

Selection Criteria of Public for Account Opening: A Case Study of Islamic Banks in Pakistan

Ahsan Israr¹, Fahad Ahmed Qureshi², Mubeen Butt³

Abstract. *Banks have an immense role in deciding the economic fate of any state. The purpose of the study is to investigate the selection criteria of Islamic banking system for account opening. Data was collected and analysed through descriptive statistics, One Sample t test and Independent Sample t test. The results show that people prefer banks have the number of branches, wide range of products, low cost products, easily approachability. Results also shown, no significance difference in the selection criteria for Islamic banks among the customers based on Gender.*

Keywords: *account opening, Islamic banking, public preferences.*

Abstrak. *Bank memiliki peran besar dalam menentukan arah perekonomian suatu negara. Tujuan dari penelitian ini adalah untuk mengetahui kriteria seleksi sistem perbankan syariah untuk pembukaan rekening. Data dikumpulkan dan dianalisis melalui statistik deskriptif, Uji Sampel Satu Sampel dan Uji Sampel Independen. Hasilnya menunjukkan bahwa nasabah lebih suka bank yang memiliki jumlah cabang, berbagai macam produk, produk berbiaya rendah, mudah didekati. Hasil juga ditunjukkan, tidak ada perbedaan signifikan dalam kriteria seleksi bank syariah di kalangan nasabah berdasarkan jenis kelamin.*

Kata kunci: *pembukaan rekening, perbankan syariah, preferensi publik*

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Introduction

The fundamental principles of Islamic banking are part of prohibition of interest (*riba*) or usury in all forms of banking transaction, undertaking business and commercial activities on the basis of fair and legitimate profit, giving *zakat* (alms tax), prohibition of monopolies, and cooperation for the benefit of society and the development of all aspects of *halal* business that are not prohibited by Islam Unlike (Ahmed, 2011) conventional banking system, the system of Islamic banking prohibits usury, the collection and payment of interest, however, promotes sharing of benefits throughout the conduct of commercial banks (Akkizidis & Khandelwal, 2007). It is important to understand that Islamic banks offer products and services that are very similar to conventional banks and with this perspective there is intense competition. Now it is a fact that consumers of all products and services tend to be more challenging due to the current market that is increasingly competitive. As a result, there is a continuous rise in consumer expectations and demands of consumers within the successive improvement of quality of service (Allen, Allen, & Quality, 2004). It is therefore necessary for Islamic banks to really understand the perceptions of consumers about them in terms of quality of service and the criterion for choosing among the other banks. However, in the context of Pakistan, although the number of consumers using Pakistani Islamic banking products and services are growing, obviously, a majority have not yet adopted the system.

The system has not reached or diffuses all levels of the community as the conventional banking market fully matured. Looking at this issue from the perspective of consumers in Pakistan, a positive perception towards this mode of banking is far more important than other Muslim nations. This is due to the existence of dual banking system. Since 1990, Pakistan has had the dual banking system, which the Islamic banking system operates in parallel with other conventional system. So when competition intensifies and banks begin to offer more or less similar products and services, usually it is the level of customer satisfaction that can influence the performance of an Islamic bank and determines its competitiveness and success. Therefore, it is important to assess the satisfaction of consumers in terms of choice of opening accounts to Islamic banks in Pakistan (Ariff & Iqbal, 2011).

Pakistan, which has a Muslim sample of about 86%, is now progressing in its banking sector, with the participation of Islamic banking culture during the period from 1950 to 1970. Before 1970, there is no concept of Islamic banking, Islamic banking is developed in the early twenty first century and reached its size to one billion from 2004. However, after the period 1992 progress in this sector has been the evolution of the first Bank Islamic bank Meezan Islamic appointed

and yet the competition is being viewed from the conventional banking sectors. People are attracted to Islamic banking, as their views on banking have shifted materialistic approach. There is great potential for Islamic banks to prosper in order to satisfy the customer. Satisfactions in their perceived are shape and increase market reputation by offering innovative products. They provide state of art services about their products and services to maintain in view of the rules of Sharia and are providing Islamic banking services under separate windows in order to compete with conventional banks. Islamic banking companies has the opportunities to open their branches or provide their services in the near about of conventional banks. Most of the peoples in the Muslim countries want to Riba free banking system. Prominent 21st century has established numerous opportunities and many threats to the banking sector with the evolving practices of Islamic banking in many countries, like Pakistan, Malaysia, Bahrain and Bangladesh and all the non-Muslim of the world (Barsky, 1995).

Islamic Banking in Pakistan

In 1977 -78 the steps were taken for the Islamization of banking and financial system. Pakistan is one of the first three countries that try to eliminate the interest from his economy. It is difficult to transformation from interest to Islamic however this process is divided among the different phases. In 1979 process of Islamization of financial institutions include the elimination of interest from the specialized financial institution such as HBFC, NIT, and ICT etc. During 1980 to 1985 all the term deposits converted into Profit and Loss saving accounts (Emmanuel, Otley, & Merchant, 1990).

In June 1980 legal framework regarding the corporate and financial institution amended to allow the issuance of interest free certificate with the name of participation term certificate. This ordinance allows to issuance of Modaraba certificate by the Modaraba companies for the purpose of raising capital, which involve the profit and loss instead of fixed interest income (Finkler, Ward, & Calabrese, 2011).

In 1981 all the commercial banks started interest free counter services separately and one foreign bank also takes the deposit on the basis of profit and loss sharing instead of fixed interest. The government of Pakistan instructed to banks as they provide the financial assistance to government in commodity operation on the basis of daffered sales payments instead of fixed interest rate. In July 1982 for the purpose of meeting the working capital requirements and also meet the needs of trade industry provide the finance under the Musharaka mode of finance to avoid the fixed interest (Fishman, 2009).

In April 1985 all the financing activities to all concerns including individuals were turned into interest free modes of finance. From July 1985 all the commercial banks prohibited to accept or issue any interest bearing certificate and all the deposit were converted into profit and loss sharing basis accounts. Current Accounts operations continued as before and accept deposits in these accounts however no profit and loss base sharing deposit not accepts in these accounts (George A. Manning, 2010).

The 12 modes of financing activities further classified in three categories was introduced by the State Bank of Pakistan which contains the interest free financing. In July 1985 the mark up based technique adopted by the banks with or without buy back agreement. In 1991 this the Federal Sharia Court declared procedure against Islamic principles. However, in the sharia appellate bench of Supreme Court of Pakistan appeal were made. The sharia appellate bench rejects the appeal in December 1999. The court concluded present financial system required the remarkable changes to bring the system according to sharia. The court was also directed to government as to establish a commission and set a time frame under which this system transformed according to sharia (Gilbertson & Lehman, 2012).

In 2000 commission was formed for transformation of financial system and Mr. I.A Hanfi appointed as a Chairman of this commission who is the former governor of state Bank of Pakistan. This commission was suggested to eliminate the interest from the government financial transactions. This commission also formed a committee to new financial instruments and financing model development for the new system according to sharia. This commission identifies the factors and provides the remedies or action that needed to be taken on prior basis for the transformation of financial system according to sharia. This commission also identifies the business model and financing technique to Islamize the all-financial transaction and remove the UN Islamic transactions from the economy. They also provide the Law financial transaction ordinance 2001 under which provide the technique to conversion of products and services.

The products of the financial institutions and banks of the both side's assets and liabilities are also dealt by the commission such as Letter of guarantee, Mudaraba based deposits, etc. All the deposits accept by the banks on Mudaraba basis except deposits of current accounts. There is no return paid on the current accounts deposits due to it can be payable at the time of customer demand. Mostly current accounts deposits are maintained by the businesspersons to meet their day-to-day financial requirements (Gitomer, 1998). In the current account deposits bank act as a custodian and liable to pay on demand and bank has a right to charge

service charges from the on rendering the services. The commission approved the distribution of the profit on the different bank products on daily basis instead of annual basis.

For the introduction of sharia based financial system commission prepare the legal infrastructure for the Islamic financial institutions, introduced the massive education and launch the training programs for the bankers and clients and create the awareness in general public regarding the Islamic finance. (Goldstein, 2009)

Positive Steps Taken By the Government of Pakistan

The Finance Minister of Pakistan in his budget speech for the FY02 declared the following. Government tries to promote the Islamic banking system and committed to eliminate the Riba from the economy. For this purpose, government takes following steps: (1) The banks and financial institutions are encouraging to accept the practice of Islamic banking in their operations as legal framework designed for this purpose. (2) From the Islamic countries and renowned institutions of Islamic learning consultants are undertaken. (3) With the order of Supreme Court of Pakistan HBFC act is being amended with the directive provided by the Supreme Court of Pakistan. After these changes HBFC become a sharia compliant financial institution. HBFC play an important role in the development of housing sector and in the promotion of Islamic financing method. (4) Initiative will take by the government for the familiarity and use of Sharia compliant financing products such as Modaraba mode of finance and *Musharaka* mode of finance etc.

Amendments in the HBFC act were proposed by the task force of ministry of law for the formation of HBFC sharia compliant. Amendment in law promulgated by the government after vetting the commission transforming financial system. In 2001 the HBFC launched the *Asan Ghar scheme* on the basis of diminishing *Musharaka* in accordance with the amended ordinance.

Under the ICAP the committee was formed wherein the SBP represented for the development of accounting and auditing standards for the Islamic financial institutions. This committee reviewed the Bahrain based accounting and auditing standards (AAOIFI) and adapt them. In 2001 it was decided to make the interest free economy in different phases to avoid any disturbance. For this purpose, State Bank of Pakistan take the following steps: first, All the commercial bank required to setting a subsidiary for the conducting of sharia compliant services. Second, commercial banks specifying the Islamic banking branches who deals in sharia

compliant products only. Third, establishing the full-fledged commercial Islamic bank to carry out the sharia compliant operations.

In 2001 detailed criteria issued by the State bank of Pakistan for the commencement of full fledged Islamic bank. SBP charter a license to Al Meezan Investment Bank to establish full fledges first Islamic commercial bank in 2002. Meezan Bank limited commencement its operation as a Pakistan first Islamic commercial bank on 20th March 2002. (Hayes, 2008). All the banks provide the range of products either in the term of deposit schemes and loan schemes. They provide a number of products such as car loan, house loan, personal loan, credit card, and also offer the fixed term deposit, current deposit accounts, saving account, ATM cards, cheque books, investment schemes, foreign currency accounts, Modaraba mode of financing, Musharaka mode of financing, Ijarah etc. However, those persons who will be the bank customer only use all these products. Its solely depend on the person what type of product used by him/her. Be the bank customer it is necessary to become the bank customer after the selection and opening of bank account. A bank account is the basic product of bank that creates a relationship between the banker and person as an agent and customer of bank. To attain the reminder products of bank it is necessary to open a bank account and create a first basic relationship with bank and then also avail the other services of the bank.

The financial transactions, which have occurred within a given period of time on a bank account, are reported to the customer on a bank statement and the balance of the accounts at any point in time is the financial position of the customer with the institution (LeCroy & Holschuh, 2012). Account opening is the first basic requirement to make a relationship with bank. Account opening is the gateway for other transaction in banking sector. Without account no bank transaction done. Account opening is the backbone of the banking sector and strengthens the relationship among the general public and banks. This study will determine the general public preference for the account opening whether they want to open an account in conventional banks or Islamic banks.

Method

This research has concentrated to examine, evaluate, and scrutinize the factors affecting the customers towards the selection criteria of account opening in Islamic banks.

This study is directly conducted for those customers who live in the second capital of Pakistan, Lahore. For these dedications, the Data were collected from both primary and secondary sources. For the completion of this paper,

the senior representative cooperated us with open-heartedly, where the targeted respondents are from the customer side, either existing or new. The developed questionnaire was used to analyse the level of customer approach and difference in the selection criteria. The questionnaire contains 3 sections, which are product & services, awareness & Institutional reputation and conventional banks preference for their customers & trust binding. Total 200 questionnaires were circulated among targeted respondents on the selected banks and of which 150 were usable. Respondents from the selected population answered the statement based on 5 points Likert Scale (1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree). Descriptive statistics were conducted on the data gained from the complete questionnaire in order to analyse the bank's selection criteria form account opening preferences.

Findings will be measured through One-Sample t-test and Independent Sample t-test using SPSS. The Cronbach's alpha coefficient in this case is .81 and 0.74. Thus, the scale can be considered reliable with the suggested sample.

Result and Discussion

Table 1 depicts the demographic Explanation regarding data collection. The primary data collection is started from Gender distribution. The total population was 200 and the result we received 150, in which 50.7 % of respondents from male and 49.3% from Female that shows the equal weighting. Secondly, the core variable is Age because the government and State bank of Pakistan are restricted that only those people can open their accounts in any banks who across at the age of 18 years that's why we have maximum 40% customers are at this ideal age span of (25-40). According to Modigliani, Blumberg and Ando Albert (MBA) explained this ideal age group in their research and presented the theory Life Cycle Income Hypothesis. According to them at this age group, people work hard and spend their maximum time on workplace and save the money for the retirement age when their income will be zero and for the fulfilment of their need they will utilize their savings. That is why we have maximum share of the population exist in this age group.

The lowest is 1.3% at the age of <25 because at this age group Consumption (C) always greater than Savings (S). Thirdly the Family income variable illustrates that lowest 12.7% and the highest is 41.3%, the maximum balanced share is 24.7% and 21.3 because the families who are living in Pakistan are below income families. The maximum customers selected the Islamic banks for their account opening were 66.7% and 26.7 were married, 4% divorce and 2.7 were a widow. The maximum qualification of our respondents were master and above 66.7% and 2% respondents

were Matric, 25.3% respondents are intermediate 5.3% respondents are Graduate. Source of income shows that 78 respondents were private jobs, 26.7% respondents from government servants and 14% respondents have own business and the lowest value 7.3%% respondents were unemployed.

Table 1 Demographic Statistics

	Frequency	Percentages
Gender		
Male	76	50.7
Female	74	49.3
Age		
Less than 25	2	1.3
25-40	60	40
40-55	30	20
More than 55	58	38.7
Family Income		
Less than 20,000	32	21.3
20,000-40,000	37	24.7
40,000-60,000	62	41.3
More than 60,000	19	12.7
Marital Status		
Single	100	66.7
Married	40	26.7
Divorced	6	4
Widow	4	2.7
Qualification		
Matric	3	2
Intermediate	38	25.3
Graduation	9	5.3
Masters and Above	100	66.7
Source of income		
Private	78	52
Government	40	26.7
Own Business	21	14
Unemployed	11	7.3

Table 2 and 3 Shows the two main factors of our respondents one is related to the type of account and the second is the religion factor 83.3% of our respondents were interested in the current account and 16% were from saving the account. Religion section shows the 105 respondents are Muslims, 6 Christen, 25 Hindus' and 14 respondents are belonging to a different religion. Religion has an essential cultural factor to study because it is one of the most widespread and dominant social institutions that have an important influence on people's behaviour, attitudes, and values at both Micro and Macro levels. This vertical growth in table 2 is just because of a general perception that Islamic banking is only for Muslims because this banking system is interest-free and only for Muslims, but the fact is totally opposite because even in Christianity or other religion interest is prohibited. Md Nawi et al (2013) said that the finding from the literature review show that there are six main reasons why customers prefer Islamic banking. There are: understanding of Islamic banking concept, *Shari'ah* compliance, religious contradiction, quality and attractiveness of offerings, willingness to deal with Islamic banks and prospect and potentials of Islamic banking.

Table 2 Religious Influences for the selection of account opening in IB's

	Frequency	Percentages
Nature of Account		
Current	125	83.3
Saving	25	16.7
Religion		
MUSLIM	105	70
CHRISTAN	6	4
HINDU	25	16.7
OTHER	14	9.3

In Table 3 we have some percentage findings on our core variables base on directly or indirectly related to factor religiosity. The results of either the respondents prefer the bank suggested by authentic religion source. As the results show only 13 and 16 respondents are strongly agreed and agreed with the statement. 15 respondent's neutral in this case. 21 and 85 respondents are disagreeing and strongly disagree with the statement and these respondents do not prefer the bank suggested by authentic religion source.

Table 3 Religious Affiliation and The Selection of an IB's

You Prefer a Bank suggested by an authentic religious source

Strongly Disagree	85	56.7
Disagree	21	14
Neutral	15	10
Agree	16	10.7
Strongly Agree	13	8.7

You think religion and business are two different things

Strongly Disagree	5	3.3
Disagree	11	7.3
Neutral	19	12.7
Agree	12	8
Strongly Agree	103	68.7

In Table 4 and 5 show the different selection criteria of Islamic banking products, services and different facilities and a summary of relationship between all above factor basis on services and awareness session amongst the general public concluded that banking industry in the 21st century is confronted with a mixture of opportunities and threats due to the implementation of the Islamic banking business in different countries such as Malaysia, Pakistan, Bangladesh, Bahrain and other non-Muslim regions around the world. Islamic banks influence financial framework by altering the request and supply powers for cash.

Table 4 Customer's approach towards Account opening in IB's

Contemporary Interest-Free Islamic Banking:

Strongly Disagree	14	9.3
Disagree	12	8
Neutral	98	65.3
Agree	10	6.7
Strongly Agree	16	10.7

Bank account opening depends on the assurance provided by the bank

Strongly Disagree	14	9.3
Disagree	15	10
Neutral	32	21.3
Agree	71	47.3
Strongly Agree	18	12

It is discovered that Islamic saving money framework is better than customary managing an accounting framework as it guarantees more steady monetary area. Thinking approach regarding the selection of Islamic banking is varied from person to person only 16 and 10 respondents think contemporary interest free banking is Islamic bank. 98 respondents have a neutral opinion against this statement. Only 12 and 14 respondents disagree and strongly disagree as they think contemporary interest free banking is not Islamic banking. The account opening decisions are influenced by the recommendation of friends etc. or not. 14 and 32 respondents are strongly agreed and agreed with the statement and their account opening decisions are influenced by this factor. 22 respondents remain neutral and may or may not influence by the recommendation. However, 78 and 4 respondents disagree and strongly disagreed and not influenced by the recommendation of friends.

Table 5 Bank account opening depends on the recommendation of your friends/ employers/peers

Strongly Disagree	4	2.7
Disagree	78	52
Neutral	22	14.7
Agree	32	21.3
Strongly Agree	14	9.3
Bank account opening due to request and guarantee provided by bank manager / staff		
Strongly Disagree	5	3.3
Disagree	8	5.3
Neutral	69	46
Agree	50	33.3
Strongly Agree	18	12

Table 6 shows the application result of the one-sample t-test findings. It was applied on 6 products and services related items, 5 awareness and image related items, 4 Islamic bank preferences related items and 5 trust building related items. The first items related to product and services have the insignificant value in the preference of bank account as the p value is greater than 0.05. However the next five items related to product and services do not have significant value, as the p value is less than 0.05. Under the awareness and image, prefer a bank through mass media, near to home or workplace, consider its external and internal appearance, prefer a bank with prompt customer services, and select a bank by its reputation have the

significant value except the item prefer the bank near to home or work place as the p value of remaining variables are less than 0.05.

Table 6. One-Sample Test
 Test Value = 3

Items	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
PD & GS	-0.824	149	0.411	-0.09333	-0.3171	0.1305
WRP	-4.679	149	0	-0.60667	-0.8629	-0.35
CS&S	19.594	149	0	1.00667	0.9051	1.1082
AOSB	-2.945	149	0.004	-0.37333	-0.6238	-0.123
ATM SERVICE	6.301	149	0	0.70667	0.4851	0.9283
EOH	2.941	148	0.004	1.02013	0.3347	1.7055
PA & PS	4.97	149	0	0.32	0.1928	0.4472
NH & NO	-0.252	149	0.801	-0.02667	-0.2356	0.1823
E & IA	7.572	149	0	0.88	0.6504	1.1096
PCS & FE	10.974	149	0	0.81333	0.6669	0.9598
PR	14.784	109	0	1.20909	1.047	1.3712
PR On CB	2.662	149	0.009	0.24667	0.0636	0.4298
BSAR	-8.859	149	0	-0.99333	-1.2149	-0.772
IFB	2.936	149	0.004	0.29333	0.0959	0.4908
IFB ISLAMIC	0.167	149	0.867	0.01333	-0.1442	0.1708
TB & P	7.818	149	0	0.61333	0.4583	0.7684
OWN KNOW HOW	-1.115	149	0.266	-0.13333	-0.3695	0.1029
DDAPB	4.668	149	0	0.42667	0.2461	0.6073
DI,RF	-1.945	149	0.054	-0.17333	-0.3494	0.0028
GPBM	6.208	149	0	0.45333	0.309	0.5976

Under the Islamic bank preference, religion and bank are two different things, prefer a religion on conventional benefits, prefer a bank by authentic religious source, prefer interest free banking, contemporary interest free banking is Islamic, prefer a bank adopt profit and loss sharing mechanism secured a significance value 0.009, 0.000, 0.004, 0.867. Under the Trust building, the first item have significant value as his p value is less than 0.05, 2nd item have not significant value his p value is 0.266 which is greater than 0.05. The third item related to trust building secured the

significance value 0.00. Religion and bank are two different things, prefer a religion on conventional benefits, the 4th item under the trust building secured a significance value 0.054 and the last item have the value 0.000..

Independent sample t-test for the groups of gender shows that there is no statistically significant difference between the mean score of all variables mentioned in the table except the seven variables. The variable no 5 containing the preference of bank depend on the active availability of ATM networks having the statistically significant difference in the mean score between the two groups (males and females) this significant difference shows that both group have different opinion on this matter. The variable no 8 containing the preference of bank depend on the nearest to home or work places have a statistically significant mean difference between the groups. The variables No 9,11,13,16 and 17 mentioned in the below table of independent sample t-test for gender have statistically different in the mean score between the groups. These difference in the mean score shows that both group's males and females have the different opinion. Independent sample T test placed in annexure.

The independent sample t-test for nature of account mentioned in annexure shows that there is no statistically significant difference in the mean score of both groups in all variables mentioned in the table except the two variable No 2 and 7 respectively. The no mean difference shows that both groups have the same opinion regarding the variable. However variable no 2 containing the preference of bank depend on wide range of product and services have the statistically significant mean difference, which shows that both group having the current and saving account have different opinion in this regard. The variable No 7 contains the preference of bank depend on mass media advertising have a statistically significant mean difference in the opinion of both group which shows that both groups have a different opinion on this variable.

In the results of multiple comparison of different age group in the very first variable we find that there is a statistically significant difference exists among the 2nd, 3rd and 4th age group. This difference shows that this age group has the different opinion about the variable. Similarly, in the second variable all these three groups 2nd, 3rd, and 4th having the different opinion and have the statistically significant difference. In the variable containing the preference of bank depend on active availability of ATM network having the statistically difference among the last three age group. Multiple comparison table mentioned in annexure shows that 2nd and 4th age group significantly differ in term of prefer the bank depend on situated at nearest to home or work place. The 2nd and 4th age group are significantly differing to each other on the term of preference of religion on conventional benefits.in terms

of preference of interest free bank 2nd and 4th age group are significantly differing to each other.

In the variable of contemporary interest free banking is Islamic both 2nd and 4th age group are differ to each other. In the question of bank account decision are influenced by the trustworthy brand have the different opinion among the all age group mentioned in table. The 2nd, 3rd and 4th age group are significantly differ from each other with the statement of bank account opening decision depend on own know how. In the multiple comparison the 2nd age group, 3rd age group, and 4th age group are significantly differ to each other for the bank account opening are depend on assurance provided by bank manager. In terms of account opening decision influenced by friends having the significantly different opinion between the 2nd and 4th age group. In the last question the 2nd and 4th age group is significantly differ to each other in term of account opening depend on guarantee provided by manager.

In the multiple comparison among the different income group I find that the 2nd and 3rd income group and 3rd and 4th income group is significantly differ to each other in terms of prefer a bank with clear complete product description. In term of prefer a bank with wide range of product all 2nd, 3rd and 4th group is differ. In case of prefer a bank depend on number of branches 2nd and 3rd income significantly differ to each other. 2nd, 4th income group and 3rd, 4th income group are significantly differ to each other in term of prefer a bank depend on availability active ATM network. In the question of prefer a bank depend on its external and internal appearance have significantly different opinion among the 2nd and 3rd and 3rd and 4th income group. 2nd, 3rd and 4th income group significantly different in term of prefer the bank depend on prompt customer services. In the terms of religion and business are two different things the 2nd, 3rd and 4th income group is significantly differ however the 3rd and 4th income are not differ to each other. Multiple comparison table of income group is mentioned in annexure.

The variable prefer a religion on conventional benefits have the significantly difference exists between the 2nd and 4th income group and 3rd and 4th income group. The 2nd, 3rd and 4th income group are significantly differ in term of prefer a interest free banking. However there is no significant difference exist between the 3rd and 4th income group. In the term of bank account decision depend on trustworthy brand the 2nd, 4th income group and 3rd and 4th income group are significantly different to each other. 2nd, 3rd income group and 3rd and 4th income group are differ to each other in term of account opening decision depend on own know how. The term bank account opening depend on guarantee provided by the bank manager having the significantly different opinion among the 2nd, 3rd and 4th income group.

In the multiple comparison shows in annexure among the different source of income group find that the 1st 2nd group, 2nd, 3rd, 4th, source of income group are significantly differ to each other in terms of prefer a bank with clear complete product description. In term of prefer a bank having the staff clear understanding of products all 1st, 2nd, 3rd and 4th group are differ. In case of prefer a bank depend on number actively ATM service network all four source of income group significantly differ. 1st, 3rd, and 4th group 2nd and 4th group are significantly differ to each other in term of prefer a bank depend on situated nearest to home or work place. In the question of prefer a bank depend on its external and internal appearance have significantly different opinion among the 1st and 3rd group 2nd and 3rd source of income group. 1st and 2nd group, 2nd, 3rd and 4th source of income group significantly different in term of you think religion and business are two different things.

The variable prefer a religion on conventional benefits have the significantly difference exists among 1st, 2nd, 3rd and 4th source of income group. 1st and 2nd group, 2nd, 3rd and 4th source of income group are significantly differ in term of prefer a bank suggested by authentic religious source. The 1st, 3rd and 4th source of income group and 2nd, 3rd and 4th groups are significantly differ in term of prefer an interest free banking. In the term of bank account decision depend on trustworthy brand the statistically significant difference exist among all source of income group. 1st, 2nd, 3rd, and 4th source of income group are differ to each other in term of account opening decision depend on own know how.

The term bank account opening depend on assurance provided by the bank having the significantly different opinion among the 1st, 2nd, and 4th source of income group 3rd and 4th source of income group. In the case of account opening decision influenced by the friends 1st 2nd and 4th source of income group 2nd and 3rd source of income group are significantly different to each other. The 1st and 4th source of income group are significantly differ to each other in term of bank account opening decision depend on the guarantee provided by the bank manager.

Awan (2011) found that that most of the customers value product features and quality of service as major factors for making selection of Islamic banks, and give lesser importance to religious belief as influential factor in selecting an Islamic bank. Ramadan (2013) showed friendly personnel, Islamic reputation and image, and product price are in the top three. while factors like location being near home or work, convenience and environmental practice and impact seem to be the least significant factors by participants when choosing an Islamic bank. One of the most important finding of this study is that Islamic banks in Jordan cannot attract their customers by the religion aspect only; it would require

Islamic banks to properly understand the needs and expectations of existing and prospective customers.

Amin et al (2011) found that the significant factors that influence the intention to use Islamic personal financing are: attitude, social influence, and pricing of Islamic personal financing. Mariyono (2013) showed that age, gender, and religion led the customer to more invest in Islamic banks. Polat et al (2014) found that three latent variables are important for the Turkish Participation Bank customers in their bank selection. The customers care for i) Islamic Banking ii) Quality Banking and iii) Fast Banking. The results suggest that providing Islamic Banking is a must while alone is not enough criteria for an Islamic Bank to be selected by customers.

Marimuthu et al (2010) find that there are some factors that had significant relationship with the acceptance of Islamic banking. The factors are: cost-benefit, service delivery, convenience, friends/relative's influence. Ltifi et al (2016) state that customer consider several factors while choosing an Islamic bank: the quality of service offered by the financial institutions, trust, and (especially) compliance with Sharia law. Moreover, gender and age appear to be the only moderators between the selection of an Islamic bank and these determinants.

Conclusion

As for the managerial implication, since the awareness factor is less influencing therefore the bank's management need to take extra mile to create the awareness among the consumers and convince them to patronize. One sample T test shows that conventional banks customer have no special attachments with the Islamic or conventional banks. They only prefer their services; products and easy accessibility. The demographic factor such as race, gender and education do have significant influence towards overall consumer preferences of Islamic banking product and services. Islamic banking needs to facilitate the understanding of Islamic banking products and services being offered.

The products and services need to be similar or better than conventional banks. Islamic banking has the potential of being marketed to various segments of consumers, extending beyond those who are concerned with legitimacy of the facility from Islamic point of view, and those who seek service quality, convenience and efficient transactions.

Finally, this type of research should be expanded further to gauge the preferences of consumers in Islamic banking product and services throughout other towns in Pakistan. A similar research to this study can be completed in different

geographic location in Pakistan. This study can help researcher, especially in the field of Islamic finance to recognize the factors that their customers perceive important in a bank selection. This study can supply some guidelines to the banks in designing their future strategies in a competitive economy. This study also produces an assist to the policy makers, researchers, governments, and those who are concern for developing the varied aspects of banking business.

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