes that risk perception is inversely related to the intention to invest in Islamic bank term deposits. To test this hypothesis, data collected from Islamic bank customers will be used to measure risk perception, product knowledge, perceived quality, perceived value, and intention to invest. Appropriate statistical analysis techniques will be used to test this hypothesis and to assess the relationships between these variables. Thus, the following hypothesis can be formulated:

H9: Perceived risk has a negative impact on customers' intention to invest in term deposits.

2.8 Perceived value and intention

Perceived value refers to the customer's assessment of the quality received. Perceived value is one of the most intangible determinants of a bank's strategy. Perceived value and image have been linked to consumer loyalty in the banking sector (Roig et al., 2006). Kuo et al. (2009) have indicated that perceived value has a positive impact on customer satisfaction and intent. Higher perceived value leads to higher purchase intention. Consequently, the following hypothesis can be formulated:

H10: Perceived value has a positive impact on customers' intention to invest in term deposits.

3. Methodology

In the section devoted to the methodology of our research, we set out the various approaches adopted for acquiring and examining the data. Initially, a descriptive analysis was carried out to identify the inherent properties of our study group. We then investigated the correlational relationships between the different constructs that make up our measurement model. In order to confirm the reliability of the model, a Confirmatory

Factor Analysis (CFA) was applied to all the constructs. This critical step served to check that the indicators were indeed representative of the theoretical concepts they were supposed to measure. We then proceeded to evaluate the structural model using a path model, enabling us to explore the causal links between the variables examined. In conclusion, we tested our hypotheses concerning the causal impact of the independent (exogenous) variable on the dependent (endogenous) variable, using rigorously selected statistical methods.

4. Results and discussions

4.1. Demographic analysis

This part is based on a summary of the data collected in the first section of the questionnaire. Age, activity, structure, years of experience, and number of employees were collected.

Table 1: Gender demographics

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Woman	142	35,2	35,2	35,2
	Men	261	64,8	64,8	100,0
	Total	403	100,0	100,0	

Source: Author's calculations based on SPSS.

The table shows the gender demographics for a total of 403 people. It shows that of these people, 35.2% are women and 64.8% are men. Valid and cumulative percentages are also provided for each gender category. The data shows that men outnumber women.

Table 2: Age demographics

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	> 50 years	33	8,2	8,2	8,2
	Between the ages of 18 and 30	164	40,7	40,7	48,9
	Between 30 and 50	206	51,1	51,1	100,0
	Total	403	100,0	100,0	

Source: Author's calculations based on SPSS.

This table shows demographic data on the age of a group of people with a sample size of 403. The data is divided into three categories: over 50s, between 18 and 30, and between 30 and 50. The percentage for the "over 50" category is 8.2%, the "between 18 and 30" category is 40.7%, and the "between 30 and 50" category is 51.1%. The cumulative percentage shows that 51.1% of people are aged between 30 and 50, while 89.1% are aged under 50. The data is represented with a valid frequency and percentage of 100%.

Table 3: Demographic data on marital status

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Single	149	37,0	37,0	37,0
	Divorced	50	12,4	12,4	49,4
	Married	153	38,0	38,0	87,3
	Widower	51	12,7	12,7	100,0
	Total	403	100,0	100,0	

Source: Author's calculations based on SPSS.

This table presents demographic data on the marital status of the population studied. There are 403 people in the sample. It can be seen that the majority of the population is either married (38%) or single (37%), followed by divorced (12.4%) and widowed (12.7%). The valid and cumulative percentages indicate the distribution of each marital status in the total sample.

Table 4: Demographic data on your dependants

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	> à 10	19	4,7	4,7	4,7
	From 0 to 4	246	61,0	61,0	65,8
	From 5 to 10	138	34,2	34,2	100,0
	Total	403	100,0	100,0	

Source: Author's calculations based on SPSS.

This table presents demographic data on the number of dependants of respondents. The data is divided into three categories: "0 to 4", "5 to 10" and "more than 10". It can be seen that the majority of respondents (61%) have between 0 and 4 dependants, while 34.2% have between 5 and 10 dependants and only 4.7% have more than 10 dependants. The valid and cumulative percentages also show the distribution of respondents in each category.

Table 5: Demographic data on level of education

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Illiterate	45	11,2	11,2	11,2
	College	102	25,3	25,3	36,5
	Primary	83	20,6	20,6	57,1
	University	173	42,9	42,9	100,0
	Total	403	100,0	100,0	

Source: Author's calculations based on SPSS.

The table shows the demographic data on the level of education of the people in the sample. It can be seen that 42.9% of the population have a university education, 25.3% have completed secondary school, 20.6% have completed primary school and 11.2% are

illiterate. In short, 100% of the population has some level of education in these 4 categories.

Table 6: Demographics of the profession

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Farmer	62	15,4	15,4	15,4
	Artisan	95	23,6	23,6	39,0
	Unemployment	48	11,9	11,9	50,9
	Employed by a private company	119	29,5	29,5	80,4
	Official	79	19,6	19,6	100,0
	Total	403	100,0	100,0	

Source: Author's calculations based on SPSS.

The table shows the demographic data on the occupations of the individuals in the study population. There are 403 people in the study population. Of these, 15.4% are farmers, 23.6% are craftsmen, 11.9% are unemployed, 29.5% are employed in a private company and 19.6% are civil servants.

Table 7: Demographic data on length of professional experience

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	< 2 years	115	28,5	28,5	28,5
	> 5 years	109	27,0	27,0	55,6
	From 2 to 5 years	179	44,4	44,4	100,0
	Total	403	100,0	100,0	

Source: Author's calculations based on SPSS.

The table shows the distribution of the length of professional experience of the people studied. 28.5% have less than 2 years' professional experience, while 44.4% have between 2 and 5 years. 27% have more than 5 years of professional experience. The valid and cumulative percentages are the same as the percentages, which means that the data is reliable and complete.

Table 8: Demographic data on accommodation

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Free accommodation	121	30,0	30,0	30,0
	House or flat (rental)	153	38,0	38,0	68,0
	House or flat (property)	129	32,0	32,0	100,0
	Total	403	100,0	100,0	

Source: Author's calculations based on SPSS.

This table shows the distribution of people in terms of where they live. There are 121 people (30%) living in rent-free accommodation, 153 people (38%) living in a rented

house or flat, and 129 people (32%) living in a house or flat that they own. In summary, the table shows that most people are either tenants or owners of their accommodation.

Table 9: Correlation of model constructs

	CP	QP	RP	VP	INT
CP	1				
QP	0,682***	1			
RP	0,138*	-0,007	1		
VP	0,691***	0,543***	0,197***	1	
INT	0,803***	0,761***	0,119*	0,733***	1

Source: Author's calculations based on SPSS.

The correlation table shows the statistical relationships between the different variables CP (Product Knowledge), QP (Perceived Quality), RP (Perceived Risk), VP (Perceived Value), and INT (Intention to Invest). The values indicate the strength and direction of the linear relationship between the variables, ranging from -1 to 1. The values indicate the strength and direction of the linear relationship between the variables, ranging from -1 to 1. A positive correlation of 1 means that the two variables are highly correlated and increase together, while a negative correlation of -1 means that they are highly correlated but decrease together. The correlation coefficients between CP and QP, as well as CP and VP, are very high and positive (0.682*** and 0.691*** respectively), indicating a strong positive correlation between product knowledge and perceived quality as well as perceived value.

The correlation between PQ and PV is also very high and positive (0.543***), suggesting a positive relationship between perceived quality and perceived value. The correlation between RP and INT is low and negative (0.119*), indicating a weak negative correlation between perceived risk and intention to invest. Finally, the correlation between INT and VP is very high and positive (0.733***), indicating a strong positive correlation between perceived value and intention to invest. In summary, the correlation table shows that product knowledge, perceived quality, and perceived value are strongly correlated with each other, while perceived risk is weakly correlated with intention to invest. The perceived value appears to have a strong influence on the intention to invest.

4.2. Descriptive statistics

Note that the column names corresponding to the questions in the questionnaire have been coded to simplify navigation and reading of the results according to this reference system:

Table 10: Question coding

Encoding	Question
CP1	I'm well-informed about Islamic bank term deposits
CP2	My search for information on Islamic banks' term deposits is strong
CP3	I don't have much experience with term deposits in Islamic (reverse) banks.
CP4	In general, I have a good knowledge of Islamic bank term deposits.
CP5	I'm well informed about Islamic banks' term deposits
CP6	Compared to my friends and acquaintances, I am well-informed about Islamic bank term deposits.
CP7	Compared with the experts in this field, I have a good knowledge of Islamic bank term deposits.
QP1	The Islamic bank's term deposit product is superior to other investment products.
QP2	Islamic banking offers a term deposit product with excellent features
QP3	The overall quality of Islamic banks' term deposits is good
RP1	Given the potential investment, it is not risky to open a term deposit account with this Islamic bank.
RP2	I think that opening a term deposit account in an Islamic bank would entail a (reverse) financial risk.
RP3	Given the potential expense of opening a term deposit account with an Islamic bank, the overall risk is very high.
VP1	Payment of the shared profit is fully justified.
VP2	The return on an Islamic bank term deposit is good for the expense involved
VP3	The total cost is reasonable
INT1	I'm interested in opening a term deposit account with an Islamic bank.
INT2	I am interested in opening a term deposit account with an Islamic bank in the future.
INT3	One day I'll open a term deposit account with an Islamic bank.
INT4	I would like to open a term deposit account with an Islamic bank.
INT5	I will certainly recommend Islamic Banking term deposits to others.

Source: Produced by the author.

This table shows the coding of the questions used to assess Muslim customers' intention to invest in Islamic bank term deposits. There are several groups of questions: knowledge of Islamic bank term deposits (CP1 to CP7), perception of product quality (QP1 to QP3), perception of risk (RP1 to RP3), perception of value (VP1 to VP3), and finally intention to invest (INT1 to INT5).

Each of these groups addresses a different aspect that may influence the investment decision of Muslim customers. By analysing the responses to the different questions, it is possible to identify the factors that have an impact on the intention to invest and possibly adjust the Islamic bank's marketing strategy to stimulate investment.

Table 11: Basic statistics for items

	Average	Standard deviation	Asymmetry	Standard error of asymmetry	Kurtosis	Standard Kurtosis error	Minimum	Maximum
CP1	4,55	0,508	-0,320	0,122	-1,619	0,243	3	5
CP2	4,52	0,561	-0,815	0,122	0,627	0,243	2	5
CP3	4,56	0,642	-1,544	0,122	2,811	0,243	2	5
CP4	4,38	0,507	0,245	0,122	-1,390	0,243	3	5
CP5	4,15	0,392	1,061	0,122	3,269	0,243	2	5
CP6	4,32	0,625	-0,840	0,122	1,927	0,243	2	5
CP7	4,19	0,443	0,639	0,122	1,648	0,243	2	5
QP1	2,87	0,497	0,352	0,122	5,789	0,243	1	5
QP2	3,10	0,765	1,275	0,122	1,973	0,243	1	5
QP3	3,04	0,811	1,056	0,122	1,536	0,243	1	5
RP1	4,22	0,512	0,277	0,122	-0,078	0,243	3	5
RP2	4,44	0,593	-0,511	0,122	-0,646	0,243	3	5
RP3	4,25	0,571	-0,051	0,122	-0,419	0,243	3	5
VP1	3,41	0,804	-0,398	0,122	0,934	0,243	1	5
VP2	3,71	0,942	-0,330	0,122	-0,524	0,243	1	5
VP3	3,40	1,026	-0,450	0,122	-0,294	0,243	1	5
INT1	4,60	0,682	-2,417	0,122	7,908	0,243	1	5
INT2	4,75	0,528	-2,616	0,122	8,942	0,243	2	5
INT3	4,51	0,667	-1,778	0,122	4,789	0,243	1	5
INT4	4,50	0,771	-2,094	0,122	5,166	0,243	1	5
INT5	4,68	0,555	-2,065	0,122	5,942	0,243	2	5

Source: Author's calculations based on SPSS.

This table presents the basic statistics for each item measuring Product Knowledge (CP1 to CP7), Perceived Quality (QP1 to QP3), Perceived Risk (RP1 to RP3), Perceived Value (VP1 to VP3) and Intention to Invest (INT1 to INT5). Means ranged from 2.87 for QP1 to 4.75 for INT2, indicating that participants perceived QP1 items less favorably than the other items. The standard deviation ranged from 0.392 for CP5 to 1.026 for VP3, showing a greater variation in responses for VP3 than for CP5. Skewness measures the symmetry of the score distribution, with a value close to 0 indicating a symmetrical distribution. Skewness values for the items range from -2.417 for INT1 to 1.061 for CP5, indicating that some distributions are highly skewed. Kurtosis measures the peakedness or flatness of the score distribution, with values close to 0 indicating a normal distribution. Kurtosis values for the items range from -1.390 for CP4 to 8.942 for INT2, showing that some distributions are more or less peaked than the normal distribution. In summary, this table provides useful information about the characteristics of each item and can be used to assess the validity and reliability of the measures.

4.3 Reliability assessment

The reliability of the constructs and their items in the final model was examined by testing their Cronbach's alpha and composite reliability. The value of Cronbach's alpha (Cronbach 1951) for this study was calculated using SPSS 23. The analysis indicated values greater than 0.9, corroborating an excellent level of reliability for all constructs.

The supply chain performance construct also indicated a good degree of reliability (Bernstein & Nunnally 1994; Hair et al. 2014). The composite reliability values (construct reliability CR), were calculated by applying the AMOS 23 results. All CR values, were greater than 0.8, indicating excellent levels of construct reliability (Hair et al. 2014). The results inferred the consistency of the items that represented the constructs and their reliability in measuring the constructs. Furthermore, the correlation between constructs, less than 0.8, indicates that there are no problems of multicollinearity between constructs (Hair et al. 2014). The results of the reliability tests are presented in the table below.

Table 12: Reliability test table

	CR	Item no.	Cr. Alpha
CP	0,738	5	0,755
QP	0,761	3	0,758
RP	0,943	3	0,940
VP	0,843	3	0,817
INT	0,844	5	0,841

Note: CR=Composite reliability; Cr. Alpha= Cronbach's alpha.
*All correlation coefficients are significant at $p < 0.001$.
Source: Author's calculations based on SPSS

Table 12 shows the results of item reliability tests for each construct measured (CP, QP, RP, VP, INT). Cronbach's alpha, a common reliability indicator for measurement scales, is used to measure composite reliability (CR). CR ranges from 0 to 1, with higher values indicating better reliability. CR values for all constructs are high (between 0.738 and 0.943), indicating good overall reliability. The Cr. Alpha values are also close to the CR values, indicating good internal consistency. However, it is important to note that reliability tests are only one part of assessing the quality of a measurement scale. Other tests such as validity and analysis of questionnaire responses should also be considered when assessing the quality of the measure. The extent of factor loading is an essential consideration. Therefore, item reliability was confirmed by examining factor loadings. Standardised factor loadings should be at least greater than 0.5 and ideally greater than 0.7 (Hair et al., 2014). Measurement items with factor loadings above 0.7 retain a shared variance with the construct higher than the error variance (Hair et al. 2014; Jöreskog & Sörbom 1982). Reliability values were statistically significant, with most above the ideal scale and others closer to the ideal parameter, confirming the reliability of the items (Anderson & Gerbing 1988; Hair et al. 2014).

4.3.1 Assessing the validity of the construction

The average variance extracted (AVE) for each construct was tested to confirm convergent validity. AVE represents the degree of item variation explained by the construct (Hair et al., 2014). It is a summary indicator of convergence, calculated by dividing the sum of squared factor loadings (squared multiple correlations) by the total number of items (Fornell & Larcker 1981; Hair et al., 2014). The AVE for each construct was 0.68 for Supplier Integration, 0.634 for Internal Integration, 0.795 for Customer

Integration, 0.568 for Supply Chain Resilience, 0.683 for Flexibility, 0.776 for Time Performance, 0.757 for Quality Performance, and 0.851 for Cost Performance. Values above 0.5 suggest that all item variations can be explained by the latent factor structures of the study (Bagozzi & Yi, 1988; Fornell & Larcker, 1981; Hair et al., 2014). The AVE value for the supply chain performance construct was the lowest, but was still above 0.5, which is consistent with the minimum adequate convergence point (Fornell & Larcker 1981; Hair et al. 2014). Thus, the convergent validity of all constructs was confirmed. Next, a comparison of nested models using CFA was performed to check discriminant validity (Anderson & Gerbing 1988; Bagozzi & Yi 1988; Hair et al. 2014). A sequence of CFA models was run against each model (one pair at a time), limiting the correlations between each pair of constructs in the study to 1.

If the x^2 difference was found to be significant between the two models, discriminant validity was supported (Bagozzi & Yi, 1988; Hair et al., 2014). The results of the nested CFA model comparisons are presented in Table 13. All models reveal significant x^2 differences, confirming the discriminant validity of the items. In practice, however, comparing nested models does not provide strong evidence of discriminant validity, as sometimes correlations as high as 0.9 can still produce a significant difference in fit (Hair et al., 2014). Therefore, to further confirm the results, the discriminant validity of the constructs was tested by comparing the AVE value of each construct in the study to the squared correlations of the remaining constructs in the model. The AVE must be greater than the squared correlation estimates (Fornell & Larcker, 1981; Hair et al., 2014). If the AVE of a construct is greater than the squared correlations of the other constructs, this means that the latent construct explains more variance in its items than the variance that this construct shares with the other constructs (Fornell & Larcker, 1981; Hair et al., 2014). The AVE values and squared correlations are presented in Table 13.

Table 13: Construct validity analysis

	CR	AVE	MSV	MaxR(H)	CP	QP	RP	VP	INT
CP	0,738	0,768	0,645	0,767	**0,707**				
QP	0,761	0,717	0,579	0,772	0,682***	**0,719**			
RP	0,943	0,847	0,039	0,988	0,138*	-0,007	**0,920**		
VP	0,843	0,846	0,538	0,924	0,691***	0,543***	0,197***	**0,804**	
INT	0,844	0,723	0,645	0,864	0,803***	0,761***	0,119*	0,733***	**0,723**

Source: Author's calculations based on SPSS AMOS.

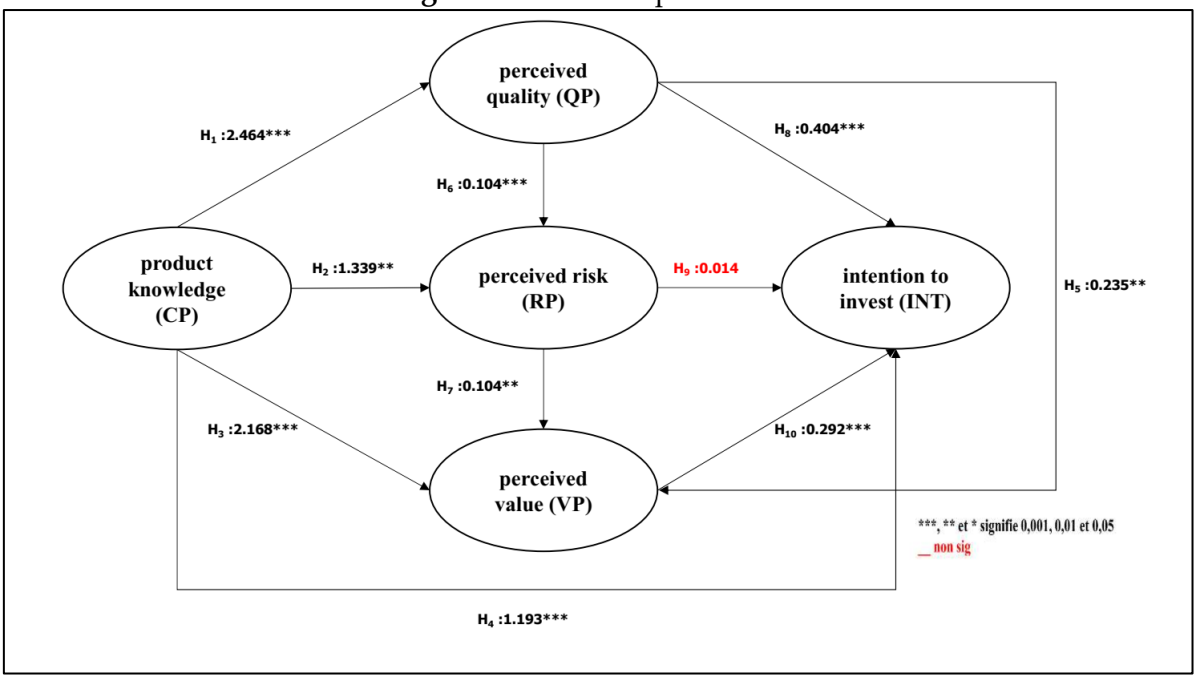
The table shows the validity analyses for different variables (CP, QP, RP, VP, and INT). The three main measures used to assess validity are: AVE (Average Variance Extracted), MSV (Mean Square of the Communalities), and MaxR (the maximum of the correlation). AVE (Average Variance Extracted) measures the average variance of the extracted items in relation to the total variance. A high AVE (greater than 0.5) indicates good construct validity for the variable under consideration. MSV (Mean Square of the Communalities) measures the mean of the communities, i.e., the mean of the proportion of variance of each item that is explained by the variable under consideration.

MaxR (maximum correlation) measures the highest correlation between a variable and an item. A high value for MaxR (greater than 0.7) suggests good competitive validity for the variable under consideration. In general, the values for AVE, MSV, and MaxR in the table are relatively high, indicating good validity for the variables considered. However, for a more detailed analysis and interpretation, it would be necessary to consult the wider context of the study and other associated analyses. Consequently, the discriminant validity of the constructs was confirmed. Passing this rigorous test can provide real evidence of discriminant validity (Hair et al., 2014).

4.4 Structural model and verification of hypotheses

After confirming the measurement theory by testing the relationship of the indicator variables of the theoretical constructs and checking the reliability, validity, and invariance of the measurements, the conceptual relationship of the structural relationship or structural theory was tested by examining the paths in the structural model. First, the saturated model was tested and compared with the fit indices of the CFA measurement model. Saturated structural models are considered inferior due to their inability to discover beyond the full measurement model (Hair et al., 2014). The fit statistics of the saturated theoretical model were identical to those obtained from the measurement model, confirming the correct transition from the measurement model to the structural model (Hair et al., 2014). Subsequently, the recursive structural model was tested. The analysis yielded the following results: RMSEA=0.078, NFI=0.827, CFI=0.952, and TLI=0.949.

Figure 1: Structural path model



Source: Author's calculations based on SPSS AMOS.

As the fit indices considered in this study are within acceptable limits, the structural model can be considered a good model fit. The structural theory is valid, as the model fit indices were not significantly worse than the measured model (Anderson & Gerbing, 1992). Among the measured indices NFI and the only index that did not conform to the acceptable range, as expected due to the small sample size of the study (Hair et al., 2014). As noted previously, NFI was ignored due to the small sample size in favour of the fit indices relevant to the study (Hair et al., 2014). The structural model is presented in Figure 1.

Table 14: Estimated variance explained by endogenous constructs $(R)^2$

	Relations		**Estimate**
QP	<---	CP	0,677
RP	<---	CP	0,243
RP	<---	QP	-0,172
VP	<---	CP	0,507
VP	<---	QP	0,200
VP	<---	RP	0,133
INT	<---	CP	0,307
INT	<---	QP	0,378
INT	<---	RP	0,020
INT	<---	VP	0,321

Source: Author's calculations based on SPSS AMOS.

This table presents the coefficients of determination (R^2) for endogenous constructs (i.e., variables that are considered to be influenced by other variables in the model). The R value^2 or explained variance estimate of endogenous constructs indicates the extent to which the model explains the variance of a construct (Byrne 2013; Hair et al., 2014). Thus, the R values^2 of endogenous constructs also reflect the explanatory power of the model (Hair et al., 2014).

Coefficients of determination are used to measure the proportion of the variance of a variable that can be explained by another variable. Variables are represented by the acronyms CP, QP, RP, VP, and INT. The arrows indicate the direction of influence, with the variable on the left influencing the variable on the right. For example, QP explains 67.7% of the variance in CP. Coefficients are expressed as percentages and can range from 0 to 1. The closer the coefficient is to 1, the better the variable is explained by the other variable. The hypotheses, their respective standardised ß coefficients of the path estimates, and the p-values are summarised in Table 15.

According to the data in Figure 1, product knowledge has a significant and positive impact on the perceived quality of Islamic banks' term deposit products (p-values = 0.000; beta = 2.464). This observation is in line with the work of Blair and Innis (1996), who established that the acquisition of knowledge is beneficial to the formation of perceived quality.

Table 15: Model estimation results

Hypotheses				Estimate	H.E.	C.R.	P	Reports
H_1	QP	<---	CP	2,464	,446	5,528	***	Sig
H_2	RP	<---	CP	1,339	,543	2,467	,014	Sig
H_3	VP	<---	CP	2,168	,485	4,468	***	Sig
H_4	INT	<---	CP	1,193	,341	3,500	***	Sig
H_5	VP	<---	QP	,235	,092	2,539	,011	Sig
H_6	VP	<---	RP	,104	,034	3,041	,002	Sig
H^7	RP	<---	QP	-,260	,139	-1,872	,041	Sig
H_8	INT	<---	QP	,404	,073	5,537	***	Sig
H_9	INT	<---	RP	,014	,026	,544	,586	No sig
H_{10}	INT	<---	VP	,292	,052	5,583	***	Sig

Source: Author's calculations based on SPSS AMOS.

The results of hypothesis 1 (H1) support the idea that Islamic banks should encourage education about their term deposit products to improve their perceived quality.

Hypothesis 2 (H2), which concerns the effect of product knowledge on risk perception, is also supported (P-values = 0.014; beta = 1.339). This hypothesis can be extended to the organisational context, where employee satisfaction influences their level of commitment to work, as suggested by Brief and Motowidlo (1986) and Macey and Schneider (2008).

Statistical results for hypotheses 3 and 4 (H3 and H4) indicate that product knowledge significantly affects both perceived value (p-values = 0.000; beta = 2.168) and intention to invest (p-values = 0.000; beta = 1.193) in Islamic banks' term deposit products. These results are consistent with previous studies, notably that of Eisingerich and Bell (2008).

Hypothesis 5 (H5) shows that perceived quality positively impacts perceived value (p-values = 0.011; beta = 0.235), which is consistent with the work of Dodds and Monroe (1985).

Hypothesis 6 (H6) reveals that risk perception negatively affects perceived value (p-values = 0.002; beta = 0.104), an observation that is corroborated by the research of Snoj et al. (2004).

Hypothesis 7 (H7) argues that product knowledge reduces perceived risk, which is aligned with marketing theory which posits that product knowledge can help reduce perceived uncertainties (Chinomona et al., 2011).

Hypothesis 8 (H8) confirms that perceived quality has a significant impact on the intention to invest (p = 0.000; beta = 0.404), which is consistent with previous studies (Ganesan, 1994).

Hypothesis 9 (H9), however, finds no significant relationship between risk perception and intention to invest (p-values = 0.586), suggesting that other factors such as product knowledge and perceived quality may be more influential.

Finally, Hypothesis 10 (H10) demonstrates that perceived value has a significant impact on investment intention (p-value of 0.000; beta coefficient of 0.292), highlighting

the importance of this variable in Muslim customers' decision to invest in Islamic banks' term deposits.

These results suggest that Islamic banks should invest in customer education and improving the quality of their term deposit products to increase their attractiveness and market share. The implications of these results for the marketing and management strategies of Islamic banks are substantial.

5. Conclusion

This study examines the impact of product knowledge on purchase intention via perceived quality, perceived financial risk, and perceived value. The result shows that product knowledge has a direct influence on customers' intention to save in Islamic bank term deposits. The result implies that obtaining sufficient information about the Islamic bank term deposit product is sufficient to induce customers to invest in Islamic bank term deposits. Product knowledge has a significant influence on customers' intention to invest in Islamic bank term deposits through two channels. The first is via perceived quality, and the second is simultaneously via perceived quality and perceived risk because perceived quality has a significant influence on perceived risk but no significant impact on the intention to save. These two channels show that perceived risk can play two roles in influencing Muslim customers' intention to invest in Islamic banks. The first role is that of an independent variable that directly influences Muslim customers' intention to invest in Islamic banks. The second role is that of an intervening variable that plays a role in the relationship between product knowledge and intention to invest in term deposits with Islamic banks, and between perceived quality and intention. Thus, this study theoretically contributes to current research in Islamic marketing by providing empirical evidence that customers' product knowledge can influence Muslims' intention to invest in term deposits without the involvement of two variables product quality and perceived risk.

Conflict of Interest Statement

I certify that I have NO affiliations with or involvement in any organization or entity with any financial interest (such as honoraria; educational grants; participation in speakers' bureaus; membership, employment, consultancies, stock ownership, or other equity interest; and expert testimony or patent-licensing arrangements), or non-financial interest (such as personal or professional relationships, affiliations, knowledge or beliefs) in the subject matter or materials discussed in this manuscript.

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