

Maqasid-based Consumer Preference Index for *Tawarruq* Personal Financing

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Abstract

Relatively, *maqasid al-Shariah* is a missing dimension element in the available *tawarruq* personal financing, resulting in a convergence of this facility and its traditional counterpart. This work examines the consumer preference of *tawarruq* personal financing using the *maqasid*-based consumer preference index (MCPi). Drawing upon the MCPi, the present study examines consumer preference on the offered *Tawarruq* personal financing by 7 Islamic banks in Malaysia based on valid 456 usable questionnaires. The primary findings obtained indicate that all banks somewhat have a moderate MCPi. These include Bank Islam Malaysia Berhad (BIMB), Bank Muamalat Malaysia Berhad (BMMB), Maybank Islamic, CIMB Islamic, RHB Islamic, Kuwait Finance House and Al-Rajhi Bank. This study examines a new approach to measure consumer preference using the MCPi. Our contributions are confined to these particular variables – Educating Customer, Establishing Justice and Promoting Welfare. Our study also limits its perspective on the general context of *tawarruq* personal financing. Future works may provide different perspectives on these interrogations. This study provides a new index for Islamic banks to manage *tawarruq* personal financing products according to *maqasid al-Shariah* effectively. This study introduces a new measure of consumer preference of *tawarruq* personal financing namely the MCPi in the context of Malaysia.

Keywords: Consumer; *Maqasid al-Shariah*; Islamic financing; Malaysia

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I. Introduction

1.1. Background

Providing financial assistance to needy and poor people is an act of virtue that shapes camaraderie among *Muslims* in return a true brotherhood is built. Of course, every good deed done is compensated by Allah (SWT) and every bad deed is chastised. Since helping needy and poor people financially is a good deed, hence it is rewarded by the Almighty. On top of that, *tawarruq* personal financing becomes one of the Islamic banking products that contribute to strengthened profitability to Islamic banks as well as its contribution that leads to an increased number of bank customers for an improved customer base. This also articulates to us that Islamic banking has been ingenious in developing new financial products – meeting the *Shariah* compliancy expectation, where benefits are superior to their cost. From 1983 till today, Malaysian Islamic banks keep on improving their performance and public image through extended financial engineering (Iqbal and Mirakhor, 2011) and tapping into *Shariah* governance's potential (Muneeza, Hassan and Wisham, 2011; Hassan, 2014). Consequently, Islamic banks remained resilient, competitive and somewhat better than their conventional peers relatively – implying Islamic banks are offering financial innovations, which are safe, secured and profitable – competitive when comparing with their conventional counterparts.

Although *tawarruq* personal financing earned improved *Shariah* compliancy and being innovative, still there are misconceptions sourced from poor mindsets by laymen who are steering the facility flaws and associated them with the earlier practice of *bay al-inah* – sale and buy-back arrangement (Ali and Hassan, 2016). Firstly, there is a negative word of mouth, which are somewhat shared on social media platforms and even worse, they were suggesting a total improvement in terms of products' novelty – to be novel without mimicking their conventional peers even this is claimed to be a sentiment and being groundless to be taken. Secondly, there is also a fallacy suggesting that *tawarruq* personal financing is just a rebranding of *bay al-inah* personal financing, even though these two are not in tandem in terms of modus operandi and the validity of *Shariah* compliance. Thirdly, there is also a poor mindset by laymen claiming *tawarruq* personal financing is similar to its conventional peer, personal loan – claiming this occurs as far as the two have an "increased implication" in terms of the selling price associated with *tawarruq* personal financing and in terms of unjustified increase with a personal loan. Even, in reality, they are not alike. Without any measures for improvement, these issues can become bigger when the social circle of the laymen become bigger, which lead to poor public image and in turn poor receptiveness. To date, *tawarruq* personal financing is now not only

competed with its conventional peer but also *qardhul hassan* financing, which is available in some particular states in Malaysia. To compete better, Islamic banks should acknowledge the importance of welfare and justice in their offered *tawarruq* personal financing to be concerning *qardhul hassan* financing (Ahmed, 2011). These elements somewhat are fallen short, which warrants further attention to improve its marketability.

In general, the bank serves two roles in the *tawarruq masrafi* (organised *tawarruq*). The bank serves two functions, firstly, as the customer's purchasing agent, and secondly the customer's selling agent. The problem here is the authenticity of these roles, whether it is existed in reality or only in theory. To ensure *tawarruq* personal financing occurs Islamically, the transacting commodity must be made available and accessible among the transacting parties to ensure deliverability can take place. If the availability and accessibility are not met, the financing product is invalid. Full ownership should take place before the seller can sell the commodity to the buyer. These issues are only some issues that are drawn from *tawarruq* personal financing. The selling point here is (1) these issues have a great likelihood to repeat not only to the one bank but also to many banks, when human errors are taken into account (2) these issues are important to be avoided to ensure the *Shariah* compliancy can be upheld accordingly. Islamicity, transparency, availability and accessibility are deliberately the key.

Many studies in Islamic financing have considered Islamic home financing (Md-Taib, Ramayah and Abdul Razak, 2008), *qardhul hassan* financing (Amin, Ghazali and Supinah, 2010) and *ar-rahnu* financing (Amin and Chong, 2011), to mention some. Relatively, studies pertinent to *tawarruq* personal financing are fallen short. Shreds of evidence pertinent to the factors influencing *tawarruq* personal financing are somewhat limited, and the best we can share is a study by Amin and Abdul Hamid (2018), which examines factors contributing to the receptiveness of *tawarruq* home financing though a focus has deviated from the present work. Moreover, earlier works have considered conventional theories in examining factors contributing to the receptiveness of Islamic financing products (Md Taib *et al.*, 2008; Ali, Raza, Puah and Karim, 2017). The theories employed include the Theory of Reasoned Action (TRA), the Theory of Planned Behaviour (TPB), the Diffusion of Innovations Theory (DIT) and the Triandis Interpersonal Behaviour Theory (TIB). The theories employed include the Theory of Reasoned Action (TRA), the Theory of Planned Behaviour (TPB), the Diffusion of Innovations Theory (DIT) and the Triandis Interpersonal Behaviour Theory (TIB). Though valid, these theories are developed in the framework of capitalist norms, which meets one's unrestricted needs in any consumption at the expense of public interest (Khan, 2014) and therefore it is not sufficient to reflect *maqasid al-Shariah* in

the context of *tawarruq* personal financing. The present study is conducted to close the gap that existed.

1.2. Objective

This work is aimed at assessing consumer preference of *tawarruq* personal financing in Malaysia. For that purpose, we apply *maqasid al-Shariah* to our current context, and we call it the *maqasid*-based consumer preference index (MCPi). At best, three reasons why *maqasid al-Shariah* is considered as the theory that leads to the development MCPi. Firstly, *maqasid al-Shariah* ranks preference according to the hierarchy of basic needs and considering wants is only made when all the magnitude of basic need is met. Secondly, *maqasid al-Shariah* offers consumption and spending according to Islamic worldview elements, where overspending and wastages are prohibited in any *halal* decision related to consumption and spending. Thirdly, past studies have proven empirically that *maqasid al-Shariah* is somewhat valid in examining consumer preference (Amin *et al.* 2014) and Islamic banking performance (Mohammed, Abdul Razak and Md Taib, 2008). Hence, the *maqasid* theory is selected.

The MCPi developed here is essentially different from other previous studies' findings in three ways. We first attempt to extend the applicability of Hwang and Yoon's (1981) approach, which is on simple additive, weighting method to the MCPi. It is yet employed in the context of *tawarruq* personal financing. We second make an effort to employ an interplay approach where the integrations between Abu Zahrah's (1997) theory and Hwang and Yoon's (1981) approach are made possible. The last one is in terms of the development of rare battery items related to the current dimensions' items (Educating the public, Establishing justice and Promoting welfare). In all, this study adds to the very limited knowledge available for literature in the MCPi, and the results obtained can provide a general direction to improve the planning of *tawarruq* personal financing.

The rest of the paper is organised as follows. In the second section, the background of *tawarruq* and related previous studies are presented. The third section discusses the research methodology, which outlines the description of the theory used, sample and data collection. The fourth section presents the empirical results, which are aimed at answering the research objective developed earlier. The last section concludes this work.

II. Literature Review

2.1. Background Theory

Tawarruq is normally broken down into two categories. Category #1: *Tawarruq haqiqi (tawarruq fardi)*. In this type of *tawarruq*, it is assumed that four parties are get involved namely the seller, the bank, the customer and the buyer. The bank purchases commodity XYZ from the seller, and then the bank resells it to the customer (at a mark-up), the customer later will resell it to the buyer for cash. The purpose is for cash or liquidity. No interaction exists between the bank and the last buyer. This is of a classical type. Category #2: *Tawarruq munazzam*. Two types of *tawarruq* derived from it are *al-masrafi* and reverse *tawarruq*. Regardless of these types, *tawarruq munazzam* assumed that four parties are get involved namely the seller, the bank, the customer and the buyer. The bank purchases commodity XYZ from the seller, and then the bank resells it to the customer (at a mark-up), the customer later will appoint the bank to resell it to the buyer for cash. The purpose is for cash or liquidity. There is an interaction between the bank and the last buyer. This is an organised type of *tawarruq* and it is widely offered by Malaysian Islamic banks as depicted in Table 1.

Table 1. The Offered Islamic Personal Financing in Malaysia

No	Islamic Bank	<i>Tawarruq</i>	<i>Bay al-Inah</i>
1	Affin Islamic Berhad	Yes	No
2	Al Rajhi Bank	Yes	No
3	Alliance Islamic Berhad	Yes	No
4	AmBank Islamic	No	Yes
5	Bank Islam Malaysia Berhad	Yes	No
6	Bank Muamalat Malaysia Berha	Yes	No
7	CIMB Islamic	Yes	No
8	Hong Leong Islamic	Yes	No
9	HSBC Amanah	Yes	No
10	Kuwait Finance House	Yes	No
11	Maybank Islamic Berhad	Yes	No
12	MBSB Bank	Yes	No
13	OCBC Al Amin	Na	Na
14	Public Islamic Berhaad	No	Yes
15	RHB Islamic Bank	Yes	No
16	Standard Chartered Saadiq	Yes	No

Note: Na = not available

To explicate *tawarruq* personal financing, an example that is derived from Bank Islam Malaysia Berhad (BIMB) is provided. It is denoted as BIMB personal financing. By definition, BIMB personal financing facility is a financing facility in which it is extended to customers to fulfil their genuine financial need,

where the purposes are identified to *Shariah*-compliant like for *umrah*, marriage and visiting family members. The rate used is known as base rate (BR) and it is optionally – be it fixed or floating. It is termed “unsecured financing” since there is no requirement for guarantors or items attended as collateral security. The bank relies on 5Cs in reimbursing cash out of the personal financing to the customer.

The modus operandi of the BIMB personal financing has occurred at least at 7 stages. The details are provided as follows:

S1: The customer applies and completes the form and the necessary documents. The customer signs the agreement Offer to Purchase (OTP) to buy a commodity that is sold to him without knowing the quantity and type of commodity. The completed form is considered *ijab* to complete the *rukun sighthah* in a sale transaction. This takes a minimum of 3 days and a maximum of 14 days;

S2: The bank will buy the commodity in bundle from Broker A in the international market to meet the financing application which includes *murabahah* transaction in its 130 branches. This includes personal financing product, business financing etc. It is noted the bank is only allowed to own the commodity for a maximum of 2 hours;

S3: Once it is bought, the bank immediately sells the commodity to the customer on a *murabahah* basis (mark-up);

S4: The customer, in turn, appoints the bank as an agent through the appointment of the bank as a sale agent (ABSA) to sell back the commodity to Broker B. The appointment is important because the customer is unable to find a new commodity purchaser. The appointment is done at the first stage to facilitate customers from not approaching the bank frequently;

S5: The bank as a representative of the customer will sell the commodity to Broker B at the purchase cost. The transactions involving stage 3 to stage 5 should be done in a period of a maximum of 2 hours;

S6: The proceeds (i.e. equal to the amount applied for personal financing) from Broker B will be credited to the customer's account after the customer signs the acceptance of purchase (AOP) which is viewed *qabul*. This process is done within a minimum of 24 hours and a maximum of 3 days. At this stage, the customer will identify the selling price of the commodity he bought from the bank; and

S7: The customer pays the selling price on a monthly instalment until maturity.

The abovementioned happened in practice for *Shariah* compliance and marketability of the product. Likewise, compounding interest is forbidden in *tawarruq* personal financing. This type of *riba* is best known as *riba al-jahiliyyah* out of penalty or extra payment once a debtor is unable to service the loan on time. In our context, however, accumulated *ta'widh* is allowed out of compensation issue at a fixed rate of 1 per cent.

2.2. Previous Studies

Studies in the area of Islamic personal financing including *tawarruq* personal financing have been developed in four primary topics but are not limited to the practical context, theory testing and market survey and *maqasid*-based consumer behaviour, to mention some. The details are provided.

2.2.1. Practical perspectives

Dusuki (2010) offers a point of view analysis pertinent to *tawarruq* financing products through the introduced *Bursa Suq al Sila* in 2009 in which is a platform that facilitates Islamic financial transactions mainly *tawarruq* financing products including personal financing. The market provides genuine commodity transactions where possession and delivery of the commodity can take place without any hindrance, as opposed to the controversial practice of *tawarruq* using the London Metal Exchange. *Bursa Suq al Sila* provides improved *Shariah* compliance which leads to a declaration by OIC Fiqh Academy deems as impermissible. Unlike Ab Rahman, Mohamad and Salleh (2010), this study is the first of its kind to provide a macro perspective of the *tawarruq* practices in Malaysia.

Ab Rahman *et al.* (2010) examine *bay al-tawarruq* and its application at Bank Islam Malaysia Berhad's (BIMB) personal financing. The practice is built based on *tawarruq munazzam* or organised *tawarruq*. Unlike Mahyudin and Che Seman (2014; 2018) and Alkhan and Hassan (2019), Ab Rahman *et al.* (2010) offer three interesting rulings pertinent to the permissibility of *bay al-tawarruq*. First, *bay al-tawarruq* is viewed to be permissible (*harus*), second it is reprehensible (*makruh*) and thirdly it is reprehensive nearing prohibited (*makruh* closes to *haram*). Detail differences between *bay al-inah* and *bay al-tawarruq* are offered significantly. One of the differences is that the number of parties involved for the former is only two persons whilst the latter considers three parties and more. Generally, this study influences other authors, in explaining the practical use of *bay al-tawarruq* (Abdullah Thaidi *et al.*, 2014; Mahyudin and Che Seman, 2014; 2018; Alkhan and Hassan, 2019).

Abdul Rahman and Ab Manan (2014) examine *tawarruq* as a useful instrument to finance retail the *halal* (permissible) way. Any types of business running are considered *halal* not only in terms of the products and services sold to

consumers but also in how they are funded. If the funds obtained are emanated from *halal* financing, then it is considered *Shariah*-compliant. Generally, speaking the efforts taken by Abdul Rahman and Ab Manan (2014) are relatively comparable to other works (Ab Rahman *et al.*, 2010) and nothing new offered but sufficient for public reading. Though limited, this work intends to promote *tawarruq* personal financing as a financing method for helping Muslim businesses to strengthen their businesses in terms of customer base and profit earned. This notion has influenced Ahmad, Shihama, Mohamad Tarmizi, Jibril, Djama and Muneeza (2017) who acknowledge that *bay al-inah* has a problem due to legal stratagem, and for that *tawarruq* is introduced as a replacement. Detail descriptions about *Bursa Suq Al Sila* are offered meticulously which helps improve our understanding concerning its practice and application.

Influenced by Ab Rahman *et al.* (2010), Abdullah Thaidi, Ab Rahman and Ab Rahman (2014) provide further exposition pertinent to *tawarruq* personal financing, where the emphasis is given on the existence of uncertainty (*gharar*) in each stage of transactions. This focus if we compare with other works (e.g. Alkhan and Hassan, 2019), has been distinct in divulging the beauty of *Shariah* compliance of the facility. Using library observation and qualitative interviews, this study finds out that there is a *gharar* element in the practice of *tawarruq* personal financing. It is permitted out of *gharar yasir* termed as little or small *gharar*. The first *gharar* is on the exact details of the transacting commodity for the selling transaction when a customer is applying for the facility. The second is about the selling price that is determined at the beginning of the transaction, which is not informed to the customer in the *ijab* process. The third is about the running of the *aqad (ijab and qabul)*, which is done simultaneously in one session. This has happened when a customer signs OFFER TO PURCHASE (OTP) at the beginning and then the *qabul* takes place after at least a minimum of three days when the customer signs the ACCEPTANCE OF PURCHASE (AOP). *Ijab* and *qabul* are done separately and not in one session. These details are missing in other works (Mahyudin and Che Seman, 2014; 2018; Alkhan and Hassan, 2019) out of considered different research scope and paradigm.

Drawn from Mahyudin and Che Seman (2018), specific information pertinent to *bay al-tawarruq* in Bank Muamalat Malaysia Berhad (BMMB) is provided. In more detail, they examine the original principles and current application of the *tawarruq* in the context of BMMB. *Tawarruq* has been adopted as an alternative to the *bay al-inah* in financing products offered by BMMB. It was departed in 2006 at the bank and unlike *bay al-inah* it is considered a less controversial contracts. All BMMB financing products including personal financing followed *tawarruq* have been executed properly according to the sequences in tandem with the *Shariah* committee but somehow such

practices may vary for deposit products accordingly. Earlier, the same authors also made an attempt pertinent to *bay al-tawarruq* at the same bank. Mahyudin and Che Seman (2014) find *bay al-tawarruq* has replaced *bay al-inah* in operationalising financing products of the bank and such a finding is emanated from interview among staff to support the study's library research. Jointly, due to legal trick (*hilah*), *tawarruq* personal financing is viewed as the best to replace *bay al-inah* personal financing which has acute problem pertinent to *hilah*, which is reported inconvenience and unIslamic.

Unlike Mahyudin and Che Seman (2014; 2018), Alkhan and Hassan (2019) provide an interesting debate pertinent to the permissibility of the product. Generally, they report that the practice of organised *tawarruq* as found in the context of personal financing might be permissible according to *Shariah*. Furthermore, four main mistakes drawn from the engaged organized *tawarruq* are but not limited to. The client delegates the Islamic bank to sell the commodity on his behalf, the Islamic bank appointing an agent on behalf of the client – so that the agent may sell the commodity on behalf of the client, lack of existence of a commodity and selling the same commodity to multiple Islamic banks simultaneously. The study discovers the practice of organised *tawarruq* has been in adherence to *Shariah* and according to AAOIFI *Shariah* standards, especially when organised *tawarruq* transactions are executed for Islamic personal financing.

2.2.2. Theory Testing

Past works in Islamic financing products have rotated in three main theories, the Theory of Reasoned Action (TRA), the Theory of Planned Behaviour (TPB) and the Rogers' Innovation Diffusion Theory (IDT), to mention some. A study by Amin *et al.* (2010) examines factors determining *qardhul hassan* financing acceptance using the TRA and discovers subjective norm, pricing and attitude influence the acceptance. Unlike Amin *et al.* (2010), Amin, Abdul Rahman and Abdul Razak (2014) examine factors determining Islamic home financing using the TPB. They managed to discover the significant relationships between attitude, subjective norm, perceived behavioural control, Islamicity of product and acceptance. Besides, marital status, ethnicity, occupation and religion are also instrumental in determining acceptance. Such demographic items are untapped in Amin *et al.* (2010) due to different research scope and objective. Unlike Amin *et al.* (2010) and Amin *et al.* (2014), Amin, Abdul Rahman and Abdul Razak (2013) examine Islamic home financing acceptance using an integrative approach, through a combined framework sourced from the TPB and the IDT. This integrative approach helps improve the explanatory powers emanated from the factors concerned and provides more rich empirical results, which are strengthened if compared with one theory used.

Amin *et al.* (2013) report that attitude, compatibility, subjective norm, reliability advantage simplicity and perceived behavioural control affect Islamic home financing acceptance. It is worth mentioning that the factors determining the acceptance are relatively broad that may justify the importance of amalgamating theories to have an extended result. Earlier work in Islamic home financing acceptance like Md Taib *et al.* (2008) only examine attitude and subjective norm drawn from the TRA and found both are statistically significant. Their findings however confined our abilities to observe what are other factors determining the behavioural intention. All these reviewed studies provide a point of departure pertinent to the theoretical framework and how it is relevant to the current context. First, consumer theories used when studying consumer acceptance, consumer behaviour are driven by conventional theories which have a different definition of worldviews in consumption and spending – limited to the worldly needs only. Second, limited efforts have forwarded by these studies in examining *tawarruq* personal financing, perhaps it is a replacement product that is still at the infancy stage in Malaysia. The only study-related is by Amin and Rizal (2018) who examine *tawarruq* but from the context of Islamic mortgages, and due to this considered outcome, the current work is extending to void the research gap found.

2.2.3. Market Survey

Ali and Hassan (2016) examine the issue of *Shariah* non-compliant events in Islamic banks in the practice of *tawarruq* financing in Malaysia. Drawing from a qualitative methodology, they managed to elicit responses from 16 Malaysian Islamic banks pertinent to the *Shariah* non-compliance issue. They report that some practices of *tawarruq* financing have been at an alarming rate and may need corrective measures to ensure its *Shariah* compliance. In more detail, the study discovers an improper sequence of sale contracts, improper facility disbursement, improper disclosure of price, the absence of *wakalah* agreement, inappropriate imposition of *ta'wid* (compensation and delivery restriction, among others, contribute to the *Shariah* non-compliant events. Importantly, non-*halal* income sourced from these events is channelled to the poor, underserved, *da'wah* (Islamic propagation) and school-related activities.

On the same note, Ali and Hassan (2020) examine determinants of *Shariah* non-compliant events in Islamic banks in Malaysia, where *tawarruq* financing comes into play. Unlike Ali and Hassan (2016), Ali and Hassan (2020) offer further elaborations on *tawarruq* through the presentation of the determinants, which are untapped in Ali and Hassan (2016) though emanated from the same authors. They discover that lack of understanding and knowledge, inadequate control mechanism, ineffective functional structure,

incompatibility of system, improper document execution and inadequate internal policies have led to *Shariah* non-compliant events. Without any measure, *Shariah* non-compliant events can accelerate negative perception, which in turn can create new sentiment to reject *tawarruq* personal financing, for instance.

2.2.4. *Maqasid*-based Consumer Behaviour

Ahmed (2011) provides a relevant argument pertinent to the *maqasid al-Shariah* quality for the offered Islamic banking products available around the world. The important contribution of his work is the proposal of exposing three types of Islamic financial products sourced from two sets of *Shariah* requirements built, one legal and other social obligations. The first product is a *Shariah*-based product that is meeting both legal and social obligations. The second product is a *Shariah*-compliant product that is meeting the only legal requirement at the expense of social obligations. The third product is a pseudo-Islamic product that meets the form but not the substance of Islamic law. *Maqasid* is related to Islamic financial products in two dimensions. First, SSB is responsible to ensure the *maqasid* is achieved at the contract level by fulfilling the form and substance of Islamic law. Second, BOD determines whether the products are *Shariah*-based or *Shariah*-compliant – along with the line, the SSB observes and ensures the products are not pseudo-Islamic to attain *maqasid al-Shariah*. Unlike Ahmed (2011), a study by Amin (2017) examines consumer behaviour from a standpoint of the Islamic Theory of Islamic consumer Behaviour (ITCB) and one of the variables used is perceived *maqasid*. The study finds a significant relationship between perceived *maqasid* and consumer behaviour, sourced from unbiased respondents' feedbacks as well as the proper process involved in developing their battery items reflecting the *maqasid*. Influenced by Khan and Ghifari (1992), Amin (2017) develops a framework for prediction and applications in future work of any prospective researchers. Khan and Ghifari (2017) assert that the consumption which is driven by *maqasid al-Shariah* is potentially conducted according to hierarchy – ranging from essential (*daruriyyat*), complementary (*hajiyyat*) and embellishment (*tahsiniyyat*). One is meeting first the essential before the second two follow.

The issue of *maqasid al-Shariah* in ensuring the *Shariah* compliancy of Islamic banking products including *tawarruq* personal financing has been also addressed by Bakar (2016) in his published work *Shariah minds in Islamic finance*. Following Bakar (2016), *maqasid al-Shariah* does not invalidate the *Shariah* contracts used in Islamic financing products and is not considered a ruling in justifying the *modus operandi* of the products. *Maqasid al-Shariah* provides new perspectives about the products' fulfilment based on the elements of life, religion, intellect, property and lineage, and therefore it is

reasonable to consider its relevance to the offered *tawarruq* personal financing and surely it does not invalidate the product when it is not applied. Further, Amin (2019) examines consumer acceptance using a *maqasid al-Shariah* approach. Unlike Khan and Ghifari (1992) and Amin (2017), Amin (2019) explains the behaviour based on three factors sourced from the *maqasid* stance, namely education, welfare, justice and debt policy. These factors are instrumental in determining the receptiveness - hence extending the applicability of the *maqasid al-Shariah* to include consumer receptiveness of mortgage-based Islamic social finance. This study develops a source of funding drawn from *zakat*, *waqf* and *sadaqah* for promoting affordable mortgage financing. Earlier, a work by Amin and Abdul Hamid (2018) learn to promote *tawarruq* home financing, where the source of funding derived from Islamic banks' shareholder funds as well as reserves. Their finding is in tandem with Amin's (2017) findings obtained – demonstrating the quality of *maqasid* compliance is nothing but a significant predictor. Bank customers' intent to patronise *tawarruq* home financing should the incentives of justice, welfare and education are established for a formation of willingness to accept.

All in all, three important summaries are drawn from the studies reviewed. Firstly, past studies have addressed *tawarruq* personal financing from the context of permissibility of the offered at the marketplace (Alkhan and Hassan, 2019; Mahyudin and Che Seman, 2014; 2018; Ahmad et al., 2017; Abdul Rahman and Ab Manan, 2012). This issue, so far, has been settled when Bursa Suq al Sila introduced in 2009 to overcome that issue, where *Shariah* compliance is brought into play. Secondly, we acknowledged that limited efforts are documented on how existing theories relevant to *tawarruq* personal financing in terms of public perception and receptiveness (Amin et al., 2013; Md-Taib et al., 2008). This also another question, which warrants an empirical investigation as evidently found in the present study. Thirdly, what remains a puzzle is on how *maqasid al-Shariah* can really useful to gauge consumer preference and for that purposes we attempt to develop constructs' items to close the gap (Ahmed, 2011; Khan and Ghifari, 1992).

III. Methodology

Our index is called *Maqasid* Consumer Preference Index (MCPi) consists of Educating Customer (EC), Establishing Justice (EJ) and Promoting Welfare (PW) and the intra-attributes are the 20 elements and the 20-Consumer Behaviour Measure (CBM). The weights for the 3 dimensions of the MCPi and the 20 elements are evaluated by five *Shariah* scholars. The evaluation for the CBM is based on consumers' response to the 7 sampled Islamic banks in Malaysia. The model specification involving the four indexes is described as follows:

$$V_{(01-03)} = W_{\frac{1}{1}} \times E_{\frac{1}{1}} \times R_{\frac{1}{1}} + W_{\frac{1}{1}} \times E_{\frac{2}{1}} \times R_{\frac{2}{1}} + W_{\frac{1}{1}} \times E_{\frac{3}{1}} \times R_{\frac{3}{1}} + W_{\frac{1}{1}} \times E_{\frac{4}{1}} \times R_{\frac{4}{1}} + W_{\frac{1}{1}} \times E_{\frac{5}{1}} \times R_{\frac{5}{1}}$$

$$\text{OR } W_{\frac{1}{1}} (E_{\frac{1}{1}} \times R_{\frac{1}{1}} + E_{\frac{2}{1}} \times R_{\frac{2}{1}} + E_{\frac{3}{1}} \times R_{\frac{3}{1}} + E_{\frac{4}{1}} \times R_{\frac{4}{1}} + E_{\frac{5}{1}} \times R_{\frac{5}{1}}) \dots \dots \dots (1)$$

Where,

01-03 denote the dimensions involved

$W_{\frac{1}{1}}$ is the weight assigned to the dimensions

$E_{\frac{1}{1}}$ is the weight assigned to the 1st element of the dimensions

$E_{\frac{2}{1}}$ is the weight assigned to the 2nd element of the dimensions

$E_{\frac{3}{1}}$ is the weight assigned to the 3rd element of the dimensions

$E_{\frac{4}{1}}$ is the weight assigned to the 4th element of the dimensions

$E_{\frac{5}{1}}$ is the weight assigned to the 5th element of the dimensions

$R_{\frac{1}{1}}$ is the weight assigned to the 1st CBM to the 1st element of the dimensions

$R_{\frac{2}{1}}$ is the weight assigned to the 2nd CBM to the 2nd element of the dimensions

$R_{\frac{3}{1}}$ is the weight assigned to the 3rd CBM to the 3rd element of the dimensions

$R_{\frac{4}{1}}$ is the weight assigned to the 4th CBM to the 4th element of the dimensions

$R_{\frac{5}{1}}$ is the weight assigned to the 5th CBM to the 5th element of the dimensions

The weightage assigned to each component of MCPi is based on the five *Shariah* scholars' feedback pertinent to the level of relevance of the components involved in the context of *tawarruq* personal financing. The first component, Educating customer rated 33 per cent and the same score extended to Establishing justice. Promoting welfare is rated 34 per cent. The categorisation of the MCPi into three categories (low, moderate and high) is based on its maximum value of 5. The categories are broken down into three groups namely Low (< 3.00), Moderate (3.00 – 3.75), and High (3.76 and above) and these categories are agreed by the *Shariah* scholars

The total of the Consumer Measures for the MCPi for each bank formed the MCPi, implying that the MCPi for the individual bank is the sum of its CBM of EC, EJ and PW, thus:

$$MCPi = EC (01) + EJ (02) + PW (03) \dots \dots \dots (2)$$

As noted earlier, the score obtained by an individual bank is defined as follows: Low (< 3.00), Moderate (3.00 – 3.75), and High (3.76 and above).

3.1. Data

The present study conducts a pilot test involving 30 actual bank customers drawn from Malaysian public universities to elicit their responses to the research instrument. Given the outcome of the test, a revision is made to the research instrument in terms of clarity, format, and presentation. The

participants in this study are university employees who are also bank customers. They are selected using judgmental sampling method. In Malaysia at least, university staff are asked by their finance department to open savings account for salary crediting, making them part of the customer base of Islamic banks. University employees are diverse according to their grade, age and position, to mention some. Such differences are also found among bank customers, hence, representing the actual composition of Islamic bank customers.

Following Cochran (1963), the present study employs the minimum sample size of 384 with a 5 per cent margin of error and a 95 per cent confidence level. A 5 per cent margin of error is an acceptable margin of error in social studies such as consumer behaviour. In our study, however, customers are derived from a diverse economic background and for that, larger sample size is needed to reflect the heterogeneity of a population. Of the 500 questionnaires, this collects 456 usable questionnaires, which are sufficient at attaining the robust findings. The data collection process is explained as follows:

Step 1: Distributing 500 samples

There are at least two reasons for selecting 500 samples. First, with a large sample, a small error, which could be generated by some respondents, would have only a small effect on the overall sample results. Second, the sample is more representative of a population, which, in turn, can generate significant outcomes.

Step 2: Selecting Labuan and Kota Kinabalu

The *tawarruq* personal financing is also developed obviously in Labuan and Kota Kinabalu in East Malaysia. Labuan is an offshore financial centre whilst Kota Kinabalu is the heart of the domestic banking market in the region.

Step 3: Selecting respondents

The respondents of this study are drawn from universities located in the selected geographies. University employees are a worthy blend of professional and non-professional groups to represent the actual composition of Islamic bank customers. This study proposes three criteria when selecting the respondents as follows: (1) The respondents are existing Islamic banks' customers; (2) The respondents chosen are aged between 25 to 45 years old; and (3) The respondents are familiar with the offered *tawarruq* personal financing.

3.2. Model Development

The following are two steps taken to develop the MCPi:

Step #1 – Literature analyses

After careful consideration, Abu Zahrah's (1997) dimensions are employed due to the growing empirical support as proven by Mohammed *et al.*'s (2008) research. The authors propose an innovative method to gauge Islamic banks' performance using the *maqasid* approach, which is found to be empirically valid and reliable. Following Mohammed *et al.*'s (2008) research, the present study extends the *maqasid* approach to examine consumer preference and to rank 16 Islamic banks according to customers' feedback based on the MCPi.

Step #2 – Operationalisation

The present study's battery items are identified in the literature and subsequently verified by *Shariah* scholars for face validity to produce better items' operationalisation. Table 2 presents the final research instrument.

This study defines the dimensions used as follows, including an explanation of their importance: (1) Educating Customer refers to a consumer's belief that an Islamic bank educates its customers on the offered *tawarruq* personal financing. With better financial knowledge, bank customers will have improved confidence and willingness to patronise the facility; (2) Establishing Justice refers to a consumer's belief that an Islamic bank promotes fair dealings in its products. Justice assures that the transactions involving the products are impartial and leave bank customers with peace of mind; and (3) Promoting Welfare refers to a consumer's belief that an Islamic bank provides affordable financing products to the needy and poor people. Welfare ensures that people can own houses to improve their well-being.

Based on five series of interviews, the *Shariah* scholars are asked to assign weights to the dimensions and evaluate whether the CBM measures are acceptable. Table 3 presents the details of the average weights given by scholars.

Table 3 displays that the allocation of weight for each dimension is found to be equal. This denotes that all dimensions tested have similar importance towards the MCPi. Besides, all elements under the dimensions are weighted equally, implying that they have a similar role in representing the MCPi. Based on this finding, it is noted that Islamic banks should rely on multi-dimensional measures rather than individual measure when operating *maqasid al-Shariah* in their *tawarruq* personal financing. Besides, our MCPi is best captured by the following visual framework, Figure 1.

Table 2. Operationalisation

Concepts	Dimensions	Elements	The MCPi	Data
Educating customer (Amin <i>et al.</i> , 2014; Mohammed <i>et al.</i> , 2008)	Knowledge dissemination	Vivid <i>fatwa</i>	I believe that Islamic banks provide clear <i>fatwa</i> information for <i>tawarruq</i> personal financing products	Survey
		Clear adverts	I believe that Islamic banks provide clear adverts for <i>tawarruq</i> personal financing products	Survey
	Publicity	Continuous publicity	I believe that Islamic banks provide continuous publicity for <i>tawarruq</i> personal financing products	Survey
	Islamic consumerism	Consumer education	I believe that Islamic banks provide a consumer education for <i>Tawarruq</i> personal financing products	Survey
Product disclosure sheet		I believe that Islamic banks provide sufficient disclosure for <i>tawarruq</i> personal financing products	Survey	
Establishing justice (Mohammed <i>et al.</i> , 2008; Muneeza <i>et al.</i> , 2011)	Unfairness	Avoidance of conflict	I believe that Islamic banks have avoided unfair conflicts with customers of <i>tawarruq</i> personal financing products	Survey
	Fair price	Fairness in pricing	I believe that Islamic banks have practised price fairness for <i>tawarruq</i> personal financing products	Survey
		Islamic contract	I believe that Islamic banks have offered a fair contract of <i>tawarruq</i> personal financing products	Survey
		<i>Shariah</i> ruling	I believe that Islamic banks have considered <i>Shariah</i> as a comprehensive law for <i>tawarruq</i> personal financing products	Survey
		Free negative elements	I believe that Islamic banks have practised <i>tawarruq</i> personal financing products that free from negative elements like <i>riba</i>	Survey
Promoting welfare (Haniffa & Hudaib, 2007; Mohammed <i>et al.</i> , 2008)	Customer service	Welfare through an improved customer service	I believe that Islamic banks have guarded the welfare of customers via effective customer service	Survey
	<i>Ummah</i> benefit	Offering profitable Islamic home financing products	I believe that Islamic banks have offered <i>tawarruq</i> personal financing products that benefit the public more	Survey

Table 2. Operationalisation (Continue)

Concepts	Dimensions	Elements	The MCPi	Data
Promoting welfare (Haniffa & Hudaib, 2007; Mohammed <i>et al.</i> , 2008) (Continue)	Wealth & redistribution via mortgages	Affordable financing	I believe that Islamic banks provide a financing facility where the funds are drawn from <i>zakat</i> and <i>waqf</i>	Survey
		Competitive package	I believe that Islamic banks have met the requirement of basic need via an offer of competitive products	Survey
		Shareholder investment	I believe that Islamic banks have protected the interest of shareholders through the competitive offered <i>tawarruq</i> personal financing	Survey

Table 3. Average Weights for the Four and 20 Elements given by *Shariah* Scholars

Concepts	Dimensions	Elements	Weight (100%)
Educating customer	33%	E1.Vivid <i>fatwa</i>	20
		E2.Clear adverts	20
		E3.Continuous publicity	20
		E4.Consumer education	20
		E5.Product disclosure sheet	20
Establishing justice	33%	E1.Avoidance of conflict	20
		E2.Fairness in pricing	20
		E3.Islamic contract	20
		E4. <i>Shariah</i> ruling	20
		E5.Free negative elements	20
Promoting welfare	34%	E1.Welfare through an improved customer service	20
		E2.Offering profitable <i>tawarruq</i> personal financing products	20
		E3.Affordable financing	20
		E4.Competitive package	20
		E5.Shareholder investment	20

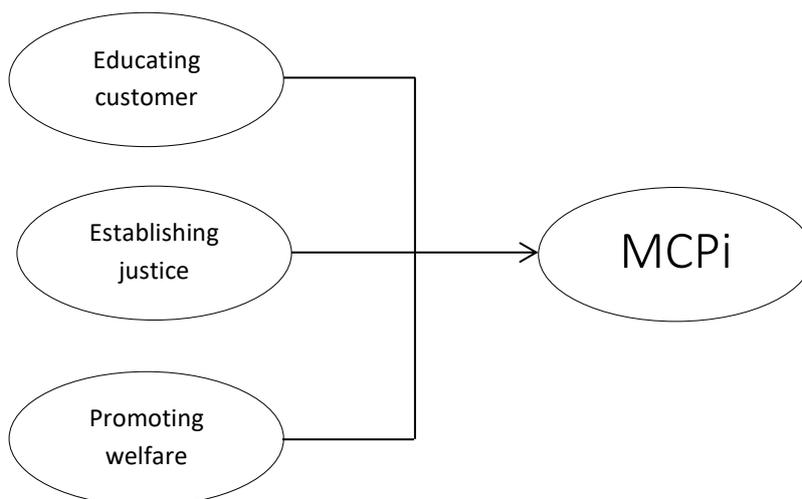


Figure 1. Research Model

3.3. Method

The data collected are analysed using the Statistical Package for the Social Sciences (SPSS) 21 due to its flexibility and aptitude to key in large data systematically as a dataset. SPSS is useful for data transformations, particularly when converting data obtained from Microsoft Excel and online questionnaire feedbacks into a readable SPSS dataset. The responses obtained are keyed in by stages to include five battery items for each dimension.

The procedures employed are described as follows: (1) We begin by keying in the items representing 'Educating Customers', followed by 'Establishing Justice', and 'Promoting Welfare'. All items keyed in are obtained from consumer feedbacks. Then, we multiply the weight of 20% for each item tested based on the equation noted earlier ($E \cdot CBM$) using a special feature of "Compute Variable" found in the SPSS; and (2) The outcome obtained would be multiplied by 33% weight as identified in the interview, referring to 33% ($20\% \cdot CBM$). The last stage is the generation of the overall mean scores for the three dimensions to compare the rank of the 7 Islamic banks involved to allow an inference.

IV. Results and Analysis

4.1. Results

The present study conducts a factor analysis using Principal Component Analysis (PCA) to confirm the constructs' item validity (Sekaran & Bougie,

2010). The Kaiser-Meyer-Olkin (KMO) Test shows a value of 0.944, indicating that the sampling adequacy is greater than 0.5, and therefore, is deemed acceptable. Table 4 displays that all constructs' items are loaded greater than the threshold value of 0.6 in the dimension, confirming construct validity.

Concerning Cronbach's alpha, all factors tested have values exceeding the threshold of 0.6, clarifying that all constructs' items are reliable. The results are as follows: Educating Customer 0.880 (5), Establishing Justice 0.883 (5) and Promoting Welfare 0.904 (5).

To meet the research objective, the MCPi results are presented in Table 5. Concerning Educating Customer, it is reported that Bank Islam Malaysia Berhad has an index score of 3.83 for the first spot, followed by CIMB Islamic, Bank Muamalat and Al-Rajhi Bank, to mention some. The reasons are two-fold. First, the banks have disseminated their product information consistently through brochures and bunting; and second, the banks have offered improved customer services to enhance customer satisfaction and patronage.

Educating Customer serves as an opportunity to convert customers' request on *tawarruq* personal financing into actual demands as affirmed by Amin *et al.* (2014), who report a positive impact of education on consumer acceptance of the facility. Hence, banks might work on improving education platforms through the inclusion of related literacy programmes of the products. Besides, banks might share their product offerings via social media platforms to breed awareness for adoption.

Table 4. Factor Analysis and Reliability Test

Battery items	F1	F2	F3
I believe that Islamic banks provide clear <i>fatwa</i> information for <i>tawarruq</i> personal financing products	.870		
I believe that Islamic banks provide clear adverts for <i>tawarruq</i> personal financing products	.855		
I believe that Islamic banks provide continuous publicity for <i>tawarruq</i> personal financing products	.800		
I believe that Islamic banks provide a consumer education for <i>Tawarruq</i> personal financing products	.782		
I believe that Islamic banks provide sufficient disclosure for <i>tawarruq</i> personal financing products	.753		
I believe that Islamic banks have avoided unfair conflicts with customers of <i>tawarruq</i> personal financing products		.851	
I believe that Islamic banks have practised price fairness for <i>tawarruq</i> personal financing products		.831	
I believe that Islamic banks have offered a fair contract of <i>tawarruq</i> personal financing products		.825	
I believe that Islamic banks have considered <i>Shariah</i> as a comprehensive law for <i>tawarruq</i> personal financing products		.807	
I believe that Islamic banks have practised <i>tawarruq</i> personal financing products that free from negative elements like <i>riba</i>		.733	
I believe that Islamic banks have guarded the welfare of customers via effective customer service			.770
I believe that Islamic banks have offered <i>tawarruq</i> personal financing products that benefit the public more			.755
I believe that Islamic banks provide a financing facility where the funds are drawn from <i>zakat</i> and <i>waqf</i>			.726
I believe that Islamic banks have met the basic need of homeownership via an offer of competitive products			.712
I believe that Islamic banks have protected the interest of shareholders through Islamic investment in the area of <i>tawarruq</i> personal financing products			.698
Eigenvalue	6.145	4.342	2.978
Variance explained	38.22	22.10	11.711
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.944	
Bartlett's Test of Sphericity	$\chi^2=11614.679$ (df 190, Sig. 0.000)		
Cronbach's alpha	0.880	0.883	0.904

Table 5. *Maqasid* Consumer Preference Index (MCPi) for *Tawarruq* Personal Financing

No. Islamic banks	EC		EJ		PW		MCPi	Ranking
	CBM	\bar{x}	CBM	\bar{x}	CBM	\bar{x}		
1. Al-Rajhi Bank	1.1748	3.56	1.1484	3.48	1.1594	3.41	3.4826	5
2. Bank Islam Malaysia Berhad	1.2639	3.83	1.1946	3.62	1.2104	3.56	3.6689	1
3. Bank Muamalat	1.1781	3.57	1.1781	3.57	1.1594	3.41	3.5156	3
4. CIMB Islamic	1.1781	3.57	1.1781	3.57	1.1662	3.43	3.5224	2
5. Kuwait Finance House	1.1286	3.42	1.1253	3.41	1.1492	3.38	3.4031	7
6. Maybank Islamic	1.1748	3.56	1.155	3.50	1.1730	3.45	3.5028	4
7. RHB Islamic	1.1517	3.49	1.1319	3.43	1.1560	3.40	3.4396	6

Table 5 reports that three banks are committed to Establishing Justice to gain loyalty among their customers to improve the customer base and later their profit. The banks are Bank Islam Malaysia Berhad (3.62), followed by Bank Muamalat (3.57) and CIMB Islamic (3.57). Mohammed *et al.* (2008) and Amin *et al.* (2014) assert that justice is imperative for Islamic banks to establish fair dealings with their customers. In the present study's context, however, banks might develop a code of conduct to promote fair dealings, affordable financing packages, and the elimination of injustices.

As for Promoting Welfare, it is found that Bank Islam Malaysia Berhad, Maybank Islamic, and CIMB Islamic are ranked first, second, and third, respectively. This finding is following earlier works by Chapra (2000) and Dusuki (2008) who assert the significance of socio-economic justice and the public's welfare in Islamic banks to actualise the *maqasid al-Shariah* for *Shariah* compliance. The banks prioritise welfare through effective customer services, safeguarding the banks' profit without compromising social obligation, offering affordable financing products drawn from endowment funds, the fulfilment of basic needs, and the protection of the banks' shareholders through permissible profit generation via *tawarruq* personal financing. Going forward, it is suggested that bank managers should consider the poor and needy groups when offering the facility and for that, *waqf*-based personal financing can be proposed to meet the group's needs.

Given the MCPi, a total of 7 Islamic banks have been examined equally in this study. Bank Islam Malaysia Berhad is relatively better as compared to other banks, followed by CIMB Islamic, Bank Muamalat and Maybank Islamic, among others. Other banks are mapped within the moderate MCPi score.

4.2. Analysis

Generally speaking, this study has proven that *the maqasid* approach is valid and relevant when explaining consumer behaviour of *tawarruq* personal financing. The current work has extended the applicability and the generalisation of the Abu Zahrah (1997) in which the three *maqasid al-Shariah* namely education, justice and welfare are confirmed significant in defining their perceptual behaviours on *tawarruq* personal financing. The basis of the theoretical framework sourced from the theory has helped improve our understanding pertinent to the factors that influence consumer behaviour of *tawarruq* personal financing. Earlier works by Amin *et al.* (2014) and Amin (2017) have demonstrated the significance of the *maqasid al-Shariah* as essential to determine the receptiveness of Islamic home financing products. Though interesting these studies have confined and narrowed their perspectives on the product whilst the consideration of *tawarruq* personal financing is limited.

Though Ahmed (2011) argues that *tawarruq* personal financing does conform to the legal form and not meeting the substance of the *Shariah* or serve social needs. Ahmed (2011) asserts it as a pseudo-Islamic product. His argument is somewhat in tandem with the current finding indicating that the scores obtained are relatively moderate, ranged from a low of 3.00 to a high of 3.75. This product is somewhat only able to meet the need of bank customers who possess consistent monthly income, civil officers and affluent folks, to mention some. The considered objectives of *maqasid al-Shariah* are still minimal and poorly established. In short, pseudo-Islamic products are only meeting the legal form, whilst social needs are relatively lacking. *tawarruq* personal financing has viewed to meet the need of a certain group of people who has the aptitude of permanent income cash inflow whilst those needy and poor folks are unable to do so owing to poor employment and lack of creditworthiness.

Moreover, three constructs' items are developed properly with the help of 5 interviews with *Shariah* scholars, who are also lecturers at a public university in Malaysia. We have confirmed that Churchill Jr (1979) is relatively relevant in our context, proving the five items extracted for each factor are fruitful in explaining consumer behaviour of *tawarruq* personal financing. Two approaches introduced by Churchill Jr (1979) are found valid in the present work in divulging the five items for each dimension or factor. In more detail, we have developed new items that capture the specific context of *tawarruq* personal financing, which is yet studied in earlier works of Islamic financing in the context of Islamic banking products in Malaysia (Md Taib *et al.*, 2008). Educating Customer, Establishing Justice and Promoting Welfare that describe *maqasid al-Shariah* for *tawarruq* personal financing are valid and justified in

the current context. The current study reveals that these four concepts are imperative, consistent with the finding of Mohammed *et al.* (2008) who use *maqasid al-Shariah* when measuring the actual objectives of Islamic banks, so lengthens the application of the *maqasid* theory to include consumer behaviour of *tawarruq* personal financing.

Our results indicate that the 7 examined banks have placed a minimal effort in the inclusion of *maqasid al-Shariah* in their business operations including *tawarruq* personal financing. Though *maqasid al-Shariah* is not a requirement to validate the *tawarruq* personal financing transactions (Bakar, 2016), relatively it is still important to ensure the offered can promote the inclusion of educating public pertinent to the facility, the formation of the shaped justice and importantly the development of welfare that benefits the many. The findings suggest all banks involved have a moderate score for the MCPi, implying there is a need to proactively promote *maqasid al-Shariah* in their offerings. The current efforts are still minimal and for that changing the product landscapes through proper research and collaboration can be thought of to acknowledge *maqasid al-Shariah* in their offerings. Following Chapra (2000), *maqasid al-Shariah* is one of the ingredients in ensuring the successful offered *tawarruq* personal financing and because of that critical applications of the approach is of utmost importance. Consequently, it helps improve the competitive advantage of *tawarruq* personal financing, at least.

4.3. Implication

This section consists of a critical discussion on the contributions – broken down into three sections. The details are provided.

4.3.1. Theoretical Implications

This study offers a new approach in measuring consumer behaviour of *tawarruq* personal financing by the establishment of a pragmatic approach to guide theory development and to provide a common frame of reference which to integrate various research streams in the context of *tawarruq* personal financing. Our study has adopted the Abu Zahrah (1997) theory in our attempts to explain consumer behaviour. Even though this approach is relatively new and provides interesting results, revealing Educating customer, Establishing justice and Promoting welfare are explicitly significant to determine consumer behaviour, driven from the examination of the details directed in introducing the approach in the context of *tawarruq* personal financing. Our empirical findings add new knowledge to the limited body of knowledge presently available in the context of *tawarruq* personal financing.

4.3.2. Methodological Implications

To our knowledge, this study is the first of its kind to extend the applicability of the MCPi to capture *tawarruq* personal financing. Previous research has reflected a limited theoretical perspective and has overlooked important theories from Islamic perspectives owing to the difficulty in the conceptualisation and operationalisation of the dimensions capturing MCPi. The current work contributes to the literature in two ways. First, we propose that the dimensions' items are multidimensional to capture different property of knowledge by respondents addressed in the current study. Second, applying *maqasid al-Shariah* through the MCPi that leads to improved operationalization of the dimensions' items is valid and therefore extending the applicability of *maqasid al-Shariah* to include *tawarruq* personal financing.

4.3.3. Practical Implications

In terms of practical implications, the results can be employed to guide managers whose objective is to promote consumer selection of *tawarruq* personal financing in their Islamic banks. First, it has been shown that the three dimensions related (Education, Justice and Welfare) are predictors of consumer behaviour. Thus, managers might consider new etiquette related to *maqasid al-Shariah*, as one of the common procedure needed to ensure the offered *tawarruq* personal financing is of value in providing new knowledge to bank customers along with proper assistance of justice and welfare if necessary. Second, it has been shown in this study, results obtained for all banks are typically moderate. Though their influence is somewhat marginal, the impact can be greater if certain formality is established and facilitated. It might be possible to inculcate *maqasid al-Shariah* through the publication of the merits drawn from the dimensions embedded to *tawarruq* personal financing. Third, managers are also guided to ensure the resources related can be optimized to ensure the offered successfully. These include effective personnel for customized services and an online information centre to support potential and repeat customers.

V. Conclusion and Recommendation

5.1. Conclusion

It is worth noting that the present study proves the applicability of the *maqasid al-Shariah* to explain consumer behaviour of *tawarruq* personal financing, through the formation and development of MCPi, specifically capturing the current's context. We have confirmed the validity of the MCPi in the current context through the positivism approach, where the questionnaire survey is brought into play. A total of 7 Islamic banks have been

included in the analysis via their customers, who have a bank account at least a normal account. All banks under contemplations have a moderate score of the MCPi, implying the *maqasid al-Shariah* has been applied but a formal effort that makes it mandatory is still at an infancy stage. There is no such requirement to claim 'Islamic banking is Islamic', sufficient only when Islamic banks have met the *Shariah* compliance as outlined by the National *Shariah* Advisory Council (NSAC) of Bank Negara Malaysia. At the same time, if such a need is established, the fearing part of individual banks is the costs sparked from the compliance towards *maqasid al-Shariah* that may erode their profit amount sourced from the offered *tawarruq* personal financing.

5.2. Recommendation

The results obtained provide some actions plan for practitioners' mainly Islamic banks and regulators to design the better offered *tawarruq* personal financing. Besides, the results offer a new idea to academicians who are eager to undertake an extended study of *tawarruq* personal financing covering different geographies, countries and the new proposed variables to extend the findings. Concerning Islamic banks, the results indicate that the banks shall develop *tawarruq* personal financing, where the *maqasid* "implications" are found and for that better action plans through the enhanced *Shariah*-compliance practices are developed. These include proper documentation and better advertisement to the targeting customers. Besides, offering *tawarruq* personal financing funded via *sadaqah* funds should be prioritised to those poor and needy folks, where the discounted profit rate is offered for improving value-based intermediation, as well as *an ummah*, improved well-being. Concerning the regulator, the outputs obtained from this work can be employed as a general guideline in developing a directive, which is holistic and effective in inculcating the importance of *maqasid al-Shariah* as another competitive weapon of Islamic banks – complementing the importance of *Shariah* compliance. Besides, this study can provide important characteristics that can be employed when permitting Islamic banks to arrange their mortgages based on *maqasid al-Shariah*. In turn, this effort if it is directed properly can lead to the introduction of *the maqasid al-Shariah* home financing facility, and this is something beautiful in reducing the gaps between *Shariah* compliancy and *Shariah*-based products for the industry, at least.

As for academicians, this study offers two perspectives that guide future researchers who are interested to extend our research setting and model. Firstly, our study introduced a new way of gauging consumer preference, where the score rating approach found in the MCPi is introduced and evaluated empirically. Future researchers are expected to extend this approach in different geographies for application and generalisation purposes. Secondly, our study proved the applicability of the *maqasid al-*

Shariah, when explaining Islamic banking products' receptiveness as found in the current study, specifically on *tawarruq* personal financing.

We report two research drawbacks, thought to have an impact on future research direction. First, the current study only examines three dimensions emanated from Abu Zahrah (1997) theory of *maqasid al-Shariah*. Future studies are encouraged to extend new dimensions and integrated them with Abu Zahrah (1997) for application and generalisation. Second, our geographies are confined to Labuan and Kota Kinabalu in East Malaysia whilst evidence from West Malaysia is still minimal about the research setting and the stored of empirical results. Hence, future studies may consider the inclusion of new cities from West Malaysia and be compared with cities in East Malaysia to extend the research findings.

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