THE MEDIATING ROLE OF SHARIAH COMPLIANCE IN THE ACCEPTANCE OF ISLAMIC CREDIT CARDS: EVIDENCE FROM MALAYSIA

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ABSTRACT

This study examines the mediating role of Shariah compliance in the acceptance of Islamic credit cards (ICCs) among customers in Malaysia. The primary objective is to assess how customer knowledge, perceived financial cost, and perceived advantage influence the acceptance of ICCs, and whether these relationships are mediated by perceptions of Shariah compliance. A quantitative research approach was adopted, involving the collection of survey data from 220 ICC users. Data were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM) to evaluate both direct and indirect relationships. The empirical findings indicate that perceived advantage and Shariah compliance exert significant direct effects on ICC acceptance, while customer knowledge and financial cost do not exhibit direct statistical significance. Notably, Shariah compliance significantly mediates the relationships between all three independent variables and ICC acceptance. These results emphasize the pivotal role of Shariah compliance in shaping customer acceptance of Islamic financial products. The study contributes to the theoretical discourse on Islamic customer behaviour and offers practical insights for financial institutions aiming to enhance the adoption of Shariah-compliant credit products in Malaysia.

INTRODUCTION

The global expansion of Islamic finance has catalysed the development of a wide range of financial products that adhere to Shariah principles. Among these offerings, the Islamic credit card (ICC) has emerged as a key innovation, particularly in Malaysia—a country recognized for its robust Islamic banking infrastructure and substantial Muslim population. Despite the availability of ICCs and Malaysia's leadership in Islamic finance, consumer adoption of these products remains relatively low. In contrast to their conventional counterparts, the market penetration of Islamic credit cards is still limited, indicating a potential disconnect between supply and consumer acceptance (Jamshidi & Kazemi, 2020). One of the primary barriers to widespread adoption is the limited awareness and understanding of Shariah-compliant financial contracts among consumers (Mohamad et al., 2022).

Many prospective users perceive Islamic credit cards as functionally and structurally identical to conventional credit cards, reflecting a broader issue of misinformation and lack of financial literacy regarding Islamic financial products. This misperception undermines confidence in the distinctiveness and religious legitimacy of ICCs, consequently affecting their uptake. While prior studies (e.g., Balarabe & Abdullah, 2022; Md Zan & Mahaini, 2024) have investigated the direct effects of Shariah compliance on the adoption of Islamic financial services, less attention has been given to its mediating role—specifically, how perceived Shariah compliance interacts with other critical determinants such as consumer knowledge, perceived financial cost, and perceived advantages.

This gap in the literature is particularly pertinent in the Malaysian context, where financial decision-making is often shaped by both religious commitments and practical considerations. Moreover, Islamic financial institutions have introduced ICCs not only to fulfil religious obligations but also to remain competitive with conventional banking services. Despite these efforts, the market share of ICCs remains small (Amin, 2013; Jamshidi & Kazemi, 2020), underscoring the urgency of identifying the antecedents that drive their acceptance. Understanding these factors is crucial for enhancing the effectiveness of marketing strategies, product design, and customer engagement initiatives in Islamic banking.

This study seeks to examine the key determinants of Islamic credit card acceptance in Malaysia, focusing on three principal variables: customers knowledge of ICCs, financial cost, and perceived advantages. Importantly, the study investigates how perceived Shariah compliance mediates the relationship between these independent variables and consumer acceptance. Given the centrality of Shariah adherence in Islamic finance, the extent to which consumers perceive a product as authentically Shariah-compliant may significantly influence their willingness to adopt it (Hasmad & Alosman, 2022).

The findings of this research are expected to offer both theoretical and practical contributions. For practitioners, particularly Islamic financial institutions, the results will inform strategies to align product offerings more closely with consumer expectations and religious principles. For policymakers, the study provides insights that can support efforts to promote financial inclusion within a Shariah-compliant framework. Academically, this research contributes to the growing body of literature in Islamic finance by conceptualizing Shariah compliance not merely as an independent predictor, but as a mediating factor that bridges Islamic ethical principles and contemporary consumer behaviour theory.

The remainder of this research is structured as follows: Section 2 reviews relevant literature on Islamic credit cards and develops the theoretical framework. Section 3 describes the research methodology, including the study design, sampling strategy, data collection instruments, and analytical procedures. Section 4 presents the empirical findings, while Section

5 conclusion, which discusses the implications of the results and offers recommendations for future research.

LITERATURE REVIEW

Theoretical Foundations

The acceptance of Islamic financial products is commonly analysed through behavioural frameworks such as the Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1977) and the Technology Acceptance Model (TAM) (Davis, 1989). These theories posit that individual behaviour is shaped by attitudes, subjective norms, and perceived utility. However, when applied to Islamic financial contexts, these models require integration with value-based paradigms that reflect the ethical and religious dimensions inherent in Muslim consumers' decision-making. In this regard, the Islamic Theory of Consumer Behaviour (ITCB) provides a more contextually appropriate foundation, emphasizing principles such as halal consumption, the prohibition of *riba*' (interest), and alignment with the Maqasid Al-Shariah (objectives of Islamic law) (Abdullah & Dusuki, 2007). The ITCB accounts for both rational utility maximization and the spiritual obligations that guide consumer choices. This study synthesizes elements from TRA, TAM, and ITCB to construct a holistic framework that explains how perceived Shariah compliance interacts with consumer knowledge, perceived financial cost, and perceived advantage in shaping the acceptance of Islamic credit cards (ICCs) in Malaysia.

Determinants of Islamic Credit Card Acceptance

Customer Knowledge

Consumer knowledge and understanding of Islamic credit card mechanisms—particularly their contractual and Shariah-compliant structures—are critical to their acceptance. Prior studies have consistently shown that limited knowledge is a major barrier to the adoption of Islamic financial products, even in Muslim-majority countries. For example, Amin et al. (2014) reported that over 40% of Malaysians surveyed could not differentiate between conventional and Islamic credit cards, often mistaking profit rates for interest. Similarly, Raza et al. (2019) found that targeted awareness campaigns significantly improved consumer trust in Islamic banking services in Pakistan. These findings are aligned with innovation diffusion theory, which suggests that awareness is the first step toward adoption (Rogers & Shoemaker, 1971). Scholars such as Howard and Moore (1982) and Agarwal et al. (2009) argue that consumers must be aware of a product's distinct attributes before they can evaluate or adopt it. In Islamic contexts, the religiosity of consumers further mediates this relationship—highly religious individuals are more likely to adopt Islamic products once adequately informed (Abdullah et al., 2021). Besides, Sudarsono et al. (2021) confirmed this in Indonesia, where awareness campaigns that emphasized Shariah legitimacy increased ICC adoption by 22%. These insights suggest that religiously framed consumer knowledge initiatives are essential in promoting ICC acceptance.

Perceived Financial Cost

Financial cost is a core determinant of credit card adoption. While Islamic credit cards are structured to avoid *riba*', they often involve alternative pricing mechanisms such as *ujrah* (fees) or profit-sharing models, which some consumers perceive as more expensive than conventional

options (Jamshidi & Kuanova, 2022). In a study conducted in Bahrain, Alam et al. (2022) found that 34% of respondents avoided ICCs primarily due to cost concerns. However, cost considerations are not purely economic. From a religious perspective, Dusuki and Abdullah (2007) noted that devout Muslim consumers are often willing to accept slightly higher charges as a form of "religious premium," prioritizing ethical adherence over affordability. Yet this trade-off is not universal. This duality warrants an investigation into how perceived Shariah compliance may mediates the effect of financial cost on ICC acceptance.

Perceived Advantage

The concept of relative advantage, drawn from Diffusion of Innovations Theory (Rogers, 1995), refers to the degree to which an innovation is perceived as superior to existing alternatives. This can include economic benefits, convenience, social prestige, and emotional satisfaction. In the context of Islamic credit cards, perceived advantages include interest-free grace periods, zakat-linked rewards, and enhanced spiritual alignment (Haque et al., 2018). Perceived advantage is not limited to functional utility. Emotional and ethical benefits—such as the alignment of financial behaviour with Islamic values—can foster religious pride and moral satisfaction (Metawa & Almossawi, 1998; Al-Shaghdari et al., 2025). A regional study by Khan et al. (2022) found that 68% of GCC consumers cited "ethical alignment" as their primary motivation for choosing ICCs. Nevertheless, the value of these advantages depends on effective communication. Marimuthu and Kolandaisamy (2017), warn that a lack of transparency in explaining product benefits may undermine consumer trust and hinder adoption. These findings underscore the need to understand how perceived Shariah compliance may enhance or mediates the perceived relative advantage of ICCs.

Shariah Compliance as a Mediator

Shariah compliance plays a pivotal role in the development and acceptance of Islamic financial products. It ensures that financial transactions conform to the principles of Islamic jurisprudence, particularly the prohibition of *Riba'* (interest), *Gharar* (excessive uncertainty), and *Maysir* (gambling) (Muhammad et al., 2023). As a core pillar of Islamic finance, Shariah compliance is not only a regulatory requirement but also a significant psychological and behavioural factor influencing Muslim consumers' financial decisions (Dusuki & Abdullah, 2007; Ahmed, 2011). Recent literature has begun to explore the role of Shariah compliance not just as a direct predictor of Islamic financial product adoption, but also as a mediating variable between various antecedents and behavioural outcomes. A mediating variable explains the mechanism through which an independent variable can influence a dependent variable (Baron & Kenny, 1986). In the context of Islamic finance, Shariah compliance can mediate the relationship between constructs such as perceived value, financial literacy, trust, and the adoption of Islamic banking products (Amin et al., 2014; Abduh & Omar, 2012). Empirical studies have validated the mediating role of Shariah compliance. For instance, Amin (2013) found that Shariah compliance significantly mediated the relationship between service quality and customer satisfaction in Islamic banking. Likewise, research on Islamic microfinance (Alam et al., 2022) identified Shariah compliance as a key mechanism that links operational transparency to clients' trust and participation. These findings underscore the importance of incorporating Shariah compliance not merely as a background variable but as a central component of Islamic consumer behaviour models. As such, this study conceptualizes Shariah compliance as a mediating variable that may channel the effects of perceived advantage, financial cost, and customer knowledge on the acceptance of Islamic credit cards (ICCs), thus

offering a more nuanced understanding of consumer decision-making in the Islamic finance domain.

In summary, as shown in Figure 1 below, the existing literature highlights three primary antecedents to Islamic credit card acceptance: customer knowledge, perceived financial cost, and perceived advantage. While these factors have been individually studied, there is a noticeable gap regarding how perceived Shariah compliance mediates their influence on consumer behaviour. Given that Islamic financial products are not merely commercial instruments but are also value-laden choices, this study positions perceived Shariah compliance as a key mediating variable that can strengthen or weaken the impact of these antecedents. Accordingly, the following section presents the conceptual model and research
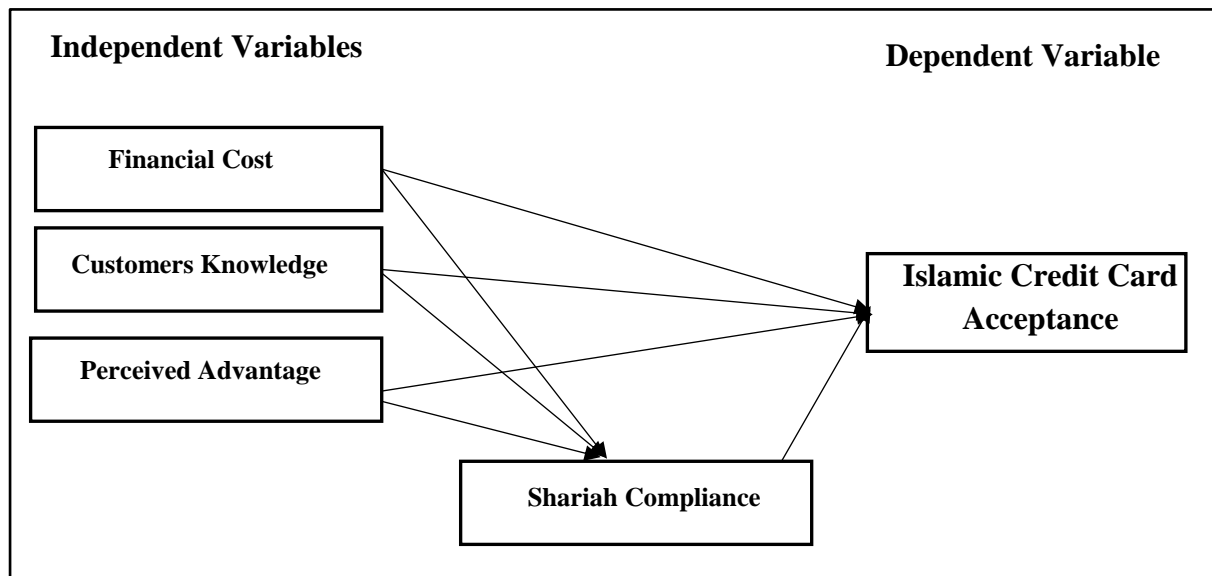

Figure 1: Research framework (Source: Author's draft)

Table 1: Research hypotheses code and description

Code	Description	Path
H1	Financial Cost has significant effect on credit card acceptance among Malaysian	FC➔ ICCA
H2	Consumer knowledge has significant effect on credit card acceptance among Malaysian	CK ➔ICCA
H3	Perceived Advantage has significant effect on credit card acceptance among Malaysian	PA➔ ICCA
H4	Shariah Compliance has significant effect on credit card acceptance among Malaysian	SC ➔ICCA
H5a	Shariah compliance mediates the relationship between financial cost and ICC acceptance	FC➔ SC ➔ICCA
H6a	Shariah compliance mediates the relationship between consumer knowledge and ICC acceptance	CK➔ SC ➔ICCA
H7a	Shariah compliance mediates the relationship between perceived advantage and ICC acceptance	PA➔ SC ➔ICCA

RESEARCH METHODOLOGY

This study adopts a quantitative research approach to investigate the role of Shariah compliance in influencing the acceptance of Islamic credit cards (ICCs) in Malaysia. A cross-sectional survey design was employed, utilizing a structured questionnaire to collect primary data. This methodological choice is consistent with the study's objective to statistically examine the relationships between key independent variables—financial cost, consumer knowledge, perceived advantage, and perceived Shariah compliance—and the dependent variable, consumer acceptance of ICCs (Al-Shaghdari & Adeyemi, 2020; Megat et al., 2024). Participants were selected using a convenience sampling technique, a non-probability sampling method suitable for reaching geographically dispersed and hard-to-access segments of ICC users across Malaysia. Although this method introduces the possibility of self-selection bias, it was deemed practical and appropriate given the demographic and logistical constraints of accessing a representative sample of ICC users.

A total of 220 valid responses were collected from Malaysian consumers who indicated that they currently use or have used Islamic credit cards. This sample size satisfies the minimum threshold recommended for multivariate data analysis. Specifically, Kline (2013) and Weston and Gore (2006) recommend a sample size of at least 200 participants to achieve adequate statistical power in structural equation modelling (SEM), thus confirming the robustness of the present study's dataset. Primary data were gathered through self-administered questionnaires, structured using a five-point Likert scale ranging from "strongly disagree" to "strongly agree." The collected data were processed and analysed using SPSS Version 22 for preliminary data cleaning and descriptive statistics, followed by Partial Least Squares Structural Equation Modelling (PLS-SEM) using SmartPLS Version 4 for hypothesis testing. The PLS-SEM analysis proceeded in two stages: The first step involved evaluating the reliability and validity of the measurement model. This included examining composite reliability, Cronbach's alpha, indicator loadings, and Average Variance Extracted (AVE). AVE values were assessed to ensure convergent validity, with a threshold of 0.50 or higher, as recommended by Hair et al. (2014), Henseler et al. (2015), and Muhammad & Al-Shaghdari (2024). These diagnostics ensured that each construct was appropriately measured and that the indicators sufficiently captured the underlying latent variables. Second stage, involved testing the structural model to evaluate the hypothesized relationships among variables. Bootstrapping procedures with 5,000 resamples were conducted to assess the significance of path coefficients, consistent with the guidelines provided by Henseler & Chin (2010) and Hair et al. (2014). In addition, coefficient of determination (R^2) values was reviewed to assess the explanatory power of the model. Through this methodology, the study aims to produce valid, reliable, and generalizable findings that contribute meaningfully to both academic literature and the practical development of Shariah-compliant financial services in Malaysia.

RESULTS AND DATA ANALYSIS

Respondents Demographic Analysis

The demographic data of the respondents, encompassing age, gender, level of educational, occupational, marital status, income level, occupational, and credit card provider is summarized in Table 2. This demographic analysis aims to examine the various mentioned characteristics of the respondents.

Table 2: Demographic analysis of the respondents

Variables	Coding	Frequency	Percentage
Age	18 – 25	32	14.5
	26 – 30	77	35.0
	31-35	48	21.8
	36 – 46	35	15.9
	Above 46	28	12.7
Gender	Male	115	52.3
	Female	105	47.7
Marital Status	Single	95	43.2
	Married	125	56.8
	Widow	0	0
Level of Education	Primary education	24	10.9
	Diploma	59	26.8
	Bachelor Degree	61	27.7
	Master Degree	58	26.4
	PhD degree	15	6.8
	Others	3	1.4
Income level	Less than RM 1000	16	7.3
	RM1001 – RM 3000	64	29.1
	RM3,001 to RM5,000	110	50.0
	RM5001 to RM10,000	25	11.4
	More than RM10,000	5	2.3
Occupational	Student	13	5.90
	Lecturer	26	11.82
	Clerical/Administration staff	89	40.45
	Working Professional	49	22.27
	Owns a Business	43	19.54
Credit Card Provider	Bank Islam	66	30.0
	Bank Muamalat	34	15.5
	HSBC	22	10.0
	RHB	13	5.9
	Maybank	17	7.7
	CIMB Islamic	22	10.0
	Others	46	20.9

This analysis incorporates data gathered from 220 Islamic credit card holders in Malaysia, providing a comprehensive overview of their demographic characteristics. Understanding the background of these respondents helps to contextualize their views on Shariah compliance and its mediating effect on Islamic credit card acceptance. The respondents were drawn from a broad age range, with the majority falling between 26 to 30 years old (35%), followed by those aged 31–35 (21.8%), and 36–46 (15.9%). Respondents aged 18–25 and above 46 represented 14.5% and 12.7%, respectively. This distribution indicates that the sample is largely composed of economically active adults, which is relevant to the study as they are more likely to be potential users of Islamic credit cards. The gender distribution is relatively balanced, with 52.3% male and 47.7% female respondents. This balance is useful in ensuring diverse perspectives on Islamic credit card acceptance, with potential insights into gender-based differences in financial behaviour and Shariah compliance awareness. A majority of the

respondents were married (56.8%), while 43.2% were single. No respondents identified as widowed. Marital status can influence financial decision-making, as married individuals may have different credit needs and perceptions of financial responsibility compared to single individuals. Most of the respondents had attained Bachelor's degrees (27.7%), followed closely by those with Diploma (26.8%) and Master's degrees (26.4%). Only 6.8% held PhDs, while 10.9% had primary education, and a small number (1.4%) reported other forms of education. The high level of tertiary education suggests that the respondents are well-informed and likely to be familiar with financial products, including Islamic credit cards and the concept of Shariah compliance. In terms of monthly income, half of the respondents (50%) earned between RM3,001 to RM5,000, which aligns with the income bracket typical of mid-level professionals in Malaysia. 29.1% earned between RM1,001 and RM3,000, and only 2.3% earned more than RM10,000. This distribution suggests that the majority of respondents are within the middle-income group—a demographic likely to use or consider credit cards for personal financial management.

The largest occupational group consisted of clerical and administrative staff (40.45%), followed by working professionals (22.27%) and business owners (19.54%). Lecturers made up 11.82%, and students accounted for only 5.9%. This occupational mix reflects a practical population segment that is both financially active and potentially receptive to the benefits and constraints of Islamic credit cards. Regarding preferred or current credit card providers, Bank Islam had the highest response rate at 30%, followed by Bank Muamalat (15.5%), and a mix of other conventional and Islamic banks such as HSBC (10%), CIMB Islamic (10%), Maybank (7.7%), RHB (5.9%), and Others (20.9%). The significant preference for Islamic banks (Bank Islam, Bank Muamalat, CIMB Islamic) underscores a strong inclination towards Shariah-compliant financial institutions among the respondents, aligning well with the focus of this study. The demographic profile indicates a well-educated, financially active sample with a balanced gender representation and a strong orientation toward Shariah-compliant banking. These characteristics provide a solid foundation for investigating the mediating role of Shariah compliance in the acceptance of Islamic credit cards in Malaysia.

Analysis of Internal Consistency and Reliability

Internal consistency and reliability were assessed using Cronbach's alpha, Composite Reliability (CR), and Average Variance Extracted (AVE), as recommended by George and Mallery (2019) and Hair et al. (2019). Table 3 presents the results, showing that all constructs meet the commonly accepted thresholds for reliability and convergent validity. Specifically, all Composite Reliability (CR) values exceed the recommended minimum of 0.70, indicating satisfactory internal consistency (Hair et al., 2019). Additionally, all Cronbach's alpha values are above 0.70, further confirming the reliability of the constructs (George & Mallery, 2019). With regard to convergent validity, all constructs report AVE values greater than 0.50, as suggested by Hair and Alamer (2022). Among the constructs, Customer Knowledge (AVE = 0.620) and Perceived Advantage (AVE = 0.593) recorded the highest AVE values, indicating strong convergent validity. Financial Cost (AVE = 0.588), Islamic Credit Card Acceptance (AVE = 0.575), and Shariah Compliance (AVE = 0.569) also meet the minimum threshold, suggesting that the items reliably reflect their respective constructs. Overall, these findings confirm the internal consistency and convergent validity of the measurement model.

Table 3: Analysis of internal consistency and reliability

Variables	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Financial Cost	0.859	0.895	0.588
Customers Knowledge	0.711	0.866	0.620
Perceived Advantage	0.862	0.897	0.593
Shariah Compliance	0.848	0.888	0.569
Islamic Credit Card Acceptance	0.815	0.871	0.575

Measurements Model Evaluation

According to Hair and Alamer (2022), the evaluation of a structural model in Partial Least Squares Structural Equation Modeling (PLS-SEM) begins with assessing key indicators such as the coefficient of determination (R^2), the size of path coefficients, and their factors loadings. The interpretation of R^2 values varies across research disciplines. For instance, in consumer behavior studies, an R^2 below 0.15 is considered weak, around 0.20 is viewed as moderate, and values approaching 0.75 are regarded as substantial—particularly in research exploring key drivers of success. Conversely, in marketing research, R^2 values of 0.75, 0.50, and 0.25 are interpreted as substantial, moderate, and weak explanatory power, respectively (Hair et al., 2014). The R^2 value thus plays a pivotal role in evaluating the explanatory strength of the structural model by indicating the proportion of variance in the endogenous construct that is explained by its associated exogenous constructs. In this study, the measurements model produced an R^2 value of 0.800, as illustrated in Figure 2. This indicates a high level of explanatory power, suggesting that the combined influence of perceived advantage, financial cost, customer knowledge, and Shariah compliance accounts for 80.0% of the variance in Islamic Credit Card (ICC) acceptance among Malaysian citizens.
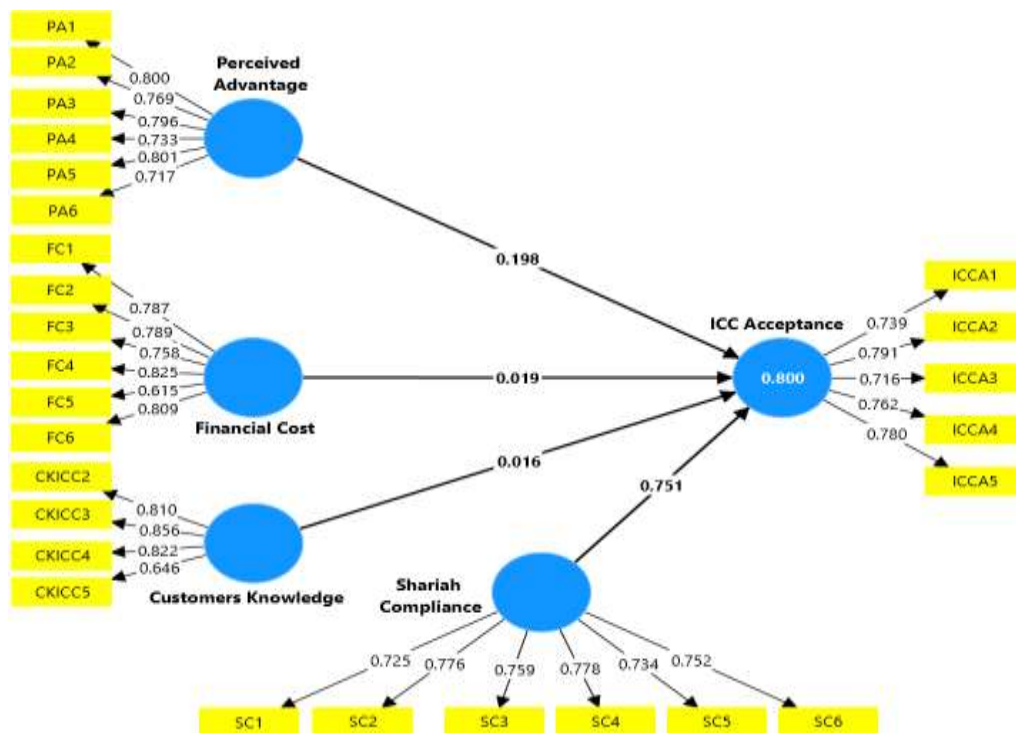
Figure 2: Items loading, path coefficient, and R^2 values

The Structural Model Evaluation

The final stage of the PLS-SEM analysis involved testing the hypothesized relationships using the bootstrapping procedure in SmartPLS 4.0. Figure 3 presents the bootstrapping results for both the direct and mediated paths. Specifically, we examined the direct effects of the independent variables on the dependent variable, as well as their indirect effects via Shariah compliance as a mediating construct. The statistical significance and path coefficients reported in Table 4 and Table 5, demonstrate the magnitude and direction of these relationships.
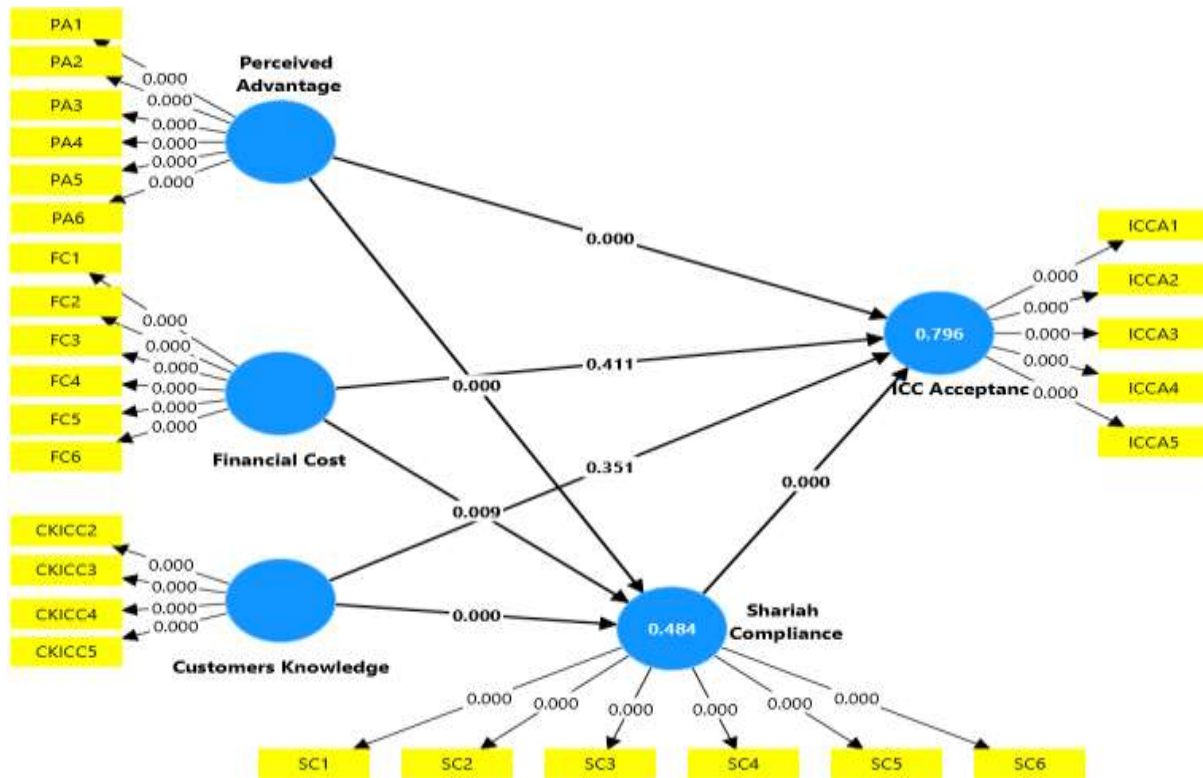

Figure 3: PLS Bootstrapping (p-values, t-value) for the research model

Discussion of the Analysis

Tables 4 and Table 5 summarize the findings related to the statistical significance and path coefficients of the hypothesised relationships examined in this study.

Table 4: Analysis of internal consistency and reliability

Hypothesis	T-Value	P-Value	Decision
Customers Knowledge -> ICC Acceptance	0.382	0.351	Not Supported (H1)
Financial Cost -> ICC Acceptance	0.225	0.411	Not Supported (H2)
Perceived _Advantage -> ICC Acceptance	3.501	0.000	Supported (H3)
Shariah _Compliance -> ICC Acceptance	8.070	0.000	Supported (H4)
Customers Knowledge ->Shariah Compliance	5.303	0.000	Supported (H5)
Perceived _Advantage ->Shariah Compliance	3.396	0.000	Supported (H6)
Financial Cost -> Shariah Compliance	2.395	0.009	Supported (H7)

As indicated in Table 4, The structural model analysis reveals mixed support for the hypothesized direct relationships between the independent variables and Islamic Credit Card (ICC) acceptance. Firstly, the direct relationship between Customer Knowledge and ICC Acceptance (H1) is not statistically significant, with a T-value of 0.382 and a p-value of 0.351. Similarly, the direct effect of financial cost on ICC acceptance (H2) is also not supported, as indicated by a T-value of 0.225 and a p-value of 0.411. These results suggest that neither customer knowledge nor perceived financial cost has a direct influence on the acceptance of Islamic credit cards among Malaysian. In contrast, the relationship between Perceived Advantage and ICC Acceptance (H3) is strongly supported, with a highly significant T-value of 3.501 and $p < 0.001$. This indicates that consumers who perceive greater benefits and value in using Islamic credit cards are more likely to accept them.

Furthermore, Shariah Compliance shows a robust and significant positive relationship with ICC Acceptance (H4), with a T-value of 8.070 and $p < 0.001$. This highlights the critical role of compliance with Islamic principles in shaping consumer attitudes toward ICC usage. Regarding the antecedents of Shariah Compliance, all three hypotheses (H5, H6, H7) are supported. Customer Knowledge significantly influences Shariah Compliance (H5: T-value = 5.303, $p < 0.001$), indicating that well-informed customers are more likely to evaluate products based on Islamic principles. Perceived Advantage also has a significant positive impact on Shariah Compliance (H6: T-value = 3.396, $p < 0.001$), suggesting that perceived benefits are linked with greater concern for Shariah-aligned products. Lastly, Financial Cost significantly influences Shariah Compliance (H7: T-value = 2.395, $p = 0.009$), implying that cost considerations are also interpreted through the lens of religious compliance.

In summary, while Perceived Advantage and Shariah Compliance have direct and significant impacts on ICC acceptance, the effects of Customer Knowledge and Financial Cost are indirect, operating primarily through their influence on Shariah Compliance. This underscores the centrality of Shariah principles in consumer decision-making within the Islamic finance context.

Table 5: Mediation analysis results (indirect effects)

Hypothesis	T-Value	P-Value	Results	Decision
Customers Knowledge ->Shariah _Compliance -> ICC Acceptance	5.218	0.000	Full Mediation Effect	Supported
Perceived _Advantage ->Shariah _Compliance -> ICC Acceptance	2.933	0.002	Partial mediation	Supported
Financial Cost -> Shariah _Compliance -> ICC Acceptance	2.196	0.014	Full Mediation Effect	Supported

As shown in Table 5, the indirect effect of Customer Knowledge on Islamic Credit Card (ICC) Acceptance through Shariah Compliance is statistically significant, with a T-value of 5.218 ($p < 0.01$), indicating a strong and full mediation effect. This finding implies that the influence of customer knowledge on ICC acceptance is entirely transmitted through the mediating role of Shariah compliance. Similarly, the pathway from Financial Cost to ICC Acceptance, mediated by Shariah Compliance, yields a T-value of 2.196 and a p-value of 0.014. Although the direct effect of financial cost on ICC acceptance was not significant, the significant indirect effect confirms that Shariah compliance fully mediates this relationship, highlighting its critical role in transforming financial considerations into acceptance behavior. In the case of Perceived Advantage, the indirect effect on ICC Acceptance through Shariah Compliance is also significant (T-value = 2.933, $p = 0.002$). Unlike the previous two relationships, Perceived

Advantage was significant both directly and indirectly, suggesting a partial mediation effect. This indicates that customers' perceptions of the benefits of ICCs contribute directly to their acceptance, as well as indirectly through increased concern for Shariah-compliant features. All three indirect paths are statistically significant, underscoring the pivotal role of Shariah Compliance as a mediating variable. It channels the effects of customer knowledge, financial cost, and perceived advantage into the acceptance of Islamic credit cards among Malaysian users.

CONCLUSION

This study investigated the determinants influencing the acceptance of Islamic Credit Cards (ICC) among Malaysian citizens, with a particular focus on customer knowledge, financial cost, perceived advantage, and the mediating role of Shariah compliance. The findings contribute to a deeper understanding of the behavioral and religious factors shaping the adoption of Shariah-compliant financial instruments in a Muslim-majority context. The structural model results revealed that perceived advantage and Shariah compliance significantly influence ICC acceptance, whereas customer knowledge and financial cost do not show significant direct effects. However, Shariah compliance emerged as a significant mediating variable, indicating its central role in shaping consumer decisions within the Islamic financial framework. These findings highlight the importance of aligning financial products not only with practical benefits but also with religious values to increase adoption rates.

From a theoretical perspective, the study enriches the literature on Islamic consumer behavior by demonstrating the mediating role of Shariah compliance in fintech and credit-based Islamic financial products. For practitioners, especially Islamic financial institutions, the findings suggest the need to emphasize and communicate the Shariah-compliant features of ICCs more effectively to build trust and enhance acceptance. Despite its contributions, the study is not without limitations. First, the research sample was limited to ICC holders in Malaysia, which may affect the generalizability of the findings to other cultural or regional contexts. Second, the use of a cross-sectional design limits the ability to capture changes in consumer perceptions over time. Lastly, the study primarily employed quantitative methods, potentially overlooking rich qualitative insights. Future studies are encouraged to adopt longitudinal or mixed-method designs to explore how perceptions of ICCs evolve over time. Comparative studies across different countries or between Islamic and conventional credit card users may offer valuable insights into cross-cultural acceptance patterns. Additionally, future research could integrate other psychological or socio-religious factors such as trust, perceived risk, and religiosity to provide a more comprehensive model of Islamic financial product adoption.

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