

Abstract

In present market scenario where competition forces the firms to introduce new products in order to be competitive and profitable in uncertainties, financial institutions offering car financing are facing tough competition. In order to maintain their market share they offer different options for car financing for different types of customers. This study aimed to find out factors influencing car finance behavior and investigates whether religion play any significant role for selecting a religion oriented financial product. Theory of planed behavior was applied to assess whether religious beliefs affect the car financing decision? Primary data of 210 walk-in customers of conventional and Islamic banks (located on different sites of Hyderabad, Pakistan) were collected through non-probability (convenience) sampling. The results showed that the intention to option for Islamic car finance is influenced by religiosity. While on the other hand perceived behavioral control strongly influences the intention to finance a car from conventional banks. This research confirmed the hypotheses where Perceived Behavioral Control (PBC) affects the intentions of customers of conventional banks while in the case of Islamic finance the hypothesis the effects of PBC on intentions of customers of Islamic Banks is rejected.

Keywords: *Conventional and Islamic Banking, Theory of Planned Behavior, Car Financing*