

Islamic Financial Products and Services Patronizing Behavior in Tatarstan: The Role of Perceived Values and Awareness

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Abstract: Despite the tremendous growth shown by global Islamic financial services industry, there are Muslim minority countries that have not embraced Islamic finance yet and the Russian Federation is one of them. This research is conducted in the Republic of Tatarstan, a federal subject (part) of the Russian Federation, which has huge potential and promising future for the development of Islamic finance. The current study examines the role of perceived values and awareness among people of Tatarstan in patronizing Islamic financial products and services. The study has adopted the Theory of Reasoned Action (TRA) to examine the factors affecting Tatarstan citizens' behavioral intention to patronize Islamic financial products and services. The sample of 517 questionnaires was available for analysis. The data was analyzed using 'IBM SPSS Statistics' and 'IBM SPSS AMOS' computer software. 'IBM SPSS Statistics' was used at the initial stage to perform descriptive analysis. 'IBM SPSS AMOS' was employed to run Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM). The findings of the research show that awareness has a positive effect on attitude, and subjective norms have positive effect on intention to patronize Islamic financial products and services in Tatarstan.

Keywords: Islamic finance, Theory of Reasoned Action (TRA), Patronizing Behavior, Perceived Values, Awareness, Tatarstan

JEL Classification: C38, C51, D12, Z12

KAUJIE Classification: H21, H22, V12

1. Introduction

The Republic of Tatarstan is not an independent state but a constituent republic of the Russian Federation, one of the country's 85 federal subjects. The population of Tatarstan numbers around 3.838 million and comprises representatives of 115 ethnic groups; these include Tatars (53.2%), Russians (39.7%), Chuvashes, Udmurts, Mordva, Mari, Ukrainians, Bashkirs and others. 76.1% of Tatarstan residents live in urban

areas (Federal State Statistics Service of Russian Federation, 2014a). Over thousand religious societies have been registered in the territory of the Republic. The most widely spread religions are Islam and Orthodox Christianity. The Sunni Islam was adopted as an official religion in the Volga Bulgaria as early as in 922. At present, the Muslim population of Tatarstan is about 55% of the total population.

The supreme body of Muslims is the Religious Muslim Board of the Republic of Tatarstan (Ministry of Industry and Trade of the Republic of Tatarstan, 2010).

Tatarstan is among the group of Russian regions with high level of socio-economic development. In 2011, Forbes, as well as Ernst and Young ranked Tatarstan as the best region for doing business in Russia. Moreover, the Republic of Tatarstan is ranked in Russia's top ten regions in terms of the gross regional product with 1,436 billion rubles in 2012. Economic growth has been stable for the past 5 years with the exception of a recession in 2009 due to the global financial crisis (Federal State Statistics Service of Russian Federation, 2014b).

There are several institutions involved in Islamic finance, namely the Islamic business and finance development fund (IBFD Fund), the Tatarstan International Investment Company (TIIC), Financial House "Amal", Tat Agro Prom Bank, the Russian Centre of Islamic Economics and Finance (RCIEF) and Centre for Islamic Economics and Finance Development (CIEFD). TIIC and Amal are Sharī'ah compliant financial institutions (FIs) providing financing and investment on the basis of *ijārah*, *murābahah*, *mushārah* and *muḍārah*. Amal, on top of that, accepts deposits on the basis of *qard* and *muḍārah*. Tat Agro Prom Bank, in its turn, has not started its Islamic banking operations yet, as it is currently developing Islamic banking products and services suitable for Tatarstan and Russian markets. IBFD Fund, RCIEF and CIEFD are key players in Islamic economics and finance education and training in Tatarstan particularly and in the Russian Federation in general. These institutions are spreading knowledge, removing public ignorance and increasing the level of awareness pertaining to Islamic economics and finance. Despite the aforementioned activities, all of the aforesaid organizations indicate the low level of recognition of and familiarity with Islamic financial products and services by the public. Meanwhile, the level of awareness among potential consumers of Islamic financial products and services is very crucial in order to develop this sector of finance.

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

This paper is organized as follows: next section proceeds with the literature review on consumer behavior in banking decision-making criteria and on the application of the Theory of Reasoned Action. It is followed by a section on research methodology. The findings and discussion are presented in section four. Brief conclusion and suggestions are offered in the last section.

2. Literature Review

To date, Islamic banking and finance is attracting more and more researchers in different countries. One of the aspects that are studied is consumer behavior. Level of awareness and perception of customers are viewed among the main concerns for products and services providers in any sector of the economy of any country. Islamic financial industry also acknowledges the importance of consumer behavior understanding. Furthermore, understanding the changes in consumer behavior and proper adjustments of business in line with these changes are necessary for any financial institution to remain competitive in the market.

Considering the structure and composition of Tatarstan population, the most interesting and relevant researches seem to be in Turkey, Kazakhstan, Uzbekistan and Dagestan. Turkey, although the vast majority of its population are Muslims, is a secular country, where, until now, there is no special legislation for IFIs, specifically for Islamic banks. Islamic banks in Turkey are called as

participatory banks. Kazakhstan, in its turn, is also a Muslim majority country with a civil law system similar to Russian. Moreover, Kazakhstan is the first Commonwealth of Independent States (CIS) country, which amended its law to accommodate Islamic finance. Uzbekistan is another CIS country where the vast majority of population are Muslims. Still, the enabling legislation for Islamic finance is yet to be introduced. Finally, the Republic of Dagestan, as a state of Russian Federation, has the same legal framework set by the Federation as that of the Republic of Tatarstan.

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

Kazakhstan is very close to Russia in many aspects and the legal aspect is one of them. Civil law governs both Russia and Kazakhstan. Being parts of the Union of Soviet Socialist Republics (USSR) leaves its mark on the current legislation of both countries. Nonetheless, Kazakhstan is one step ahead in terms of development of Islamic finance because, it has special legislation in order to accommodate Islamic banking and finance practice. Abduh and Omarov (2013) conducted a research on "Muslim's awareness and willingness to patronize Islamic banking in Kazakhstan". The research targeted only Muslim population of

Kazakhstan, which constitutes 65% of the total population. The research used self-administered questionnaires to collect the data. From 400 questionnaires distributed in 5 major cities of Kazakhstan, only 300 were available for analysis. The study employed descriptive analysis to analyze information gathered from the respondents. The majority (82.3%) of respondents were from 20 to 49 years old, i.e. economically productive age; and most of them (83%) knew about the existence of Islamic banking in Kazakhstan. Those who are aware of prohibition of interest in Islam are of the same percentage. Yet, when it comes to principles of Islamic banking, Islamic banking products and differences between Islamic and conventional banking, only 14-16% of respondents knew about them. Nevertheless, more than 70% of respondents believe in a high potential for Islamic banking in Kazakhstan and that Islamic banks are able to compete with conventional counterparts and, what is probably most important, they are ready and willing to become clients of Islamic banks in Kazakhstan. They also stated that there is a lack of marketing for Islamic banks. Therefore, it is important to provide more information pertaining to Islamic banking products and services to the public in order to promote this sector.

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

Last, but not least a research was performed by Abduh and Idrisov (2014) on “the role of awareness and perceived values upon the acceptance of Islamic banking in Dagestan”. Dagestan is a state of the Russian Federation like Tatarstan. With a vast majority of Muslim population (85%), it is the second state of Russia where IFIs started their operation in 2011. The study employed a survey with 400 responses. It used similar techniques for data analysis as the one conducted in Uzbekistan (Shaamirova, 2014). Results have shown, that 98% of those who were surveyed are Muslims, and just more than half of them have heard about Islamic finance. Moreover, only a mere 6% are familiar with Islamic financial contracts. Nevertheless, around 70% are willing to become customers of Islamic banks. One of the issues that emerges from these findings is public ignorance pertaining basics of Islamic finance. Therefore, the study suggests that education of the public should take place to promote Islamic finance industry.

3. Methodology

3.1 Theoretical Framework and Theory of Reasoned Action

The current study attempts to determine the factors influencing Islamic financial products and services patronizing behavior of Tatarstan people. In order to achieve this objective, Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975; Ajzen & Fishbein,

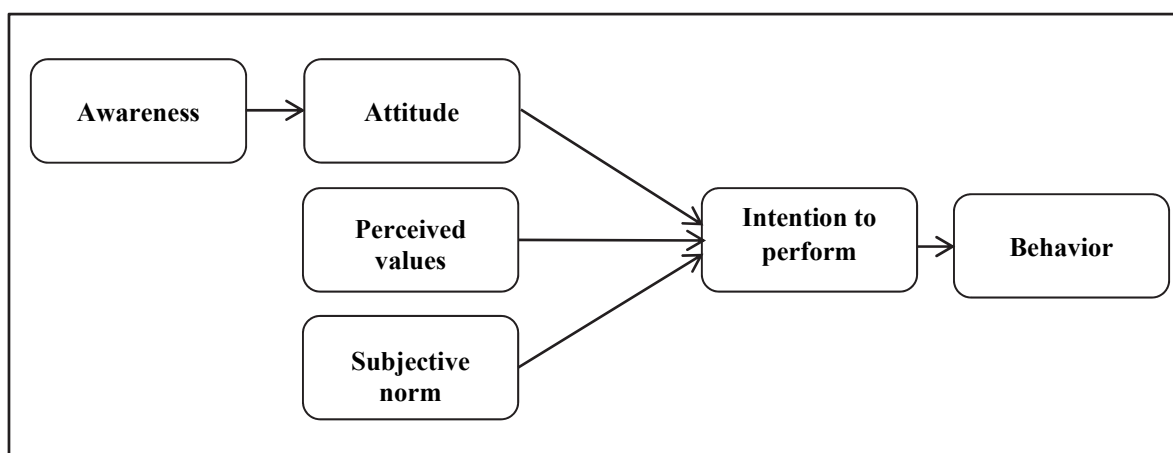
1980) is employed. The strength of this theory lies in its ability to predict the behavior using several external and internal factors. Behavioral intention of people of Tatarstan toward Islamic financial products and services can be predicted by several factors among which are attitude, subjective norms, and perceived values. According to Abduh and Idrisov (2014) awareness has a positive relationship with attitude, which is hypothesized and proven by the research. In their model awareness is regarded as an external variable. The current study adopts and adapts the aforementioned model, therefore, awareness of Tatarstan people towards Islamic financial products and services is considered as an external factor. The modified and proposed theoretical framework is illustrated in figure 1.

3.2 Research Hypotheses

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

- H1: Perceived values have a positive effect on intention to patronize Islamic financial products and services in Tatarstan.
- H2: Subjective norms have a positive effect on intention to patronize Islamic financial products and services in Tatarstan.
- H3: Attitude has a positive effect on intention to patronize Islamic financial products and services in Tatarstan.

Figure 1: Modified and Proposed Theoretical



Source: Author.

H4: There is a significant influence of awareness on the attitude of people to patronize Islamic financial products and services in Tatarstan.

3.3 Data Collection Procedure

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

3.4 Variables

This study examines the relationship among five latent variables namely awareness, perceived values, subjective norms, attitude towards Islamic financial products and services, and intention to patronize Islamic financial institution. In this regard, awareness of Islamic financial products and services is described by how people acknowledge and understand contracts in Islamic finance, as well as products and services offered by Islamic financial institutions, particularly by Islamic banks. Perceived values towards Islamic financial products and services is described by how products and services offered by Islamic financial institutions can deliver additional value for them and meet people's extra needs or requirements. Attitude toward Islamic financial products and services is described as people's sense of being comfortable and fulfilled in patronizing Islamic financial products and services. Subjective norm is described as the perception regarding the opinions of significant referents whether or not a person should use Islamic financial products and services. In this research, the intention to patronize Islamic financial products and services in Tatarstan is used as the dependent variable.

3.5 Confirmatory Factor Analysis and Structural Equation Modeling

Confirmatory Factor Analysis (CFA) is applied to inspect the number of latent variables (constructs or factors) underlying the observed variables and to evaluate the adequacy of observed variables (indicators) for the latent variables they are supposed to measure. Basically, each construct included in the model is usually measured by a set of observed indicators. Hence, in a CFA model no specific directional relationships are assumed to be present between the constructs. The assumption is only on that constructs are potentially correlated with each other. In CFA, the specified theoretical hypothesized model is statistically tested for significance, in other words, whether the sample data confirm that model. Furthermore, the number of factors is assumed to be known. The researcher specifies number factors, which factors are correlated as well as the indicators that measure each factor (Schumacker & Lomax, 2010). Structural Equation Modeling (SEM) is a "statistical methodology that takes a confirmatory (i.e. hypothesis-testing) approach to the multivariate analysis of a structural theory bearing on some phenomenon. Typically, this theory represents 'causal' processes that generate observations on multiple variables" (Byrne, 1998). Generally, every SEM analysis including CFA goes through the steps of model specification, model testing, and, possibly, model modification (Bollen & Long, 1993). All steps will be discussed together with the output in the following section.

4. Results and Discussion

4.1 Descriptive Statistics

To begin with, table 1 shows that the majority of respondents of the survey are males with 62.5%, while more than three quarters of respondents are between 18 to 35 years old, which equates to 405 respondents.

Table (1). Demographic Profile of Respondents.

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

Source: Author's Calculations.

While more than 40% of the population of the Republic of Tatarstan represents religions and beliefs other than Islam, almost four fifths of respondents of the survey are Muslims. As for marital status, the number of both married and not married groups of respondents is similar, with a greater number of married respondents. Furthermore, in terms of the current maximum level of education, the number of bachelor's degree holders overpasses the total number of school graduates (16.2%), diploma holders (15.9%) and postgraduate degree holders (11%) altogether. As for current occupation, there are two major groups representing more than half of the respondents, namely employees of private companies (32.7%) and those involved in the educational sector (31.3%) comprising students and teachers.

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

Table 2 illustrates that more than a half of the respondents of the survey have heard about Islamic finance.

Table (2). Respondents' Knowledge about Islamic Finance.

Parameter	Frequency	Percentage
Have you heard about Islamic Finance?		
Yes	305	59
No	212	41

Source: Author's Calculations.

4.1.1 Awareness

Table 3 provides the statistical results on the level of awareness of Islamic financial products and services in Tatarstan. Interestingly, for each question the total percentages of those who are not familiar at all or just not familiar are higher than 82%. The statistics show that only 28 out of 517 respondents (5.4%) are very familiar about the existence of Islamic financial services and their advertisement in Tatarstan. It is followed by the number of familiar respondents, who denote 12.4% only. Remaining figures are more significant with 38.1% being less familiar and 44.1% of those who are not familiar at all.

4.1.2 Perceived Values

Although the awareness level of the respondents toward Islamic financial products and services in

Tatarstan is low, the level of perceived values is considerably high. For instance, those who believe that Islamic banks will play a big role in poverty elimination encompass 39.5% of the total number of respondents. Furthermore, 22.2% of the respondents strongly agree with the statement. As for the statement of Islamic banks serving the low-income community in Tatarstan, 108 out of 517 respondents (20.9%) strongly agree and 222 out of 517 respondents (42.9%) agree with it. The percentage of those who strongly disagree with this statement is the same as of those who strongly disagree that Islamic banks will fulfill the banking need of Muslims in Tatarstan, and it equals to 5%. Nevertheless, the majority strongly agrees or just agrees with the latter.

Table (3). Respondents' Awareness Level of Islamic Financial Products and Services.

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

Source: Author's Calculations.

4.1.3 Attitude

Table 5 reveals the responses on attitude towards Islamic financial products and services in Tatarstan. It is worth mentioning that only small percentages of respondents strongly disagree with that patronizing Islamic bank is more Sharī'ah compliant it is more profitable, flexible and beneficial, or that it is fair for both customer and the bank. The percentages range between 4.1% and 6.4%.

4.1.4 Subjective Norms

As it can be seen from table 6, more than a half of the respondents agree or strongly agree that people whose opinions are valuable for the respondents would support their engagement with Islamic finance, with 38.5% and 18.4% of respondents respectively. As for the statement that people who are important to the respondents think that they should engage with Islamic banks, the number of

those who agree or strongly agree with the statement is almost twice as much as the number of those who disagree or strongly disagree with the statement. Moreover, about a half of the respondents

are expected to engage with Islamic banks, with 32.9% being those who agree and 17.6% being those who strongly agree with the statement.

Table (4). Perceived Values regarding Islamic Finance among Tatarstan People.

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

Source: Author's Calculations.

Table (5). Attitude towards Islamic Banking among Tatarstan People.

Parameter	Frequency	Percentage
Patronizing Islamic bank is more Shari'ah compliant		
Strongly disagree	33	6.4
Disagree	36	7.0
Neutral	112	21.7
Agree	159	30.8
Strongly agree	177	34.2
Patronizing Islamic bank is more profitable		
Strongly disagree	28	5.4
Disagree	59	11.4
Neutral	184	35.6
Agree	156	30.2
Strongly agree	90	17.4
Patronizing Islamic bank is more flexible and beneficial		
Strongly disagree	21	4.1
Disagree	52	10.1
Neutral	149	28.8
Agree	197	38.1
Strongly agree	98	19.0
Patronizing Islamic bank is fair for me and the bank		
Strongly disagree	23	4.4
Disagree	40	7.7
Neutral	129	25.0
Agree	197	38.1
Strongly agree	128	24.8

Source: Author's Calculations.

Table (6). Subjective Norms towards Islamic Finance among Tatarstan People.

Parameter	Frequency	Percentage
People whose opinions I value would support my engagement with Islamic finance		
Strongly disagree	29	5.6
Disagree	40	7.7
Neutral	154	29.8
Agree	199	38.5
Strongly agree	95	18.4
People who are important to me think that I should engage with Islamic bank		
Strongly disagree	51	9.9
Disagree	71	13.7
Neutral	159	30.8
Agree	166	32.1
Strongly agree	70	13.5
It is expected of me that I should engage with Islamic bank		
Strongly disagree	60	11.6
Disagree	52	10.1
Neutral	144	27.9
Agree	170	32.9
Strongly agree	91	17.6

Source: Author's Calculations.

4.1.5 Intention to Perform

Table 7 presents the responses on intention to patronize Islamic financial products and services in Tatarstan. It is worth mentioning that the responses regarding intention follow almost the same pattern as the responses on subjective norms.

4.2 Reliability Analysis

The reliability test was run on 'IBM SPSS Statistics' using Cronbach's alpha. Table 8 shows that the values of Cronbach's alpha for all factors (latent variables) in the theoretical model are above the minimum required value of 0.7. It indicates that all variables are reliable as it is recommended by Hair et al. (2010).

Table (7). Intention to Patronize Islamic Finance among Tatarstan People.

Parameter	Frequency	Percentage
I will seriously consider to patronize Islamic banking		
Strongly disagree	43	8.3
Disagree	49	9.5
Neutral	162	31.3
Agree	164	31.7
Strongly agree	99	19.1
I will strongly recommend Islamic finance to others		
Strongly disagree	42	8.1
Disagree	38	7.4
Neutral	139	26.9
Agree	180	34.8
Strongly agree	118	22.8
I will definitely become an Islamic bank customer in the future		
Strongly disagree	48	9.3
Disagree	45	8.7
Neutral	143	27.7
Agree	167	32.3
Strongly agree	114	22.1

Source: Author's Calculations.

Table (8). Cronbach's Alpha Values for Every Factor.

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

Source: Author's Calculations.

4.3 Sample Adequacy

Other tests for the suitability of respondent data for factor analysis are Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity. The KMO test is used to measure the sampling adequacy. The KMO ranges between zero and one, and it should be equal to more than 0.5. The Bartlett's Test of Sphericity should be significant, with significance level less than 0.05 for factor analysis to be suitable (Williams, Brown, & Onsman, 2012). As it can be seen from table 9, both test measures show very good sample adequacy suitable for factor analysis.

4.4 Model Modification

As it can be seen from table 10, fit indices do not satisfy goodness-of-fit of the model. The indices should satisfy the following conditions, namely χ^2/df should be less than or equal to 5.00; NFI, RFI, IFI, TLI and CFI should be more than 0.9; and RMSEA should be less than 0.08. Therefore, there is a need for model modification.

Table (9). KMO and Bartlett's Tests.

Test measure	Value
Kaiser-Meyer-Olkin Measure of Sampling Adequacy index	0.940
Bartlett's Test of Sphericity significance level	0.000

Source: Author's Calculations.

Table (10). Fit Indices.

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

Source: Author's Calculations.

Table (11). Fit Indices of the Modified Model.

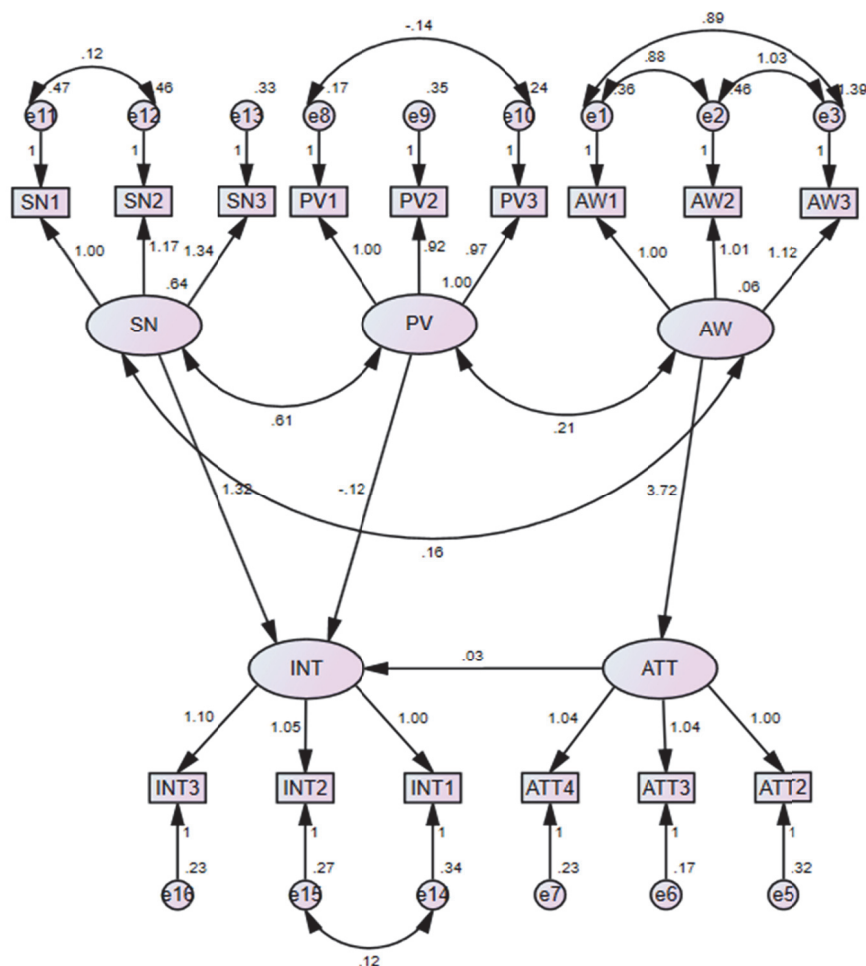
χ^2/df	NFI	RFI	IFI	TLI	CFI	RMSEA
3.841	0.957	0.943	0.968	0.957	0.968	0.074

Source: Author's Calculations.

For model modification, in order to obtain a better fitting for the hypothesized model, the modification indices that are provided by 'IBM SPSS AMOS' can be used. These modification indices show which path of covariance should be added or removed to improve the model fit (Kline, 2011). In order to achieve an acceptable model fit several changes of the model were implemented as suggested by the software. This brought satisfactory results as illustrated in table 11.

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

Figure 2: Structural Model of Factors Affecting Intention to Patronize Islamic Financial Products and Services in Tatarstan



4.5 Hypotheses Testing

After the goodness-of-fit of the model was achieved, the model was used to evaluate the hypotheses developed in the previous chapter of the present research. The study has four hypotheses in total that are driven from previous literature. Table 12 shows the results of the hypotheses testing whereby, one can find the estimates, standard errors, critical ratios and p-values. It can be seen from the table that only two hypotheses are supported by the

results of the model testing with $p < 0.05$. While one hypothesis is rejected due to the fact that it was found to be not significant as $p > 0.05$, another hypothesis is rejected on the basis of $\beta = -0.119$.

Figure (2) Structural Model of Factors Affecting Intention to Patronize Islamic Financial Products and Services in Tatarstan.

Table (12). Estimates of the Hypothesized Model.

Structural Path			Estimate	Standard Error	Critical Ratio	p-value
Attitude	<---	Awareness	3.724	0.815	4.568	***
Intention	<---	Attitude	0.03	0.066	0.45	0.653
Intention	<---	Subjective Norms	1.32	0.082	16.124	***
Intention	<---	Perceived Values	-0.119	0.051	-2.315	0.021

Source: Author's Calculations.

The hypotheses tested and the results are as follows:

- H1: Perceived values have a positive effect on intention to patronize Islamic financial products and services in Tatarstan. This hypothesis is rejected ($\beta = -0.119$, $p = 0.021$).
- H2: Subjective norms have a positive effect on intention to patronize Islamic financial products and services in Tatarstan. This hypothesis is supported by the findings ($\beta = 1.320$, $p = ***$). Moreover, subjective norms highly affect the intention to patronize Islamic financial products and services among Tatarstan people.
- H3: Attitude has a positive effect on intention to patronize Islamic financial products and services in Tatarstan. This hypothesis was rejected ($\beta = 0.030$, $p = 0.653$).
- H4: There is a significant influence of awareness on the attitude of people to patronize Islamic financial products and services in Tatarstan. This hypothesis is supported by the findings ($\beta = 3.724$, $p = ***$).

The findings indicate that only subjective norms have significant positive influence on the intention to patronize Islamic financial products and services among people of the Republic of Tatarstan. It means that people are heavily considering the opinions of significant referents whether or not they should use Islamic financial products and services.

Even though more than a half of the respondents of the survey have heard the term Islamic finance, the vast majority of the respondents were not aware of Islamic financial products and services. Hence, it can be concluded that while many know about the existence of Islamic finance, they are not familiar with Islamic financial system and its features, with the basic concepts of Islamic finance and the underlying contracts. Therefore, IFIs and educational institutions should launch more awareness programs for the public to promote Islamic finance industry.

Interestingly, although the awareness level of the respondents towards Islamic financial products and services in Tatarstan is low, the level of perceived values is considerably high. For instance, those who believe that Islamic banks will play a big role in poverty elimination as well as

that they will serve the low-income community in Tatarstan constitute the majority of respondents with 'strongly agree' and 'agree' answers. It implies that even with public ignorance of Islamic banking and finance, people expect that anything with the prefix of 'Islam' would be more beneficial for the poor and the general public. In other words, the public expect improvement of socio-economic conditions in the society as a result of development of Islamic finance, which is, in turn, one of the objectives of Shari'ah.

Nevertheless, this study discovered that perceived values do not play a role in behavioral intention in patronizing Islamic financial products and services. In other words, the aforementioned perceptions regarding Islamic banks are not important in influencing people's intention to patronize Islamic financial products and services. Therefore, IFIs in Tatarstan should focus on providing quality Shari'ah compliant services compatible with conventional counterparts in compliance with the objectives of Islamic finance. In addition, considering the expectations of the public it is hoped that IFIs not only in Tatarstan, but across the globe will further develop the industry fulfilling the higher objectives of Shari'ah.

5. Conclusion and Suggestions

Using modified TRA model, this study attempted to examine the factors influencing Islamic financial products and services patronizing behavior in Tatarstan. The findings proved that 'subjective norms' is the key factor in patronizing Islamic financial products and services in Tatarstan. Moreover, since people in Tatarstan are not familiar with Islamic financial products and services, both IFIs and educational institutions are suggested to launch various programs for awareness. Likewise, it is expected from IFIs to be in line with both spirit and letter of the Shari'ah while developing Islamic financial products and services industry.

Due to the lack of literature, this study can be considered as the first step for further research on the topic of Islamic finance in the Republic of Tatarstan. Also, there are few limitations that include number of parameters of the hypothesized model, number of indicators (observed variables) as well as sample size. All the aforementioned limitations offer opportunities for more studies and can be improved further in next researches.

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تطور منتجات وخدمات التمويل الإسلامي في تاتارستان: دور الوعي والقيم

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قسم الشريعة – بنك أبوظبي الإسلامي – الإمارات العربية المتحدة

المستخلص: على الرغم من النمو الهائل الذي أظهره التمويل الإسلامي على المستوى العالمي، إلا أن بعض الدول ذات الأقلية المسلمة لم تواكب هذا التطور وتستفيد منه. تعتبر دولة روسيا الاتحادية واحدة من هذه الدول. أُجريت هذه الدراسة في جمهورية تاتارستان، والتي هي جزء من روسيا الاتحادية، والتي لديها إمكانيات هائلة ومستقبل واعد لتطوير التمويل الإسلامي. تبحث الدراسة دور الوعي والقيم المتصورة بين سكان تاتارستان في مساندتهم لخدمات ومنتجات التمويل الإسلامي. وقد اعتمدت الدراسة على نظرية الفعل المبرر (Theory of Reasoned Action) لدراسة العوامل التي تؤثر على النيات المؤدية للسلوك المساند لخدمات ومنتجات التمويل الإسلامي بين مواطني تاتارستان. تكونت العينة من ٥١٧ استبيانات متاحة للتحليل. تم تحليل البيانات باستخدام برنامجين حسابيين وهما: IBM SPSS Statistics و IBM SPSS AMOS. وقد استخدم برنامج 'IBM SPSS Statistics' في المرحلة الأولى للتحليل الوصفي. كما استخدم برنامج 'IBM SPSS AMOS' لإجراء التحليل التأكيدي للعوامل (Confirmatory Factor Analysis)، ونمذجة المعادلات الهيكلية (Structural Equation Modeling). تشير نتائج البحث إلى أن الوعي له تأثير إيجابي على السلوك، وأن الضوابط الموضوعية المتصورة لها تأثير إيجابي على نية المساندة (التفضيل) لمنتجات وخدمات التمويل الإسلامي في تاتارستان.

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