Determinants of Shari’ah gold investment behaviour: the case of Penang, Malaysia

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Abstract

Purpose – Gold investment is one of the essential long-term investments for many to diversify their investment portfolios. Muslims are continuously looking for halal products and services in any aspect of life and one of them is Shari’ah gold investments (SGI). However, evidence pertinent to Muslims’ behaviour towards Shari’ah gold is somewhat inconclusive and for that, a new empirical investigation is needed to reduce the gap, at best. Hence, the purpose of this study is to study factors determining SGI behaviour in Penang, Malaysia.

Design/methodology/approach – By using the Islamic theory of consumer behaviour (ITCB), this study examines the determinants of the SGI behaviour. The questionnaire survey was distributed and the data gathered was analysed using partial least square structural equation modeling.

Findings – All hypothesised hypotheses were instrumental in explaining the factors determining SGI behaviour in the context of Penang, Malaysia.

Research limitations/implications – This study has at least two limitations, namely, confined generalisations of the variables used and the limited context of the research conducted.

Practical implications – This study sheds light on the determinants influencing SGI behaviour, at best.

Originality/value – This study is original in terms of its final output that enlightens the significant effects of iman, Islamic altruism, maqasid consumer index on the behaviour of investors on Shari’ah gold within the ITCB’s context along with integrated religious satisfaction.

Keywords Islamic theory of consumer behaviour, Muslims, Penang, Malaysia, Shari’ah gold investment

Paper type Research paper

1. Introduction
Which gold investment product should we invest in? This question is always in mind for those who have the intention to invest in gold. Earlier in Malaysia, Kijang Emas was the first gold bullion coin launched in July 2001. The physical Kijang Emas gold bullion coin is distributed in the appointed banks, namely, Maybank Berhad and Bumiputra Commerce Bank Berhad (Bank Negara Malaysia, 2001). In 2003, the gold dinar was launched by Royal
Mint Malaysia. Interestingly, from Malaysia’s history of gold, Kelantan is the first state in Malaysia to launch its own gold dinar which is known as Dinar Emas Kelantan in May 2006. Kelantan Gold Trade was appointed by the Kelantan government to manage the operation of the gold dinar. In fact, the Kelantan government eyed its people to use gold dinar as an alternative medium of exchange (Yusuf et al., 2015, 2013). In fact, the eminent gold services provider around Malaysia is Public Gold. Public Gold launched its first gold bar in 2008 (Public Gold, 2021). Two years later, the development of gold investment facilities began in 2010, Kuwait Finance House was the first Shari’ah-based financial institution to provide gold investment account (GIA) for Malaysian (KFH Malaysia, 2010). Correspondingly, gold investment account evolution is extended by other financial institutions with respect to the offered gold investment facilities.

The offered gold products are broken down into Shari’ah gold investment (SGI) and its conventional peer, which is the conventional gold investment. The facilities that gold services provider provides to investors are three categories. First, an investor can invest in physical gold investments. Second, an investor can invest in gold investment accounts. Third, an investor invests in gold through blockchain. The physical gold investments include gold bars, gold coins and ornaments, to name but a few. Unlike, physical gold investments, the GIA is also known as a gold savings account in some gold service providers (Juisin and Amin, 2020). The gold investment account process is similar to when an individual performs an online banking transaction. Meanwhile, the blockchain is based on the development of innovation and technologies that makes gold investment to be more convenient to perform the investment.

In fact, gold investment is one of the best high long-term investments and for that, an investor can gain profit based on the price of buying and selling which is known as the spread. In more detail, the investor usually buys the gold when the gold price is low and sells at a profit when the gold price rises. Principally, an investor must bring to mind that gold investment does not offer profit at the monthly or yearly dividend, high profit of return in a short time, instalment payment and other rich scheme modus operandi to deceive people. Gold investment is suited for those having mid-term to long-term financial goals. Gold investment is act as one of our diversifications of an investment portfolio that captures the true notion of “do not put all eggs in one basket”.

Drawn from the literature, there are several previous studies in tandem with the current context. In the context of East Malaysia, Juisin and Amin (2020) postulated that the respondents in Labuan on Gold Accumulation Program as one of the eminent products by Public Gold. Similarly, Amin (2016) tested the willingness of Muslim males in Labuan on Islamic gold investment accounts. In contrast, a few prior studies tested Peninsular-related gold like Abdul Wahab et al. (2014). In their study, Abdul Wahab et al. (2014) however, choose four states in the Malaysian Peninsular to observe urban public sector employees on gold investments. In a similar vein, Muhayiddin et al.’s (2011) study implemented gold dinar as an electronic dinar payment system. Following, there are three studies of gold dinar in Kelantan by Yusuf et al. (2015, 2013) and Nik Maheran (2011). Yusuf et al. (2015) and Yusuf et al.’s (2013) study implemented the gold dinar as an alternate money in Kelantan. Meanwhile, Nik Maheran (2011) studied public acceptance of gold dinar. Therefore, this study considers the Islamic theory of consumer behaviour (ITCB). Earlier, majority of past studies on behaviour have extended the theory of reasoned action (TRA) and the theory of planned behaviour (TPB) to the context of gold investments that include gold dinar. Generally, this study is one of the pioneering works that use the ITCB from the gold investment context.
Furthermore, the objectives of this study are as follows: First is to examine the effects of the role of iman, Islamic altruism and maqasid consumer index on consumer behaviour of SGI. The second is to examine the effect of consumer behaviour of SGI on religious satisfaction.

2. Literature review and hypotheses development

2.1 The background of the theory used: Islamic theory of consumer behaviour

The ITCB is an Islamic perspective (Quran and Hadith) of consumer behaviour theory that is used to explain circumstances, facts and occurrences, among other things. It was first highlighted indirectly by Islamic economist (Kahf, 1978) but without any variables for theory testing and confirmation. According to Kahf (1978), the outcome of a consumer’s choice of action might be of two types: immediate effect and after-lifetime effect, emphasising the significance of religiosity in consumption, wherein any consumption of nice goods is considered as a type of ibadah in Islam. The pioneering scholar of the ITCB, Amin (2017) stated that the idea has an influence on the creation of a theory of production and has recommended governmental measures to ensure that a production pattern is led in an Islamic manner. Worth noting that Amin (2017), also refuted the findings (Kahf, 1981). Kahf (1981) openly criticised the idea of Islamic economics and its connection to individuals in Islamic societies, as well as its overemphasis on justice. According to Amin (2017), Islamic economics is based on the elements of an Islamic worldview (e.g. God, religion, man, etc.) taken from the Quran and Hadith, resulting in a deep link to religion in all levels of one’s life. Besides, Kahf’s (1981) idea is derived from a Western perspective which is hard to accept. The current work is in line with Amin (2017), where Islamic rationalism that is supposed to progress is viewed unnoticed, and nothing new has been emphasised by him but only criticism rendered on the need of the theory.

Earlier scholars, such as Al-Faruqi (1982), Choudhury (1986), Elgari (1990), Khan (1995), Naqvi (1981, 2003) and Khan (1986), were among the earliest researchers that investigate the ITCB concept discussing the impact of moderation on one’s intake yet still too general. Someone once said, one should spend depending on his needs, and the surplus money must be used in the way of Allah SWT (Al-Faruqi, 1982). Al-Faruqi (1982) applied the notion of tawhid in persons to consumer behaviour which is supported by Abdullah and Ismail (2014). Thus, the current study suggests that tawhid is equal to Muslims’ consumer behaviour which is also in line with other works that applied the concept of the tawhidic paradigm to the ITCB framework (Khan, 1995; Choudhury, 1998, 1999, 2014). Another work by Khan (1986) presented a formal version of the ITCB but did not describe a framework that might assist experimentally to validate the theory’s validity. Kahf (1981), on the other hand, attempted to emphasise the significance of iman and spending behaviour, which is proven to have a positive relationship. In all, there is an absence of using specific ITCB’s framework in investing specific SGI, except in identifying consumer behaviour in Islamic perspectives.

The current work intends to fill the gap of the paucity pertinent to identifying the consumer behaviour on SGI, especially in applying the ITCB. Previous work, such as Godbole and Arekar (2014), investigated the elements that impact the buying behaviour of Indian retail investors when it comes to gold. The work, however, does not catch the current work’s purpose which is to investigate the determinants of SGI behaviour from an Islamic perspective by using ITCB. Following Amin (2016), for example, extended the application of the TRA to Islamic gold investment accounts and incorporates three new elements, namely, perceived financial advantage, consumer religiosity and consumer knowledge. The work is pertinent to the current study that investigates gold investment. However, Amin (2016) has a different outcome since the work uses a different framework which is from the TRA
concept. Another work that is pertinent to gold investment is from Nur Alfianto and Nugroho (2020). The study examined the impact of Islamic financial knowledge on attitudes toward gold investment, as well as the impact of religiosity on gold investment, using the TPB but still, there is limited clear evidence pertinent to the current work purpose which is to use the ITCB on SGI.

Specifically, works that almost catch the aim of this current research can mostly be found in Amin’s work since the work by Amin is mostly used the ITCB or Islamic perspectives in identifying consumer behaviour of Muslims. The current study extends his work in using ITCB to determine the factors of SGI behaviour. For instance, Amin et al. (2014) proposed the ITCB to explain the factors that influence the Islamic mortgage industry. Findings indicated that education and religious contentment are important factors in influencing Islamic house financing preferences. In contrast, the desire for Islamic home financing is unrelated to justice and wellbeing. To a certain extent, however, religious fulfilment served not only as a mediator but also as a moderator. Another work by Amin (2017) offered a conceptual model of Islamic consumer behaviour in Islamic house financing in Malaysia by exposing the elements used as “Islamic factors” that constitute the ITCB. In addition, the influence of consumer behaviour on religious satisfaction is considerable, suggesting that good behaviour makes individuals happier – seeking joy for doing properly that is blessed and authorised by Allah (Amin, 2017). Besides, Amin (2019) in his study investigated the elements that influence ijarah home financing customer behaviour. The findings indicate that the role of iman, Islamic mortgage support and the maqasid consumer index are all strongly associated with consumer behaviour. In turn, consumer behaviour is essential in shaping religious satisfaction.

Besides, Amin (2020a) proposed several critical success factors that assure the success of consumer acceptance of Islamic home finance, extending the ITCB’s applicability to include Islamic home financing products. The findings show that Shari’ah-compliant products, value-added advantages, mortgage repayment policies and knowledgeable bankers can affect customer acceptance of Islamic home financing. According to Amin (2020a), three lessons can be sourced from the theory. Firstly, the element of religiosity is essential in the formation of one’s behavioural intention/action, where halal consumption is prioritised. Secondly, maqasid al-Shari’ah matters, where life, religion, intellect, property and lineage are all satisfied and the outcomes for individuals are acceptable and blessed by Allah SWT. Third is the importance of ihsan or brotherhood. Unlike conventional theories such as the TRA and the TPB, the ITCB ideas incorporate the importance of ethics in consumer decisions, where every member of society benefits from a wise selection (Amin, 2017).

The latest work can be sourced from Amin (2020a) that used the ITCB framework in the “Choosing murabahah to the purchase orderer (MPO) vehicle financing: an Islamic theory of consumer behaviour perspective”. The report specifically investigated the impacts of the ITCB which is the Islamic altruism, iman level and maqasid consumer index on the propensity of young intellectuals to pick murabahah to the MPO vehicle financing. The level of iman is presented to be an important aspect not only as an independent variable but also as a mediator. Though, the insufficient empirical study in the ITCB motivated the authors to explore the context of Shari’ah gold investments.

2.2 Research on consumer behaviour and hypotheses development
Consumers are the primary source of the need for the creation of marketing strategies (Kotler, 2000). Consumer behaviour is best described as customers’ efforts in window browsing, purchasing, using, reviewing and discarding things and services that they believe will satisfy their needs (Schiffman and Kanuk, 2000) in tandem with Ramyah and Ali (2016).
The past work found that religion (Alam et al., 2011) and Shari’ah-compliant products (Amin, 2020b) have a greater influence on consumers’ buying behaviour, especially Muslims. This paper is in line with the opinion of Bowen (1998), where religion gives its followers a set of ideals to live by, and the religion which they believe will have a strong influence on their daily activities. This issue is not clearly captured by Hawkins et al. (1980), who argue that religious influences on consumption are indirect and that religion has no place in consumer behaviour theories.

Hawkins et al.’s (1980) conclusions are difficult to accept because their work is based on a Western perspective, such as:

- the primacy of the consumer lifestyle idea and the emphasis on consumer psychological and social development beginning in childhood (Reynolds et al., 1977);
- situational influences on consumer and managerial behaviour (Belk, 1975, 2014); and
- information processing (Bettmen and Peterson, 1979; Jacoby et al., 1978; Wilkie and Pessemier, 1973).

Other works that are recognised among Islamic banking and finance scholars were by Amin (2017, 2019) whose study relates consumer behaviour in the context of home financing. These works used the theory of Islamic consumer behaviour (TICB) to determine consumer behaviour, which indicates positive results. The concept of an Islamic consumer theory can be taken from Elgari (1990) and Kahf (1978) who examined consumption theory from an Islamic perspective. Amin (2019) used different independent variables to determine consumer behaviour compared with Amin (2017). The findings demonstrate that each parameter has a positive sign and is significant to consumer behaviour. Thus, the works for Muslims in Malaysia Amin (2017, 2019) are in line with the work for Muslims in the UK (Dar, 2002). In all, consumer behaviour does have a part in shaping demand for Islamic banking products and loyalty around the globe.

As a point of departure, the current study applies Amin’s (2019) and Amin et al.’s (2014) theory of “Islamic theory of consumer behaviour” to consumer behaviour in Shari’ah gold investing. Earlier publications (Kahf, 1978; Naqvi, 1981; Choudhury, 1986; Elgari, 1990; Naqvi, 2003) have looked from an Islamic viewpoint in explaining consumer behaviour. However, marginal attention has been documented to examine consumer behaviour from the context of SGI. The current work intends to fill the gaps that could help to determine consumer behaviour and thus reach religious satisfaction by using the TICB from the context of SGI which is not captured in works (Alam et al., 2011; Amin, 2016, 2017, 2019, 2020b; Hossain, 2014; Nur Alfianto and Nugroho, 2020). Furthermore, the current study backs up the remark of Al-Faruqi (1982) that one is required to spend based on his/her needs and that any surplus income must be spent for the sake of Allah (S.W.T.). We grasp that gold (domestically) will act as a hedge against domestic stock (Ghazali et al., 2015) and other benefits to the investors, especially for Muslims as SGI parameters have been endorsed by the National Fatwa Council of Malaysia in its 96th meeting held from 13 to 15 October 2011 (Abdul Khir, 2014). Therefore, the verification of Shari’ah-compliant gold investment parameters by the responsible party will influence consumer behaviour in opt SGI.

2.2.1 The role of iman. Islam is one of the main religions in the world. The religious life of Muslims gives rules of life as a guide to act in manner an orderly. Allah the almighty loves his believers’ act good rendering to Islam rules. To be specific, a Muslim must adhere to and practice the five pillars of Islam along with the six pillars of faith or iman viz; the first pillars of faith are believing in God (Allah s.w.t), the second pillars of faith are believing in
angels, the third pillars of faith are believing in Al-Quran, the fourth pillars of faith are believing in the apostle, the fifth pillars of faith are believing in the day of judgment and the sixth pillars of faith are believing in qada’ and qadar. The pillars of faith encourage Muslims in selecting halal products and services as it is based on divine obligation (Suzuki and Miah, 2016). Obviously, seeking halal products and services will lead to good intentions and deeds as it reflects the way of life.

Amin (2019) stated that religious Muslims are reliable and mature in making decisions on certain matters. Particularly, the high level of iman as Muslims, they will allocate their spending and investment in the trusted platform. Of course, the Shari’ah-based gold investment platform is the trusted platform for Muslims. This is because all the products and procedure have been scrutinised by the appointed Shari’ah advisor or panel. Consequently, it is safe and evades the elements of riba, gharar and maysir. Their inclination of confidence to invest in Shari’ah-based platforms is greater owing to their reliance on Allah’s commandments. In addition, Allah possesses the “Day of Judgment”, which gives rewards and rejoices to his believers and vice versa. Consequently, Muslims should have a God-fearing and God consciousness in themselves (Amin, 2019). The worldly life is only amusement and diversion. And if you believe and fear Allah, He will give you your rewards and not ask you for your properties (Qur’an 47:36).

Accordingly, iman or faith is related to the conative. In a study by Amin (2020a, 2020b), the level of iman is not only variable but acts as a mediator to better explain on MPO vehicle financing. In a similar vein, Amin (2019) mentioned that a high level of iman in Muslims contributes a strong influence to the keenness in selecting the product. Besides, iman is an important driver to stimulate a consumer to opt for the product. In his study on Ijarah home financing, he has tested the antecedents of iman by applying the ITCB. However, there is limited study applying iman in the context of gold investment. Perhaps this study is among the first to apply iman as an indicator in explaining the context of Shariah’s gold investment behaviour. Hence, the following hypothesis was suggested:

\[ H1. \] The role of iman has a direct positive effect on the consumer behaviour related to the Shari’ah gold investments.

2.2.2 Islamic altruism. By definition, Islamic altruism is one’s support of Islamic financing facilities or products by giving priority in terms of patronisation compared with conventional banking products (Amin, 2020a). In general, altruism is an act of will with no expectation of rewards. Suzuki and Miah (2016) defined Islamic altruism as fulfilling the socioeconomic objectives of “social justice” in accordance with the objectives of Shari’ah. Likewise, a moral and religious obligation for individuals to be altruists without thinking about worldly returns (unconditional altruism). The spiritual dimension of religion connects altruistic behaviour to divinity or spiritualism. Basically, the altruism notion helps people behave altruistically even if no one knows about their philanthropy. In this study, Shariah’s gold investment concerning to support Islamic banking and finance products. Hitherto, there are many gold services provider outlets in Malaysia offering gold investment facilities. Banking sectors that offer Shari’ah-based gold investment facilities, namely, Kuwait Finance House, Al-Rajhi Bank and Bank Muamalat Malaysia Berhad. Following, the non-banking institutions that provide Shari’ah compliance gold investment platforms namely, Public Gold, KAB gold, Kasih gold, Habib Gold Jewelry and to name a few. The Muslims have an option to choose which gold services provider suits their fondness. Hence, they can be more supportive of selecting the gold investment product from Islamic banking and Shari’ah-based gold services provider.
Therefore, from a previous study on Islamic altruism, Suzuki and Miah’s (2016) findings postulate on Muslim fund providers have the divine obligation to share risks under a profit-loss sharing (PLS) scheme. Besides, Amin (2020a) in his paper mentioned the benefit of supporting the MPO towards vehicle financing are two-fold; first, strengthening the market share of the Islamic banking segment in Malaysia. Second, the customer of Islamic banking products can promote support by word-of-mouth technique. It conveys a positive public image of the financing facility. Besides, Sayuti and Amin (2019) explained the effects of price fairness and Islamic altruism on the Islamic mortgage, using the TPB. However, based on their empirical findings, Islamic altruism is insignificant. In contrast, Rizal and Amin (2017) found a significant relationship between Islamic altruism and behavioural intention. The outcomes of these studies are mixed, which warrants further empirical investigation mainly in the area of SGI. Hence, $H_2$ was proposed as follows:

$H_2$. Islamic altruism has a direct positive effect on consumer behaviour related to the Shari‘ah gold investments.

2.2.3 Maqasid consumer index. A work by Godbole and Arekar (2014) investigated factors influencing Indian retail investors to buy gold. On the same note, Ibrahim and Baharom (2011) examined whether gold investment provides diversification, hedging or safe haven benefits in Malaysia and whether gold domestically acts as a hedge against domestic stock (Ghazali et al., 2015). However, the relevance of maqasid al-Shari‘ah in the receptiveness of Islamic banking products is marginally documented. For instance, Amin (2017) proposed the ITCB can assist in capturing maqasid al-Shari‘ah, where life, religion, intellect, property and lineage are brought into play and the repercussions to individuals are reasonable and blessed by Allah SWT. Another work is by Amin (2019) who used the ITCB to investigate the elements that influence Ijarah home financing consumer behaviour. Besides, Amin (2020a, 2020b) investigated the effects of Shari‘ah-compliant goods, value-added advantages, mortgage repayment policy and well-versed bankers on customer acceptance of Islamic home financing. However, the effort was in the context of Islamic home financing products (Amin, 2017, 2019, 2020a, 2020b).

Limited literature directed pertinent to the importance of maqasid al-Shari‘ah in evaluating how Muslim consumers behave on Shariah’s gold investment products. Importantly, Amin (2016) investigated the elements that impact the decision of Muslim male investors to create an Islamic gold investment account. The study is in line with Al-Qaradhawi (2007) on the banned of gold in the form of a gold ring, gold pen, gold watch, gold cigarette and lighter, gold teeth and so on for males unlike women on the grounds of the explanation of the prohibition in Islam which is broader and deeper. Males, on the other hand, can engage in gold trading for improved asset portfolio planning for financial gains; in exchange, such a trend is permissible for men (halal) (Amin, 2016). The TRA is extended to Islamic gold investment accounts in this study (Amin, 2016), which incorporated three factors: perceived financial advantage, customer religiosity and consumer knowledge. According to the findings, attitude, subjective norm, perceived financial advantage, consumer religiosity and consumer knowledge are instrumental in determining Muslim male investors’ desire to invest in SGI. Likewise, Amin et al. (2014) found that education or knowledge is an important element in influencing the choice of Islamic home financing products.

Another work is from Nur Alfianto and Nugroho (2020) entitled “The impact of Islamic finance knowledge and religiosity on gold investment behavior: an extended of the theory of planned behavior”. The study examined the impact of Islamic financial knowledge on attitudes toward gold investing and used the TPB methodology, to examine the influence of
religion on gold investing behaviour. Results indicate that religiosity and Islamic financial knowledge have a positive effect on attitude which is in tandem with past works (Amin, 2016; Yong et al., 2018; Zaman et al., 2017). However, the earlier works by Amin (2016, 2017, 2019, 2020a, 2020b), Amin et al. (2014) and Nur Alfianto and Nugroho (2020) are the absence of the maqasid consumer index framework in the context of SGI which eventually encourages this current work to develop such effort. Moreover, the present attempt will create a maqasid consumer index from the perspective of SGI, with some aspects from Amin (2019), Amin et al. (2014) specifically chosen for index development. Hence, the following hypothesis was proposed:

\[ H_3 \quad \text{Maqasid consumer index has a direct positive effect on consumer behaviour related to the Shari'ah gold investments.} \]

2.2.4 Religious satisfaction. The phrase religious satisfaction refers to the joy derived from doing good that generates the feeling of blessing and gratefulness to Allah (SWT) (Amin, 2019). Notably, religious contentment is commonly used to assess one’s well-being (Poloma and Pendleton, 1990). This is in line with the work by Tiliouine (2009), where both authors were running a study that relates religiosity with personal well-being. Religious fulfilment is discovered to be crucial for overall life happiness and existential well-being (Poloma and Pendleton, 1990) but slightly different from Tiliouine (2009) where the author found higher religious satisfaction in women compared to men. This expounds that, religious satisfaction is somehow closely related to one’s well-being even though the sample taken by Poloma and Pendleton (1990) was not majority Muslim compared to Tiliouine (2009) who took a large sample of Muslims in Algeria. This paper, however, concurred with Amin (2017), in which the author refuted a few academics’ theses (Abdullah and Abd.Majid, 2009; Marhaini et al., 2008; Safiek, 2009) that extended the Western notion of consumer religion to Muslims’ bank selection, saving, and purchasing behaviour. The goal of this study is to present empirical evidence, with a focus on the importance of religious fulfilment.

As a starting point, this study looks at Amin (2019), Amin et al. (2014) to explain the role of religious contentment in the context of SGI given that the frameworks were applied for ijarah home financing (Amin, 2019) and Islamic mortgage (Amin et al., 2014). Besides, the current study constructs a religious satisfaction index from the standpoint of SGI, with some elements from Amin (2019), Amin et al. (2014) being explicitly picked for the index creation. The past work however explains religiosity more as a mediator and moderator to determine consumer behaviour (Amin et al., 2014; Casas et al., 2009; Tiliouine, 2009). There is a gap to be fulfilled with this study to explain the religious satisfaction among the Muslims in opting for the SGI since earlier work just clarifies the matter of religious satisfaction in Islamic home financing and Islamic mortgage (Amin, 2017, 2019; Amin et al., 2014). This study adds to Amin’s (2019) theory by emphasising the relevance of religious pleasure for Muslims who invest in Shari’ah gold. Khan (1986) emphasised the necessity of spending in accordance with Islamic principles to achieve a sense of religious satisfaction. Besides, Shamsuddin (1992) claimed that when one extends and includes good deeds in his behaviour, he feels blessed by Allah (SWT) and that it is seen as a part of his life for God’s blessing which in tandem with Amin (2017) that demonstrates the consumer behaviour has a positive impact on religious satisfaction. Likewise, Nur Alfianto and Nugroho (2020) agreed with Amin (2016) that the more religious a person is, the more likely they are to invest in gold, particularly SGI. Thus, Muslims who are very pious are more likely to consume halal items Al-Qaradhawi (2007), which includes SGI. The current work agreed that Muslims choose to achieve religious satisfaction in their life. Hence, this hypothesis was postulated:
H4. Religious satisfaction and consumer behaviour towards the Shari’ah gold investments are significantly related.

2.3 Research model
The theoretical framework of this study is best described in Figure 1. Figure 1 displays the effects of the role of iman, Islamic altruism and maqasid consumer index on consumer behaviour and in turn affects religious satisfaction. The details are presented in Figure 1.

3. Methodology
3.1 Subject
Following COVID-19, an online questionnaire survey through Google Form was used. Google Form was distributed for respondents to answer the questionnaire with convenience in flexibility of time and less geographical constraints. This study involved bank customers who were invited to this work in August 2021. This study covered Penang, Malaysia with a total collection of 134 valid respondents. Correspondingly, non-probability judgmental sampling was used. Judgment sampling was used which involves the choice of subjects on the basis of their familiarity with the subject investigated. The respondents were identified based on four screening criteria before they commence to answer the survey. The four criteria are as follows:

1. The respondent is 18 years in age and above;
2. By religion, the respondent involved is Muslim;
3. The respondent selected is one who has an interest to invest in gold; and
4. importantly, the respondent selected is a current bank customer who has patronised any Islamic banking products.

Figure 1. Research model

Notes: iman = role of iman, alt = Islamic altruism, mci = maqasid consumer index, cb = Consumer behaviour; rs = religious satisfaction
Source: Authors’ own
Most of the banks and gold services providers that offer the gold investment portfolio only allow a person aged 18 years and above. The reason is they are legally managing their own wealth and are considered early adulthood. Besides, the second criteria were chosen since the ITCB is more on Islamic-oriented theory and is still new in the context of knowledge implementation. So, this study expects to fully focus on Muslims at first even though this theory can be tested for both Muslims and non-Muslims (Khan, 1995). Of course, the third criterion of the respondents must be a person who has an interest in gold investment. At last, a person has experience in using Islamic banking institutions’ products. It is to enhance their understanding as Muslims using Islamic finance systems in daily life which hinder of three golden rules: *riba*, *gharar* and *maysir*.

Owing to the flexibility in the duration to answer the questionnaire, the feedback obtained was somewhat marginal but at best, a follow-up was conducted to alert the respondents about the survey through the use of e-mail writing and communication.

3.2 Measures

The research questionnaire encompasses two sections. The first section requires the respondents to rate the relative importance of five variables using five-point Likert scales ranging from 1: Strongly disagree, 2: Disagree, 3: Partially agree, 4: Agree, 5: Strongly agree. The questionnaire items were adapted from prior studies mostly from Amin (2019a, 2020a).

Three items for the role of *iman* were adapted from Amin (2020a, 2020b) whilst the remaining two were specifically developed for this study. On the same note, three items for Islamic altruism were adapted from Amin (2020a, 2020b) whilst the remaining two were specifically developed for this study. In the case of the *maqasid* consumer index, three battery items were adapted from Amin (2020a, 2020b) whilst the remainders were self-created for reflection purposes. Consumer behaviour’s battery items were generally self-created. Our last construct’s items notably religious satisfaction were adapted from Amin (2019), at best. These items were subjected to a pilot test involving 30 respondents before actual fieldwork. No serious drawbacks were found, only cosmetic changes were made and the layout/format improved accordingly, at least. Appendix 1 shows the final measurement items or battery items employed in this study.

As recommended by Gorsuch (1983), this study applies to a minimum of 100 subjects, regardless of the number of items. Thus, 134 responses collected were appropriate. The demographic respondents in Table 1 display respondents’ gender, age, employment, monthly income and level of education. The results depict the frequency and percentile results. The female respondents were 59.6% compared to 40.4% for males. Following, the age of 18–25 years dominated the results from the data collected with 67.6%. It shows a good indicator that young adults have an intention and interest to invest in gold investments.

4. Results and discussions

4.1 Measurement model

Table 2 presents the results obtained from the factor analysis. It postulates the measurement model which has been tested on the loadings of average variance extracted (AVE) and composite reliability (CR). The hypotheses were analysed in structural analysis to show the relationship between the variables and criterion variables.

Convergent validity is established when there is a high degree of correlation between two different sources responding to the same measure (Sekaran and Bougie, 2016). According to Hair et al. (2019), the convergent validity can be assessed by looking at the loading AVE and the reliability assessment by observing on CR. The value of AVE should be greater than 0.5
as suggested (Fornell and Larcker, 1981). Meanwhile, the composite reliability should be greater than 0.7, as recommended by Lee and Kozar (2008).

Table 3 shows the discriminant validity sourced from the data of this study. Discriminant validity is established when two distinctly different concepts are not correlated to each other (Sekaran and Bougie, 2016). Following Fornell and Larcker’s (1981) recommendations, the values for the square root of the AVE of the constructs are beyond the value of 0.7. Therefore, the results meet the discriminant validity test.

### 4.2 Structural model and discussion

In Table 4, the outcomes of the hypotheses testing involving four parameters were presented and all of them were reported significant.

In Table 4, we based our analyses based on one-tailed tests for all relationships established. In more detail, the predictors of iman \( t = 1.358, p > 0.01, \text{one-tailed} \), Islamic altruism \( t = 1.902, p < 0.01, \text{one-tailed} \) and maqasid consumer index \( t = 2.449, p < 0.01, \text{one-tailed} \) were positively related to consumer behaviour. Thus, \( H1, H3 \) and \( H4 \) were supported. Unlike \( H2 \), our finding is in not parallel with Suzuki and Miah (2016) and Amin (2020a, 2020b) who found a significant relationship between iman and behaviour, thus extending the generalizability of its role to SGI. As for \( H3 \), our result is in line with that of Amin (2019) and Rizal and Amin (2017), who found a significant relationship between Islamic altruism and behaviour. In terms of \( H4 \), our result is consistent with Amin (2019)
and Ibrahim and Baharom (2011) who reported the essential role of *maqasid* in shaping behavioural perspective.

Furthermore, consumer behaviour was positively related to religious satisfaction ($t = 23.215, p < 0.01$). This result supports $H1$ of this study and concurs with Amin (2017), at best. Furthermore, the effect sizes ($f^2$) are assessed by Sullivan and Fein (2012), the $p$-value can inform the reader whether an effect exists and the $p$-value will not reveal the size of the

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item</th>
<th>Loading</th>
<th>CR</th>
<th>AVE</th>
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<td>alt_1</td>
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<td>0.961</td>
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<td>alt_3</td>
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<td></td>
<td>alt_4</td>
<td>0.881</td>
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<td></td>
<td>alt_5</td>
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<td></td>
<td>cb_3</td>
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<td></td>
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<td></td>
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<td>iman_5</td>
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<td><em>Maqasid</em> consumer index</td>
<td>mci_1</td>
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<td>mci_2</td>
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<td>mci_3</td>
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<td>mci_4</td>
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<td>mci_5</td>
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Table 2. Measurement model

Table 3. Discriminant validity

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<th>Construct</th>
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<th>3</th>
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<th>5</th>
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<tr>
<td>1. Consumer behaviour</td>
<td>0.832</td>
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<tr>
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<td>0.699</td>
<td>0.884</td>
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<tr>
<td>3. Islamic altruism</td>
<td>0.750</td>
<td>0.772</td>
<td>0.917</td>
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<tr>
<td>4. <em>Maqasid</em> consumer index</td>
<td>0.792</td>
<td>0.818</td>
<td>0.862</td>
<td>0.859</td>
<td></td>
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<tr>
<td>5. Religious satisfaction</td>
<td>0.863</td>
<td>0.711</td>
<td>0.760</td>
<td>0.827</td>
<td>0.922</td>
</tr>
</tbody>
</table>

Table 4. Structural analysis

and Ibrahim and Baharom (2011) who reported the essential role of *maqasid* in shaping behavioural perspective.

Furthermore, consumer behaviour was positively related to religious satisfaction ($t = 23.215, p < 0.01$). This result supports $H1$ of this study and concurs with Amin (2017), at best. Furthermore, the effect sizes ($f^2$) are assessed by Sullivan and Fein (2012), the $p$-value can inform the reader whether an effect exists and the $p$-value will not reveal the size of the
effect. Cohen’s (1988) guideline is used to measure the effect size. The values of 0.02, 0.15 and 0.35 represent small, medium and large effects, respectively. Table 4 depicts that consumer behaviour had a medium effect on producing religious satisfaction. Moreover, the results indicate that iman (0.028) and Islamic altruism (0.048) had a small effect on producing consumer behaviour. Meanwhile, the effect size of the maqasid consumer index had a close to medium effect in producing consumer behaviour.

5. Conclusion, research implications and future research
This research has thrived to discover the determinants of SGI in Penang, Malaysia. The role of iman, Islamic altruism, maqasid consumer index, consumer behaviour and religious satisfaction were the key determinants for SGI behaviour. The results obtained were analysed using SmartPLS version 3.0. These outcomes indicate the applicability of the ITCB in the current study context. In addition, ITCB is more on Islamic-oriented theory and is still new in the context of knowledge implementation. In effect, this study focuses on Muslims at first even though this theory can be tested for both Muslims and non-Muslims (Khan, 1995).

The present study has research contributions based on the following point: Firstly, this study applied the ITCB to Shariah’s gold investment behaviour. There is a limited study, previously investigated. Perhaps, this study is among the first to apply the theory in the context of gold investment behaviour. Secondly, this study contributes to adding the antecedents of the role of iman, Islamic altruism, maqasid consumer index and religious satisfaction to the context of the current study. This factor covers the way for more research in the Islamic finance research field.

Besides, the antecedents of the role of iman or faith depict the religious Muslims making decisions based on Allah’s obligations. At once, all of the deeds were judged by Allah azza wajala. In terms of Islamic altruism, it is more about giving support to Islamic finance products and services. As Muslims, it is the best way to choose Shari’ah compliance products compared to non-Shari’ah compliance products. The reason is all the procedures, processes and products had been examined by appointed Shari’ah experts and advisors. Moreover, maqasid consumer index considers the five maqasid Shari’ah, namely, life, religion, intellect, property and lineage.

What’s more, our study provides the answer to “so what” through the explanations of research contributions. These include the answer for the research contributions toward practice and society along with the benefits obtained by the managers of the service provider as well as investors. The details are provided as follows.

5.1 Theoretical contributions
This work adds to the theoretical viewpoint in at least three ways. To begin, this paper presents empirical data that support the links between iman, Islamic altruism and the maqasid consumer index and consumer behaviour in the context of Sharia gold investment schemes in Malaysia. Secondly, this study provides significant empirical evidence for the ITCB, which explains consumer behaviour in the context of an Islamic worldview, which has gotten less attention in previous studies on gold investment schemes. Thirdly, by addressing gaps in the literature on Islamic consumer behaviour, this study contributes significantly to the body of knowledge. The three ITCB factors have been demonstrated to be valid in describing customer behaviour development in SGI programmes.

5.2 Practical contributions
Two practical contributions are described in addition to the theoretical contributions. Firstly, this study presents significant evidence that might assist service providers’
management in gaining a better knowledge of the acceptance process, particularly in subscribing prospective clients to SGI schemes. Second, this study suggests four major topics for managers to address. These include religion, altruism, and maqasid al-Shari’ah, all of which should be combined while marketing Shari’ah investment gold schemes for increased demand and acceptability.

5.3 Methodological contributions
Furthermore, this work makes at least two methodological contributions. Firstly, we created construct items for the independent variables based on beliefs, often known as cognitive perspectives. Secondly, we upgraded the constructs’ items using SmartPLS 3.0, which improved the constructs’ items’ validity and structural linkages.

5.4 Societal contributions
The United Nations established 17 Sustainable Development Goals (SDGs). The eighth objective of the 17 SDGs is inclusive and sustainable economic growth, full and productive employment, and decent work for all. Investing in Shari’ah gold can help investors, particularly retail investors, and also maintain the stated aim of their life sustainability, which is hampered by the negative teething effects of inflation, supply chain disruptions and policy uncertainty. Furthermore, the ninth SDG aim is industry, innovation and infrastructure. This objective aims to promote equitable and sustainable industrialisation, as well as stimulate innovation. For instance, Shari’ah gold investing sourced from Kuwait Finance House Malaysia was among the first to market Shari’ah-compliant gold investment products and services in early 2010. This product provides an alternative method for retail investors to be actively involved in SGI schemes, enabling the meeting of the said objectives drawn from the SDGs. In turn, this helps improve the passive income generation among investors to improve life’s sustainability and family well-being at best.

Although, this study also has several limitations as such the present study is confined to a single location which is Penang, Malaysia. It is suggested that future research could replicate the study in other states across Malaysia. In addition, the used variables in the present study are limited. The future study should use other richer variables as key determinants to provide a better understanding of Shariah’s gold investment behaviour. Therefore, the findings in the present study are hoped will encourage more research in applying the ITCB to the context of Islamic financing products, perhaps. Adding to that, future studies should consider an “integrative approach” when examining consumer formation of behaviour. Besides the ITCB, future studies should consider the TPB, the decomposed TPB and innovation diffusion theory to extend the findings (Sayuti and Amin, 2021; Shaikh et al., 2021, 2019; Shaikh and Noordin, 2020, 2019). Despite these issues, the current study is a pioneering effort in explaining Shari‘ah gold investment schemes’ acceptance where the ITCB is brought into play, at best.

References


**Further reading**


### Table A1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Measures</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>My religion helps me to choose the Shari‘ah gold investment</td>
<td>Amin (2020)</td>
</tr>
<tr>
<td>2</td>
<td>My religion teaches me to ask for God’s blessing when choosing a Shari‘ah gold investment</td>
<td>Amin (2020)</td>
</tr>
<tr>
<td>3</td>
<td>My religion shows my decision to choose Shari‘ah gold investment is God’s will</td>
<td>Amin (2020)</td>
</tr>
<tr>
<td>4</td>
<td>My God sees my selection for Shari‘ah gold investment</td>
<td>Self-developed</td>
</tr>
<tr>
<td>5</td>
<td>My religious life influences me to choose the Shari‘ah gold investment</td>
<td>Self-developed</td>
</tr>
<tr>
<td>6</td>
<td>It is a priority to support Shari‘ah gold investment</td>
<td>Amin (2020)</td>
</tr>
<tr>
<td>7</td>
<td>It is good to see others support Shari‘ah gold investment</td>
<td>Amin (2020)</td>
</tr>
<tr>
<td>8</td>
<td>It is always good to support Shari‘ah gold investment</td>
<td>Amin (2020)</td>
</tr>
<tr>
<td>9</td>
<td>It is an obligation to support Shari‘ah gold investment</td>
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</tr>
<tr>
<td>10</td>
<td>It is important to make support towards Shari‘ah gold investment</td>
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</tr>
<tr>
<td>11</td>
<td>Choosing Shari‘ah gold investment preserves my faith</td>
<td>Amin (2020)</td>
</tr>
<tr>
<td>12</td>
<td>Choosing Shari‘ah gold investment protects my financial right</td>
<td>Amin (2020)</td>
</tr>
<tr>
<td>13</td>
<td>Choosing Shari‘ah gold investment preserves my wealth</td>
<td>Amin (2020)</td>
</tr>
<tr>
<td>14</td>
<td>Choosing Shari‘ah gold investment improves my investing knowledge</td>
<td>Self-developed</td>
</tr>
<tr>
<td>15</td>
<td>Choosing Shari‘ah gold investment adds value to my wealth</td>
<td>Self-developed</td>
</tr>
<tr>
<td>16</td>
<td>I will choose Shari‘ah gold investment products</td>
<td>Self-developed</td>
</tr>
<tr>
<td>17</td>
<td>I will put an effort to buy gold from Shari‘ah gold investment platform</td>
<td>Self-developed</td>
</tr>
<tr>
<td>18</td>
<td>I consistently buy gold from Shari‘ah gold investment platform</td>
<td>Self-developed</td>
</tr>
<tr>
<td>19</td>
<td>I will prioritise Shari‘ah gold investment</td>
<td>Self-developed</td>
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<tr>
<td>20</td>
<td>I have bought gold from Shari‘ah gold investment for more than a year</td>
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<tr>
<td>21</td>
<td>I feel peace of mind when choosing the Shari‘ah gold investment</td>
<td>Amin (2019)</td>
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<tr>
<td>22</td>
<td>I feel fulfilled when choosing the Shari‘ah gold investment</td>
<td>Amin (2019)</td>
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<td>I feel comfort when choosing the Shari‘ah gold investment</td>
<td>Amin (2019)</td>
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<td>24</td>
<td>I feel enjoy when choosing the Shari‘ah gold investment</td>
<td>Amin (2019)</td>
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<tr>
<td>25</td>
<td>I feel the blessings of happiness when choosing the Shari‘ah gold investment</td>
<td>Amin (2019)</td>
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</table>

**Corresponding author**

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