

# FREELANCERS INTENTIONS TOWARDS ADOPTION OF ISLAMIC BANKING

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## ABSTRACT

*The purpose of this research is to measure the impact of consumer attitude, social norms and perceived behavior on the intention to adopt Islamic banking by freelancers in Pakistan. The sample of the study is taken from the young freelance professionals that are currently working in the city of Mirpur Azad Kashmir. The number of respondents is limited to 150. Correlation, reliability, regression and ANOVA tests are performed to check the accuracy and association of the data variables. The results showed that the variables of religiosity and subjective norms has a positive impact on the behavioral intention to adopt Islamic banking. Therefore, the research team can conclude that religiosity has an impact on the intention of the freelancers of the city of Mirpur to adopt Islamic banking and subjective norms also has an impact on the intention of the freelancers of the city of Mirpur to adopt Islamic banking. The study also notes that subjective norms also have an effect on the intention to adopt there for allowing customers to know of the ethical and socially responsible practices can also help them to adopt. For any future researchers the study recommends that they can apply the same model in another area to see the results of adding or removing variables to see the difference it can make.*

**Keywords:** Freelancers, Banking, Intentions, Finance.

**JEL Classification:** G21, G29.

## INTRODUCTION

In Pakistan the Islamic banking system has been up and running since the year 2002 and has seen good growth but now that seems to be slowing with a majority of young people not shifting towards the system. This raises a few questions that in a country with a majority Muslim population there is still a low rate of adoption. Many studies have looked at this problem in the past studies such as Al-Ajam & Nor (2013) and Ali & Jama (2016) and found that intention to adopt towards Islamic banking is slowing. Aziz et al. (2018) did a research on the topic in Pakistan and found that intention to adopt among young people is declining but no such research has been done in the area of Mirpur Azad Kashmir to see whether young generation and especially freelance professionals are adopting towards Islamic banking. For this reason the current research study will look to see the rate of adoption of Islamic banking in young professionals in the city of Mirpur Azad Kashmir and what factors are having an impact on their behavior when it comes to adopting to Islamic banking.

An enormous number of the lessons of Islam manage financial issues. One of the five inquiries Muslims will look on Judgment Day will be: "How could you procure your riches and how could you spend it?" Our income must come from halal methodologies and must be spent on halal purposes and consumption. The necessities of overseeing a growing realm

drove early Muslim journalists to talk about halal strategies for raising incomes for the state, just as the commitments of the state (as indicated by Islamic law) to spend on general society. Along these lines, public account is refined and all around created field inside Islamic grant. In present day Islamic financial aspects depends on this set of experiences of Islamic banking and on these early Islamic lessons, yet has additionally been unequivocally formed by the colonization of Islamic grounds, battles for freedom, and the need to react to affirmations of the predominance of Western information.

The concept of modern Islamic banking can be very well being taken from prophet PBUH where he PBUH worked as an agent for the operations of the trade of his wife. The point when business banking rose after the modern upset, a large share of Muslim researchers communicated their genuine reservations with this model of monetary intermediation because of its dependence on financing cost component and they required the improvement of elective instruments to play out the budgetary intermediation work in Muslim social orders. Muslim masses to a critical degree shunned managing business banks. Be that as it may, the developing needs of merchants, industrialists and different business people in quickly adapting economies were squeezing. The Muslim financial experts and banks responded to the call of creating elective models of monetary intermediation in the name of Islamic banking. The concept of interest or Riba is forbidden in Islamic banking as it is considered as a form of capitalism where the authorities take up portion of the money people earn from their hard work and even from those who are needy and poor. In Islamic banking it is not allowed to invest in avenues that are not compliant with the Sharia.

Trades and businesses that have any kind of involvement in alcohol, drugs, or weapons, it is not permissible to invest in these in Islamic banking. In the Muslim states, Islamic Banking has become a significant part of the economic system. The Arabs of early Ottoman Empire traded extensively with Spain. The introduced the law of no interest and worked together with the sharing of profit and loss. These systems turned out to be quite beneficial and provided finance to trade and other business affairs. Organizations whose money related practices and activities are too unsafe are normally warded off by Islamic financing organizations. By performing escalated reviews and investigations, Islamic account advances the decrease of danger and makes the space for a more prominent speculation strength. When Middle East and Asians got involved in banking the Europeans opened the banks in Asia with the system that was totally based on interest bearing. It is predicted that in the upcoming decades the ratio of these banks will rise to 35-40 per cent and also develop a huge part of the savings in Muslim communities. In Malaysia, there are a total of 5% Islamic banks, 12% in Saudi Arabia and 30% in Kuwait. Where the western institutions focus on achieving a higher net price, the Islamic banking system is mostly aimed at targeting the domestic markets. Islamic state of Pakistan was the first country which came into existence due to the backhand of an Islamic ideology in 1947. Only after three years of its development, the state implemented a whole Islamic financial system. There was a lot of debate between the economists regarding the efficiency of this decision as people were still used to the British banking rules. Moreover, the concept of Islamic banking was totally vague in the world at that time. After all the effort that was put in, the current analysis of the banks depict that there are still a lot of British norms which are imposed in the state. It is also claimed by the economists that the pressure to exert such a huge change in a short time period was the primary reason behind the failure of the system in Pakistan (Basheer et al., 2018). In 1992, when the Federal Shariah Court declared that interest-based banking is "*Haram*" as it embraces the use of "*Riba*". This decision of the court was taken by considering these verses from the Holy Quran; "*Allah destroys interest and gives increase for Charity. And Allah does not like every sinning disbeliever*". "*O, believers, fear Allah and give up what is still due to you from the interest (usury) if you are true believers*" and then again in Surah Buqarrah it is

stated that *“If you do not do so, then take notice of war from Allah and His Messenger. But, if you repent, you can have your principal. Neither should you commit injustice nor should you be subjected to it”*. From these verses, it is evident that the functioning of interest is disliked to an extent that Allah has declared a war against people who embrace this. Keeping these in consideration, the state declared that all banking systems which work on the basis of *“Riba”* will be abolished. Islamic banking is growing at the rate of 15-20% annually since the year 1990 and it will grow even more rapidly in upcoming years as the states are recognizing the benefits that will help them flourish in long run. Two crucial standards of Islamic banking are the sharing of profit and loss, and the denial of the assortment and installment of interest by loan specialists and speculators.

The banks that provide Islamic banking services are growing continuously, even some of the conventional banks also provide the facility of Islamic banking and finance. Thus it is considered that Islamic banking provide much better and beneficial banking alternative than commercial or traditional banking systems. The companies who provide sharia structuring and consulting to Muslim consumers have grown drastically throughout the years. Now, even though the system has to be followed and made compliance with the Islamic law, it has been depicted in results of various researches that the banks working in Pakistan are not following the set rules. The existing literature at this critical point is also not adequate for making a conclusion, however, observing the real-time performance of banks has given chance to researchers to throw light at the internal loopholes.

Islamic banking is a broad concept which is not only a religious driver in the Muslim states but is also an attractive business industry, across the world. This can be described in two parts. First is the core of this concept which is Shariah. According to Islamic rules, the banking system not only should be interest free but it should also have an efficient system for minimizing the risks associated with the deposits. There are many fair reasons behind these principles. So as to comprehend Islamic banking, its essential qualities and the way of thinking must be perceived and furthermore incorporate the goal of Islamic banking totally. The way of thinking of Islamic banking can be recognized through the principle target of Islamic financial, which is to make the equivalent and adjusted society. While the targets of Islamic bank are to advance financial and social government assistance past the ordinary worldview.

Usually the people with lesser money are the ones who take loans. While paying back, they must have to pay the extra interest which leads to a non-healthy distribution of wealth in the system i.e. the rich become richer and the poor becomes poorer (Majeed & Zainab, 2017). This type of democracy is prohibited in Islam and it is also a root for developing a fair and accountable system. Moreover, if the money is being lent for any illegal or immoral task, then it must be stopped at the right time which means that before proceeding the payments it is must to give transparent details about the intentions and business plans for the consumer. In the research conducted by Basheer et al. (2018), the main reason why people tend to Islamic banking is their religious obligations. Some of the basic patronage factors included the good will of the bank as well as the placed religion influence in the consumer. If the behaviors are compared, then it is calculated that Islamic banks are not able to attract the consumers with full potential and there is no definitive answer that why it has been happening. The rule of Islamic banking lies within the boundary of well-being and prosperity of human. It means that not only it is beneficial for the company but it will flourish you as well. According to (Trust Bank, 2020) Islamic banking relies on real assets. Islamic banks deal with profit and loss sharing. The two main aspects of profit and loss sharing is Musharakah and Mudarabah. According to Drizane (2020) Musharakah is considered as active joint venture whereas Mudarabah is considered silent joint venture. According to Musharakah it is considered as a partnership between two or more parties where they share equal contribution towards the

capital, all have equal contribution in management and all of them share profit and loss according to a decided ratio. The three main prohibitions in Islamic banking is interest, investing on banned social sectors and speculations. These principles make the most of the difference between conventional and Islamic banking as conventional banks has the first most rule of interest and interest rate might vary from bank to bank. The conventional banking, which is premium based, plays out the accompanying significant exercises: store creation, financing, organization administrations, giving LGs, warning administrations, other related administrations.

The source of earning profit for conventional banks is through earning interest on public's money, however it is widely discouraged in Islamic banking as it is taking away a part of people's money that they have earned with hard work and not even considering if they are needy and poor, they have to give away the portion of the money to the banks. Moreover, conventional banks allow their consumers to invest in banned sectors such as alcohol, drugs, weapons and wars. As these banned sectors provide with maximum of the profit to these banks so they never made it forbidden but on the other hand as the conventional banking system has made it easy to invest on banned sectors, the use of these sectors is getting wide-spread and they have become easily accessible. With the easy access of these banned sectors the normal balance of the life and human kind is getting disturbed and it is growing every year and it is giving the adverse of effects to the mankind. The next thing is speculation and that is a lot common among the conventional banking systems and is forbidden in Islamic banking systems. Speculation involves the trading of any financial instrument with high risk of loss or profit. It lies in the category of market fluctuation. Islamic banking provides with the benefit of partnership in company or joint venture. Islamic banking provides and promotes financial justice. Islamic financial system works no different than traditional financial system but the only difference is the application of laws and morals that are considered ethically right. The Islamic finance system is not limited to the banking but it also covers aspects such as insurance, capital formation, capital market and all other kinds of financial intermediation and it deals with all the moral and ethical principles that needs to be applied to achieve financial justice. Islamic banking is also beneficial for the purpose of development of useful things that can provide advantage to human as well as to nature. With the constant question that keeps arising that how do Islamic banks earn profit for themselves if the rule of interest is forbidden? Under Islamic law as discussed above money is not allowed to make more money, so Islamic banks must provide some service to earn their share profit from it. Therefore, instead of traditional and commercial banking systems, Islamic banking provides accounts to their consumers with the methodology of profit and loss sharing. With the reforms in special financial institutions like HBFC and NIT, the process of Islamic banking and financing started in Pakistan in conformity with the given Islamic principles. All the commercial banking was made free of interest on 1st July, 1985. However, one of the major issue in Pakistan is the perception of these systems which is built in consumer's minds. Different empirical researches also depict that despite religious factor, it is extremely important to maintain the service quality in these regions also. Many consumers in Pakistan have complaint that the management of Islamic banks is not as oriented towards their operations as they should be (Aziz et al., 2018). With the introduction of technology in the contemporary world, the needs of consumers have changed and there is an additional emphasis on the banks to compete with these changing needs. This evolution has bring a huge change in Islamic banking which has acted as a major plus point for their growth across the world. The benefits of digitalization for the banking industry have been studied by various researches. Micro economical focus on the topic shows that the investment and efforts in improving the "back-end" service has led the consumers to enjoy a better "front-end" of services, leading to a dominant competitive advantage. In the developing segment of Pakistan

such as Mirpur, there has been a huge shift to Islamic banks, which has many reasons behind this. The dominant factor is the financial crisis of 2008 which helped people in understanding that there is a dire need of having an alternative banking system to be saved from such crisis in the global economy. Another factor is that even though the system is developed by keeping Islamic laws in consideration, its services are not limited to a single sector only. The principles adopted in this system are equally beneficial and necessary to be implemented for achieving a good governance system in the state (Ozair et al., 2019). The consumer loyalty or preference for an industry does not depend on solely the products and/or services provided by an entity. Satisfaction plays an integral role in achieving this and according to the SERVQUAL scale, the service quality, image of the brand and perception or attitude of the consumer are significant contributors for an overall satisfaction in a consumer. Even after these steps, there are other factors which lead to a final decision of whether or not the consumer stick with the system. These include service charges, location of the banks, convenience to use the processes, life choice for commodities and religious beliefs.

This study has doubtful significance because Islamic banking despite being a emerged industry in Pakistan, still has a lot of deficiencies in areas such as Mirpur. By studying these factors one can ultimately find help in enhancing baking operations for employees and consumers, which are living in Mirpur Kashmir, Pakistan. As the given variable is intangible, many organizations and researchers do not give sufficient important to this topic at hand. Thereby, this research is aimed to help people on different platforms. The conducted research will hear by, assist in learning, educating and gaining information from conceptual knowledge about the factors which are contributing to development of intention to adopt Islamic banking in freelancers for the purpose of better understanding and knowledge enhancement. Individuals can seek several sources of literature which can help them in identifying the gaps in the existing literature and possible dimensions of new literature, along with the concluded results. One can find references and latest knowledge that is added in the selected topic. People can also stimulate this research to get information about their rights and gain more self-awareness. The critical analysis of this study will help in motivating the freelancers, by eliminating all possible factors which are hindering their progress. The latest information about current trends in the market can also be concluded by going through this piece of research. Students, other researchers, managers, policymakers and customers can study this research for seeking several guidelines. One can find guidelines for making new strategies, gaps in previously implemented strategies or making new strategies for the purpose of enhanced operational excellence. This study can also assist in making new policies, identifying the loopholes in prevailing policies and create more enhanced policies for better outcomes. It will help new researchers in learning about the research methodology adopted in this thesis, for the purpose of theory verifications in different industries. One can identify gaps in previous methodologies and enhance them further for a better understanding and wider scope of research paper. The research questions proposed for the study are:

- Does attitude have an impact of the adoption of Islamic banking?
- Does subjective norm have an impact of adoption of Islamic banking?
- Does perceived behavior have an impact on adoption of Islamic banking?

## LITERATURE REVIEW

If a sales man wants us to have a positive attitude towards his product, he will make us buy it actually. So attitude combined with, perceived behavioral control and subjective norms gives a better understanding of consumer's behavior towards a product or service and that is when it is known as theory of planned behavior.

In psychology attitude is considered a mental construct, an emotional and psychological entity that inheres in a person or characterizes his behavior towards a thing or entity. Attitude is defined as the collective influence of positive and negative feelings which influence the decision of a person regarding execution of a specific process. Consumer attitude towards an object generally comprises of feeling towards that product or service, or intention towards that product or service. It is basically the feeling of an object being favorable or unfavorable to the consumer. If a consumer does not have a positive attitude towards a service, most likely he would never choose or buy it. If a consumer has a positive attitude towards a service he will buy it, refer it and re-buy it. According to Tutorials Point, behavioral intention is something that represents the plan of a consumer. If his plan collaborates with the service or product, he might choose it as other services are not compatible with his plan. It is a logical representation of attitude of any consumer towards any service. Consumer attitude is generally associated with the offerings a service provides to the consumer. If most of the offerings match the plans the attitude towards that service automatically grows in positive direction. Consumer attitude is a fundamental tool which has a direct relationship with consumer satisfaction. It is found that religion and a business support that is strong enough are two important factors that decide the firm's attitude towards Islamic banking. The failure of Islamic finance and banking and their failed compliance with the laws and sharia has made it difficult for the firms to choose the right Islamic bank. There are currently more than 300 Islamic institutions, managing approximately 800\$ billion, worldwide. The main attraction for the industry is the Muslim audience which can manage their banking needs as well as fulfill their religious obligations by using it. Despite the success of these banks in the industry, academic scholars have not put enough emphasis on the subject because of the uncertainty of consumer attitude and satisfaction. According to (Butt & Aftab, 2013), attitude casts a direct impact on the consumer purchasing behavior. One basic thing about attitude is that unlike some people think, they can be learnt and taught. If it is a purchasing industry, the consumer attitude will depend on factors such as product trials, service quality and promotional tools such as social media or others. They also consist of a major motivational factor as they have the tendency to drive people towards doing or not doing a specific process. Three main elements which constitute an overall consumer attitude are; cognitive, affective and conative. In the cognitive element, information is used as a set of beliefs. The need of a specific product and/or service is developed. The consumer believes that he/she will achieve the told results and their expectations will be met if they make the purchase or use the service. In the second element, an emotional relationship is developed between the consumers and the object. This is a very favorable strategy as emotions help in deciding about favorable and unfavorable terms for a person. In the last approach, the buyers observe the buying behaviors and general needs of the consumer so they can directly hit what's most needed. As Suhartanto et al. (2018) given that the right attitude is an integral component for consumer satisfaction it is extremely important to consider the roots of the impacts and current issues in this. When the industry tends to have a higher satisfaction rate, it depicts that the users will repeat their purchase and contribute to the success of the specific product and/or service. According to Kaakeh et al. (2019) there are four basic things which contribute to the development of consumer attitude towards Islamic banking which are explained below. The image of a brand or an industry is directly proportional to the rate of customer satisfaction. In Quran, any process which generates money from money without the use of any commercial transaction or commodity is prohibited which means applying interest rates on payments is prohibited in Islamic banking. Due to this, it has been evaluated in many researches that consumers have a strong respect for the basic laws of Shariah especially in Muslim countries such as UAE. If the code of Shariah is repeatedly violated in an Islamic bank, the consumers mostly tend to switch their choices. According to Suhartanto et al.

(2018), religiosity is also a key driver in attitude development of Muslim consumers. It has been concluded multiple times that the consumers who are more linked to the Islamic rules and are more concerned about their investments and interest-rates, tend to prefer Islamic financing system rather than the conventional banks, despite of the included risks. Islamic of the products is also a fundamental factor. When a specific product or service is made in compliance with the accurate Shariah law, it brings religious satisfaction to the Muslim consumers. This satisfaction is the basic factor which helps people in deciding whether or not they want to adopt Islamic home banking. Moreover, personal attributes such as individualism and collectivism also play an important role in determining the attitude of people towards Islamic Banking. Individualism basically refers to the concept in which a person is entitled to his own opinion rather than following with the moral codes of society. Self-direction and self-awareness are a part of this concept. On the other hand, collectivism means to consider society as the primary whole and follow the norms of other people. It is also evaluated that individualistic characteristics have a positive relationship with attitude as due to this, people will do what they think is best for themselves, irrespective of the support or dislike of the society. The fourth factor is the knowledge about Islamic banking. Different researchers have done empirical researches to evaluate this. One research demonstrated that the knowledge about Islamic banking and its rules was higher in Arab Muslims as compared to the Non-Arab Muslims. Another research evaluated that the overall knowledge about Islamic banking is lower in people. The use of Islamic insurance is also very less known by Muslims. However, the blame for this is not on the consumers as during a research, when people were told about Islamic financial contracts and mechanisms, they were observed to be very keen about learning the deal with Islamic banks (Aziz & Afaq, 2018). Subjective norms refer to the influence of societal norms on a person's behavior. The concept is that human beings being social animals tend to have a strong favor for actions which are accepted by the society and their social circle. It is also one of the fundamental predictors in determining customer intention. There are many researches which dig on this factor.

Subjective norm usually refers a scenario where a group of people or an important personality approves or supports an idea, product or service and people have a strong belief in whatever they say. It is also considered as a form of social pressure where an individual is forced to act in a certain manner out of the influence of someone else. Subjective norms usually make people to comply with other people's view. Studies have shown that subjective norms highly effect an individual but still it has less influence than the factor of the attitude. Studies have shown that subjective norms do not appear on the basis of the intention of the consumer. One of the main reason for the inconsistency in the subjective norms is that most of its part is occupied by the behavior aspect. According to Alnaser et al. (2018) subjective norms act as direct influencers for consumer's loyalty towards a specific brand or industry. Moreover, they also have a direct relationship with customer satisfaction. Studies have shown that subjective norms have effectively moderated the relationship between attitude of a consumer towards a product and buying a product as well as between behavior of a consumer towards the product and buying the product. Subjective norms significantly affect the attitude of a consumer towards a product or a service. In Uganda, it was evaluated by research that most of the people only adopted Islamic home financing because the people in their nearby circle were also doing the same. In another research conducted by Mamman et al. (2016). It was stated that people tend to take recommendations from their friends or family at some point of their lives. This is where the norms play their role. It can be said that the social norms not only act as individual influencers but also cast an external influence leading to a positive or negative image build-up in the consumers (Ayyub et al., 2019). In Muslim states, the pressure from social norms is relatively lower. This is because the majority citizens are Muslims and they understand the importance of following Shariah and its set rules. The

people who understand that despite of the interest that they are receiving, interests are still “Haram” will be more likely to be motivated to switch their banking systems. Pakistan, being a Muslim country introduced this in 1970, however, both of the options are available on the state. On the other hand, if there is a need to develop and implement Islamic laws in the non-Muslim states too, then the set procedures will have to be altered to fit the needs of everyone. It can be done by firstly attracting the Muslim audience, but social norms will be severely in action in those places. When a person who understands the Muslim law agrees to having lesser profits, others will mock or degrade their behavior which is also one of the major reasons why the concept of Islamic banking is totally unknown to the Non-Muslims (Ayyub et al., 2019). One the major misconceptions which restrict people from other religions to tend towards this system is that they consider this a strict system which has every function related to the set rules and which opposes any modern modification or facilitation. On the other hand, the concept which should be spread is that *“Islamic banking allows every procedure or operation which is not forbidden in Islam”* One on side, which restricts people from having fixed interests without putting any effort it, the system also, supports interest free loans and transparency in the system (Bananuka et al., 2019). In Islamic banking, the major aim is to distribute the income within the rich and the poor and let the excessive amounts reach the vulnerable and needy. However, in traditional banking, the loaded people who keep their deposits are benefitted even more by the sole concept of “Money generating money”. The embracement of a system which pays performance rather than an interest is only fair to be implemented in a state so that everyone can earn for the profits that they receive. However, in the regions where the upper middle class has an active involvement in decision making, a system to support the needy and lower class people can never be accepted so easily. This type of behavior is observed in Pakistan too. The Islamic banks present in the region do not comply with the laws of Shariah and people are still questioning about the interests which are given to people on the name of profits. So, in this case, when a leader or a person demands the proper implementation of Islamic banking system, people from the same state oppose that. In a democratic system, where no decision can be made without the agreement of the citizens, it cannot be supported until people are educated about the benefits and competitive edge that they can gain by adopting a system. Perceived behavior control or PBCs refers to the perception of consumers about how difficult or convenient will it be to adopt a specific process or system. Perceived behavioral control perceives the consumer’s behavior from his intention to buy a product or service. Few studies revealed that perceived behavioral control and self-efficacy are distinct from each other. Self-efficacy gives a better understanding of human behavior towards a product than perceived behavioral control. Behavioral control includes many steps that might differ according to the requirement. It includes project plans, standard operations and their procedures, rules, various periodic meetings, home and work assignments, direct or indirect supervision, post implementation reviews from public through different sessions and reporting of project status. Both the perceived behavioral controls and output controls are used to motivate the consumer and make them buy a product or service. These subjective factors cast both direct and indirect impacts on the purchase of a product or service. For instance, if a person’s attitude towards a system is positive however the resources are scarce or the process is too difficult then they might not adopt the process at all (Albashir et al., 2018). There are two basic factors which constitute the PBCs in an individual. The internal factor is linked with self-efficacy, the capability of an individual to undergo a specific behavior. On the other hand, the external factor refers to the factors which are present in the outward environment yet constantly influence their behaviors. They may include money, time and technology. In Muslim consumers, previous researchers have shown that in activities such as buying or eating pork, people refrain mostly due to the behavior control factors and the concept of taking something *“Halal”* Similarly, in Islamic Banking

the spread of knowledge and awareness about the Haram system in conventional banking might act as driving factor. In Islamic Banking, there are different products which have been developed after co-working with the rules of the conventional banking also, thus making a half and half mix for the consumer ease. The first product is "*Ijara*" in which an asset is used to make a bank purchasing. The purchased asset is then leased to a client in an internal or external environment. The second product is "*Mudabbara*" in which a contract takes place between the bank and a third party client. The bank is held responsible for providing the required resources and capital however the consumer's expertise and strategies are deployed. After that when the business is developed, the consumer gets his deserved right from the shared margins due to his know-how and expertise of the business (Bodibe et al., 2016). In "*Mushakara*" the consumer also shares some capital and also the expertise in the business. The final product is called "*Murahaba*". In this process, the consumers submits a request for purchasing equipment or machinery for their use. The bank makes a purchase on behalf of the consumer and then takes the money back in installments along with the agreed proportion of profit for the bank. Now, contradictory to what most of the people think, Islamic banking is not a non-profit industry. Fair rules are set so people can get paid on the basis of their performance rather than an interest-based ratio. The factor which can help in reducing this is effective marketing. Just like with pork and alcohol, a major law is set to refrain Muslims from these things as they fall into the category of "*Haram*". With the invention of all these products, the use of such facilities has been facilitated for consumers. This lower the factor of behavioral control in consumers, leading to a higher adoption rate (Ozair et al., 2019). Price of the service is also a comprising factor in the external circle of the behavior control. It is also noted that the prices of the services rendered at an Islamic bank are a little higher than that of a conventional bank. The major reason behind this is not having a bulk input which increases the price per product. Many families with an average income or below than average income, thereby, tend to the modern system as it promises them cheaper services. Moreover, 70% of the Muslim bank users were concluded to not have any interest in where their money goes or from where the additional amounts come. As far as they have good prices, they will be willing to put their payments in the system. In some developed countries, where there is a multitude of influential business tycoons, it is no other than the government who is imposing a ban on the support of this system. The reason behind this is that Islamic laws demands fair playing. The contributors must have a transparent system and all the actions must be reported. In the case if anything forbidden or restricted is demonstrated, the management is responsible and authoritative for taking the appropriate action for making accountability possible in the system (Bodibe et al., 2016).

Islamic banking also known as Shariah Compliant Financing has been present in multiple states across the world, however, due to the lack of understanding, the concept and rules of this industry are still vague to the audience. They consider that the conventional banking rules are easier to follow as they are used by everyone. Due to these factors, Islamic banking is still considered an emerging industry (Bodibe et al., 2016). This acts as a hindering factor in adoption of Islamic banking as the profits and probability of success are higher in developed industries rather than the emerging ones. Another fundamental challenge is that in contrast to the tangible products, measuring the intention to adopt Islamic bank is additionally critical as the services are intangible and instead of constants, dimensions are to be measured for getting a somehow relative result. One of the main things which act as a barrier factor is that the consumers do not trust that the Islamic banking system has been acting in compliant with the Shariah law. This puts the management of these banks under a great pressure to upkeep a tight hold on all Islamic laws and make sure that their procedures comply with them at a full scale. However, on the other side of picture, the lesser space of margin in Islamic banking is also acting as a hindering factor in its worldwide adoption by

Muslims and Non-Muslims as well. This system demands high accountability and transparency which means that every involving state and business has to play fairly. In many cases, entities refrain from making all of their purchases transparent due to which they tend to prefer the conventional banking system (Bananuka et al., 2019). One of the economists gave a statement that; *“I do not think that any bank will adopt Islamic Banking and roll it out to any great length largely because of limited trust levels in the country, it works best where there is either Sharia or Muslims are dominant”*. The concept on conventional banking has been criticized by many Islamic scholars as it is based on interest-mode which is strictly prohibited in Islam. On the other hand, Islamic banking utilized trade based transactions and provides consumers with banking services in return for the money. There are different levels in which these banks are working. First is the full-fledged system of Islamic banking with chains of banks and all services. Some of them are providing dual options like working according to Islamic banking and conventional banking principles both (Aziz & Afaq, 2018). It is also stated that the intention to adopt Islamic banking is linked with risk minimization in the cognitive, affective and cognitive attitude approaches. If risks associated with the adoption of Islamic Banking can be mitigated up to an acceptable level, it will directly increase the intention to adopt this system, across the world. For doing so, it is very important to change the general attitude of consumers. If adequate knowledge about the rules and policies is spread out by marketing campaigns or social media, then there is a higher chance that the trend of Islamic banking will grow even more. For people who are used to the conventional banking system, the intent must be developed. It can be done by advertising the system as an alternative to the current system however with an additional benefit of lower or zero interest rates. In Muslim countries, it can also be done by implementing a top-down approach i.e. the pressure must be put on Government to enforce the imposition of Islamic rules in the banking system (Suhartanto et al., 2018). Another factor linked with the intention of adopting Islamic banking is the surety of profits, in a conventional system, the consumer is solely required to keep a fixed money deposit and after certain time period, and they will get their payments with interest. On the other hand, in Islamic banking the payments are used in commercial transactions. In this, a risk is included. The generated profits can be higher than the fixed rate or lower than that too. It is also a reason why many people refrain from investing their payments in an Islamic banking system (Saiti, 2015). Intention towards adoption can be further classified. Behavioral intention refers to the willingness to adopt a new product or system. According to research, it is evaluated that as strong the consumer's personal intention towards a thing is, he/she will put similar efforts for achieving the goal. In the context of Islamic banking, factors such as religious obligations, pricing factors, process to use and social influence directly act as determinants for measuring the intention of consumers to adopt Islamic banking and its other mechanisms such as Islamic home financing and Islamic Insurance etc. (Lajuni et al., 2017).

- H<sub>1</sub> There is a positive relationship between consumer attitude and the behavioral intention to adopt Islamic banking*
- H<sub>2</sub> There is a positive relationship between subjective norms and the behavioral intention to adopt Islamic banking*
- H<sub>3</sub> There is a positive relationship between Religiosity and the behavioral intention to adopt Islamic banking.*

## **METHODOLOGY OF THE STUDY**

The methodology of the research study is used show the way the research will be carried out. The methodology will highlight important aspects of the study such as the sample

and population size the tools of the research the types of data and the instrument of data collection. The methodology can their fore be describe as the outline which is to be followed in order to conduct the theoretical analysis of the study. There are two types of data that are globally accepted one is primary data and the other is secondary data. As the study is looking at the level of adoption towards Islamic banking of freelancers in the city of Mirpur Azad Kashmir it makes sense to collect the data from them that leads to the logical option of primary data to collect for the purpose of the analysis. Primary data is collected by the researchers them self and it considered very accurate and it considered up to data with the research questions that are proposed in the study.

The sample of any research is taken keeping in view the objective and variables of the research as the objective of the study is to find out the factors that can influence young freelance towards adoption Islamic banking. The sample of the study will be taken from the young freelance professionals that are currently working it the city of Mirpur Azad Kashmir. The number of respondents shall be limited to 150. The instrument of data collection that has been chosen is the research questioner it shall be developed using carefully selected questions according to the variables and all ethical considerations shall be taken into account to avoid any bias or irregularity during data collection.

For the analysis the researches after careful consideration have chosen the research analysis software SPSS. It is a software that is widely accepted world wise for the purpose of social research. The variables of any research represent one of the most important parts as the variables are the main pillars on which the research is based and hypothesis are drawn. The variables of the study are attitude. Subjective norms and religiosity as the independent variables and intention to behavioral intention to adopt Islamic banking is the dependent variable of the research.

## RESULTS AND DISCUSSION

The research team after the collection of the data of the research of Intention of freelancers of Mirpur Azad Kashmir to adopt towards Islamic banking from the freelancers of Mirpur is ready to conduct the theoretical analysis of the study. The first test that has been conducted by the research team is the demographical frequencies the demographical frequencies are checked to see the gender education, age and which type freelance web site there associated with.

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>Valid</b>	Male	91	82.7	82.7	82.7
	Female	19	17.3	17.3	100
	Total	110	100	100	

The above Table 1 shows the demographical frequency of gender among the respondents of the study. A total of 110 response were collected for the study and 91 were male which accounts for 82.7 percent of the sample and 19 were female that represents 17.3 percent of the respondents. No responses where rejected during the data collection of the study.

The above Table 2 shows the demographical frequency of education for the research study of the 110 respondents 2 had only primary level education and represents 1.8% of the respondents 5 had education of high school which represents 4.5 % of the sample 11 had secondary school education which represents the 10.0% of the sample. 7 respondents were diploma holder which represents 6.4 % of the sample. 67 respondents had university

education which represents 60.9 % of the sample and lastly 18 respondents had post graduate level of education which represents 16.4 % of the sample.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary	2	1.8	1.8	1.8
	High School	5	4.5	4.5	6.4
	Secondary School	11	10.0	10.0	16.4
	Diploma	7	6.4	6.4	22.7
	University	67	60.9	60.9	83.6
	Post Graduate	18	16.4	16.4	100.0
	Total	110	100.0	100.0	

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24	54	49.1	49.1	49.1
	25-34	38	34.5	34.5	83.6
	35-49	6	5.5	5.5	89.1
	50-65	12	10.9	10.9	100.0
	Total	110	100.0	100.0	

The next demographical frequency that shows us the age groups of the respondents (Table 3). Of the total 110 respondents 54 belong to the age group of 18-24 this represents 49.1 % of the data sample. The next age group was the 25-34 and a total of 38 respondents belong to the group and this represents 34.5 % of the entire data sample. The next age group is 35-49 age groups and a total of 6 respondents belong to this group which represents 5.5% of the entire data sample the last age group is 50-65 and a total of 12 respondents belong to this group and this represents 10.9 % of the entire data sample.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Upwork	9	8.2	8.2	8.2
	Fiverr	38	34.5	34.5	42.7
	99 Designs	6	5.5	5.5	48.2
	People Per Hour	12	10.9	10.9	59.1
	Others	45	40.9	40.9	100.0
	Total	110	100.0	100.0	

The above Table 4 show which online platforms the fee lancers of the city of Mirpur Azad Kashmir operate on. A total of 9 respondents work on the platform up work this represents 8.2 % of the sample. A total of 38 respondents work on fiverr this represents 34.5 % of the sample. A total of 6 respondents work on 99desings platform this represents 5.5% of the sample. 12 respondents work on people per hour this represents 10.9 % of the sample and 45 respondents use various other platforms that in total this represents 40, 9 % of the sample.

The next test that the research team has done is the test of reliability. It is done to find the level of reliability of the data of the research study.

The below Table 5 shows the value of Cronbach's alpha for the data collected for the research study.

Table 5 CRONBACH'S ALPHA	
Cronbach's Alpha	N of Items
0.819	22

The next test done by the research team is the test of correlations the correlations test is done to see the relationship between all the variables. This can highlight the level of relations in between the variables. The below given Table 6 shows in detail the values of correlations in between the variables.

Table 6 CORRELATIONS					
		Religiosity	Attitude	Subjective norms	Behavioral intention to adopt
Religiosity	Pearson Correlation	1	0.578**	0.382**	0.642**
	Sig. (2-tailed)		0.000	0.000	0.000
	N	110	110	110	109
Attitude	Pearson Correlation	0.578**	1	0.584**	0.610**
	Sig. (2-tailed)	0.000		0.000	0.000
	N	110	110	110	109
Subjective norms	Pearson Correlation	0.382**	0.584**	1	0.556**
	Sig. (2-tailed)	0.000	0.000		0.000
	N	110	110	110	109
Behavioral intention to adopt	Pearson Correlation	0.642**	0.610**	0.556**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	109	109	109	109

Note: \*\*Correlation is significant at the 0.01 level (2-tailed)

The next test that has been done by the research team is the test of regression it includes the test of model summary, Anova and coefficients. These test are done to understand the level of change that can be brought on in one variable if the value of the other variable changes. First is the model summary (Table 7 & Table 8).

Table 7 THE MODEL SUMMARY TEST				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.742 <sup>a</sup>	0.550	0.538	0.36109

Note: a. Predictors: (Constant), subjective norms Religiosity, attitude  
 b. The above table highlights the results of the model summary test

Table 8 THE MODEL SUMMARY TEST						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	16.757	3	5.586	42.841	0.000 <sup>b</sup>
	Residual	13.690	105	0.130		
	Total	30.448	108			

Note: a. Dependent Variable: Behavioral intention to adopt  
 b. Predictors: (Constant), subjective norms, Religiosity, attitude

Table 9 THE ANOVA TEST						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	0.797	0.306		2.603	0.011
	Religiosity	0.433	0.083	0.419	5.231	0.000
	Attitude	0.185	0.082	0.207	2.261	0.026
	Subjective norms	0.224	0.065	0.278	3.448	0.001

Note: a. Dependent Variable: Behavioral intention to adopt

The above Table 9 shows the results of the coefficients test. The research team after conducting the test has explained the results in detail in order to clearly understand them. The first test that has been done is the test of reliability to check the level of reliability of the data. It is denoted by the test of Cronbach's alpha. The value of Cronbach's alpha for the entire data stood at 0.819 which means that the data is 81.9% reliable. The next test that has been conducted is the test of the correlations. Correlation test is done to see the relationship between all the variables. This can highlight the level of relations in between the variables. The value of correlation between the variables of religiosity and attitude stood at 0.578 meaning the variables had a relation that is 57.8% accurate. The value of correlation between the variables of religiosity and subjective norms stood at 0.382 meaning the variables had a relation that is 38.2% accurate. The value of correlation between the variables of religiosity and behavioral intention to adopt stood at 0.642 meaning the variables had a relation that is 64.2% accurate. The value of correlation between the variables of religiosity and attitude stood at 0.578 meaning the variables had a relation that is 57.8% accurate. The value of correlation between the variables of attitude and subjective norms stood at 0.584 meaning the variables had a relation that is 58.4% accurate. The value of correlation between the variables of attitude and behavioral intention to adopt stood at 0.610 meaning the variables had a relation that is 61.0% accurate. The value of correlation between the variables of attitude and subjective norms stood at 0.556 meaning the variables had a relation that is 55.6% accurate. This concludes the explanations of the correlations test for the research study. The results showed that to be healthy relationships among the research variables of Intention of freelancers of Mirpur Azad Kashmir to adopt towards Islamic banking. The next test that has been done by the research team is the test of the model summary. The model summary test is done to obtain the value of strength of relationship between the model and the dependent variable. The model summary test showed that the value of R for the research study stood at 0.742. The model summary test showed that the value of R Square for the research stood at 0.550. The model summary test showed that the value of adjusted R square stood at 0.538. Lastly the model summary test showed that the value of standard error of the sample stood at 0.36109. The model summary highlights that the strength of the model with dependent variable stands at 0.550 which means it stands at 55%. Hence validating the model to be accurate and the research to be strong. The next test that has been done by the research team in the analysis is the test of ANOVA. The ANOVA test is done to understand the level of variance of the data meaning it is done to see the extremes and level of differences in the data set. The results of the ANOVA test have shown the value of sum of squares and mean square for the regression and residuals. The table also shows the value of F statistics. The value of sum of squares for regression stands at 16.757. And the value of mean square for the regression stands at 5.586. The value of sum of squares for the residual stands at 13.448 and the values of mean square of residual stands at 130. The value of the F statistics stood at 42.841. The next test that has been done by the research team is the test of coefficients. The coefficients test is done to understand the level of change that would result in the dependent variables if the value of the independent variable's value is changed. The coefficients test shows the values of the un-standardized coefficients and standardized coefficients. The values are represented by beta. The test also shows the values of T statistics and significance. The level of significance for the coefficients is set at 0.005 means any value under that means that the null hypotheses are rejected and the significant one are supported. First the research team will explain the values of each variable's beta for un-standardized coefficients. The value of beta for religiosity stood at 0.433. The value of beta for attitude stood at 0.185. The value of beta for subjective norms stood at 0.224. The value of standard error for religiosity stood at .083. The value of standard error for attitude stood at .082. The value of standard error for subjective norms stood at 0.065. Now for the standardized coefficients the value of beta for the variable

of religiosity stood at 0.419. The value of beta for the variable of attitude stood at 0.207. The value of beta for the variable of subjective norms stood at 0.278. The value of T for the variable of religiosity stood at 5.231. The value of T for the variable of attitude stood at 2.261. The value of T for subjective norms stood at 3.448. lastly the coefficients test shows the value of significance of the variables the value if under 0.005 represent a level of significance and means that the null hypothesis of the variable can be ejected and the significant hypothesis is in fact accurate and can there for be supported. The value of significance for the variable of religiosity stood at 0.000. The value of significance for the variable of attitude stood at 0.026. The value of significance for the variable of subjective norms stood at 0.001. The results of the coefficients test indicate the existence of significant relationships of the variables of religiosity and subjective norms. This concludes the explanation of the analysis of the research study of Intention of freelancers of Mirpur Azad Kashmir to adopt towards Islamic banking.

## CONCLUSIONS

After the collection of data and the conduction of the analysis for the research study of Intention of freelancers of Mirpur Azad Kashmir to adopt towards Islamic banking. The research team is now stating it conclusion. The research was conducted to find out the intention of freelancers in the city or Mirpur Azad Kashmir and to see what re the factors that would compel the free lancers of the city to adopt towards Islamic banking. The research team contemplated many factors and after careful consideration selected the factors of religiosity, attitude and subjective norms. In order to conduct the research the research team generated the research hypothesis and collected data with the help of a questioner based on the variables. Once the data was collected the research team used in to conduct the theoretical analysis using the SPSS research software. The results of the analysis are given above. The results showed that the variables of religiosity and subjective norms has a positive impact on the behavioral intention to adopt Islamic banking. There for the research team can conclude that religiosity has an impact on the intention of the free lancers of the city of Mirpur to adopt to Islamic banking and subjective norms also has an impact on the intention of the free lancers of the city of Mirpur to adopt to Islamic banking.

For the research of Intention of freelancers of Mirpur Azad Kashmir to adopt towards Islamic banking the research tram faced many limitations. The first limitation faced was the lack of resource followed by the lack of time another limitation faced was the small size of the sample. For any future researchers the study recommends that they can apply the same model in another area to see the results of add or remove variables to see the difference it can make. They can also expand the size of the sample to see the differences in the results.

The research team after concluding the research study are offering the following recommendations to the Islamic banks in order to attract the young freelancers to adopt Islamic banking. As the study has concluded that the religiosity can impact the intention to adopt there for banks should offer products and services that are more appealing to the religious conscious customer and the banks should also make the customer aware that they are being over seen by a Sharih Broad and everything is being done in an ethical manner. The study also notes that subjective norms also have an effect the intention to adopt there for allowing customers to know of the ethical and socially responsible practices can also help them to adopt.

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