

Nexus and Perception of Customers Toward Conventional Banking Systems: Does the Islamic Banking System Exist as a Competitor?

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ABSTRACT

This study analyses the perception of customer regarding conventional and Islamic banking system. This research has found the opinions of customers of conventional banks with comparison to Islamic banks, and standalone Islamic branches of conventional banks. However, the respondents belonged to different age groups, occupational backgrounds, and education, irrespective of gender. Furthermore, two branches of each type of bank were selected at random from Lahore city, where eighty (80) customers were selected from each type of bank. The result of this study revealed with these remarks that Islamic banks are competitors of conventional banks. The statistical package of social sciences (SPSS) software is used for data analysis. The result also indicates that (40%) of Islamic banks customers should not opt conventional bank for saving deposits due to interest. Moreover, another interesting result highlights the strength of conventional bank, as they do not need a specific shariah board committee, whereas 42% and 51% of Islamic and standalone banks, respectively, customers are not satisfied with the jurisprudence of these shariah board members. This objective of this is to highlight those areas, where conventional financial institutions are not performing well. Hence, it is found that there is a dire need to organize the both financial intermediaries, in such a manner that both institutions will grow, expand and provide excellent services to their customers.

KEYWORDS

Competitor, Conventional Banking System, Islamic Banks, Perception

INTRODUCTION

The functioning of the conventional banking system may have been getting competition when the alternative Islamic banking system is available, Shahzad and Rehman (2015). It raises several questions at what extent, Islamic banking system can exist a potential competitor for conventional banking and how sustainable penetration is this for customers? It is observed further from banking industry particularly as it has gained a significant part of market share as well as attention of investors especially after 2007-08 financial crises, which directed to explore opinion, perception and knowledge of customers about banking system, and how different they are from one another such as full-fledge Islamic banks, Islamic banking branches of conventional banks and conventional banks? Shabbir et al. (2015) investigated the relationship between viability of Islamic finance and its impact on global

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financial stability. Furthermore, this study analyses regarding the practical implications of both conventional and Islamic finance and its impact on global financial stability.

Islamic banks and regular banks both make rivalry between banking system to fulfill the needs and wants of clients and satisfy their desires and in long term benefits for the economy. The regular banks and the Islamic banks are separated generally based on their objectives, riba and hazard sharing practices etc. Furthermore, Islamic banking system has some limitations from Shariah boards and scholars. However, Pakistan is a Muslim country and having the number of inhabitants such as 96% of the Muslims community. On the other side Islamic banks have various types of chances to meet the various difficulties as solid response is opened to meet their customer's desires. Islamic bank and traditional banks are additionally separated as premium free banks and premium based banks.

Evaluating dual banking system, Metwally (1996) using the data from three Arab countries - Kuwait, Saudi Arabia, and Egypt –showed that there was no difference found in costs and benefits of bank products and services. Moreover, the comparison of conventional and Islamic banks, Hegazy (1995) examined the demographic profiles of customers of Egyptian banks. The results revealed with these remarks that religion became the main factor in the selection of Islamic banks. It further informed that efficiency and quick service of Islamic banks that made it different from conventional banks.

Research of Haron et al., (1994) discussed differences in bank selection criteria of Muslims and non-Muslims in Malaysia. The results concluded that religion was not the main factor for selecting an Islamic bank. The customers would shift to other bank only if the quality of services were better. Although both Muslims and non-Muslims had knowledge of Islamic banking, but few were unaware regarding financing methods used by the banks. Hamid and Nordin (2001) indicated that many customers had knowledge of Islamic banking products, but they could not differentiate between Islamic and conventional products and services. Evaluating perception of customers of Islamic versus conventional banks, Zainuddin et al, (2004) found that Islamic financial services were used by people of mature age and average income while they didn't use by the age group of less than thirty years and who had low income. They have considered relationship and religion as an important factor for selection of Islamic banks.

This study tries to find out the perception of the existing customers of conventional banks toward Islamic financial institutions. However, first full fledged Islamic bank as Meezan bank started work in 2002. The customers of conventional banks realized the importance and variation on returns in 2007-08 financial crises, when all big brands of financial institutions in the world became the victim of financial issues and Islamic banks remain its values and shares in the market. After that investors have shifted their investment portfolio toward Islamic financial institutions. The purpose of this study is to investigate at what extent customers of conventional banks transferred their investment ratio toward Islamic financial institutions. Moreover, this study also highlighted that after a significant increase in the sense of customer's portfolio and market shares by Islamic banks and exist as market competitor of conventional banking system in Pakistan.

LITERATURE REVIEW

Bekele et al (2016) considered borrower-specific characteristics to understand the factors affecting both the probability and quantum of loan default by individual borrowers under Islamic and conventional banking. Whereas, borrower has some specific characteristics that explain the probability of default may not necessarily be similar factors that determine the quantum of default. Hence, they have applied a Box-Cox double hurdle model to treat both the probability and quantum of default in a two-step approach. Furthermore, it has been explained that the differences in default risk and quantum of default between Islamic and conventional banking borrowers from their behavioral perspectives following the Sharia principles in financial transactions between lenders and borrowers. Borrower- specific information of two separate bank branches of the United Arab Emirates solely deals with either Islamic or conventional banking products. There is a probability of default and the quantum of default appears

to be influenced by different set of client-specific factors. The study suggested that the probability of default does not vary significantly between Islamic and conventional banking borrowers. It is also proved that Islamic banking defaulters, compared to those in conventional banking, repay a large quantum of overdue when their financial leverage improves.

Leila and Khamoussi (2016) explored empirically the impact of fair value accounting on banking contagion in a comparative context between Islamic banks and conventional banks. Panel data model has been employed for data analysis. This study consists of 20 Islamic banks and 40 conventional banks to investigate, which banks were operating in the Gulf Cooperation Council (GCC) countries during the years from 2003 to 2011. The empirical findings illustrated that there is a significant change in dynamic volatility in GCC banking sector because of financial crisis 2008. Although, the results fail to authorize the hypothesis and fair value of accounting is significantly associated with an increase of banking contagion for both Islamic and conventional banks in GCC countries.

Khurram et al (2013) revealed the perceived importance of management about various corporate governance dimensions being practiced in the Pakistani Islamic banking context. The Analytical Hierarchy Process (AHP) is applied to examine the corporate governance indexes and its dimension of 5 Islamic banks and 12 conventional banks, which are providing Islamic banking facilities (Islamic windows) throughout Pakistan. These dimensions included board of directors (BOD), Shariah supervisory board (SSB), audit, investment account holders (IAH), and information disclosure and transparency. The most significant dimensions which affect the corporate governance in Islamic banks came out to be BOD and SSB, whereas the significant factors for Islamic banking windows are almost all dimensions of corporate governance. The correlation, regression, and ANOVA tests are applied to check the contributions of various factors of corporate governance mechanisms. There is a significant difference between Islamic banks and Islamic banking windows regarding the BOD and SSB as indicated by the results. On the contrary, no significant difference is seen for rest of the factors. The dissatisfaction level of customers reduces with the increase in the audit and BOD governance moreover all other factors have no impact in the case of Islamic banking windows; while in Islamic banks, in addition to audit and the SSB, information disclosure significantly increases the satisfaction level of customers.

Hisham et al. (2012) have taken into account the lack of difference in the efficiency level of Islamic and conventional banking in Malaysia. The data envelopment analysis is used to measure the efficiency levels of banks in both sectors. The results indicate that insignificant difference in the level of efficiency between Islamic banks and conventional banks. The period of study is only for three years, with only two banks which have been operating for more than three years, while the other Islamic banks in this study are just beginning their operation in Islamic banking. The inclusion of foreign banks operating in Malaysia in this analysis might distort the findings, as foreign banks have different capital structures and objectives compared to local ones. This research demonstrated that even though Islamic banks are limited by Islamic tenets in their operations, they are capable to sustain a performance that is equivalent to the conventional banks.

Shahid and Amal (2012) evaluated the performance of conventional and Islamic paradigms of banking through profitability. The data has been obtained from 87 banks out of which 35 follow Islamic financial system and rest of all belong to conventional system. The profitability of conventional and Islamic banks is compared through four authentic methods of ratio over reliable statistical data from seven countries. Furthermore, profitability of two-streams of banking are analyzed through bank spread, bank margin to total assets, non-interest-based costs to total assets and relationship of bank-spread and NPBT&Z of conventional and Islamic banks. The countries are selected among those which are following binary-banking systems simultaneously. The Islamic banks reflected marginal bank spread but bear higher operational (non-bank margin) costs.

Jaspal and Parminderjit (2011) established the factors that lead to satisfaction of the customers as regards to e-banking services provided by selected banks in India. The data has been collected through a survey questionnaire gathering information from 350 respondents. The empirical findings

showed that six factors; ease of use, reliability, convenient accessibility, security, low transaction cost and the time consumption appeared to be the factors that lead to customer satisfaction as regards e-banking services. Additionally, the outcomes of multiple regression exhibited that out of the above mentioned six factors, three factors which are ease of use such as user friendly web sites leading to easy technology-customer interaction), low transaction cost for instance saving of time, speed of service delivery, convenience and reduced paper work in monetary terms and security for example, dependable safety mechanism in terms of illegal access of accounts, hacking and password protection are statistically significant at 5 percent significance level.

Omer (2011) examined the relationship between service qualities attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. A survey was conducted to collect data through sample size of 100 retail banking customers, which was drawn from different banks in Bangladesh. All the service quality attributes are positively related to customer satisfaction and customer satisfaction is positively associated to customer loyalty in the retail banking settings in Bangladesh as per the findings of the research. Empathy validates that highest positive correlation with customer satisfaction and tangibility confirms the least positive correlation with customer satisfaction.

Salman et al (2011) evaluated the customer satisfaction of banking industry in Pakistan and particularly in Faisalabad, based on various levels of customer perception regarding service quality. The focus of the study based on primary data, which collected through a well-structured questionnaire, a sample size of 132 chosen respondents on a convenient basis from four conventional banks of Pakistan. The results portray that customer perceive highest satisfaction in the responsiveness area and lowest in the tangibles area. For this purpose of achieving service quality and satisfaction of the customer there is dire need to redesign the policies. Figure 1 below shows the theoretical framework.

3. THEORETICAL FRAMEWORK

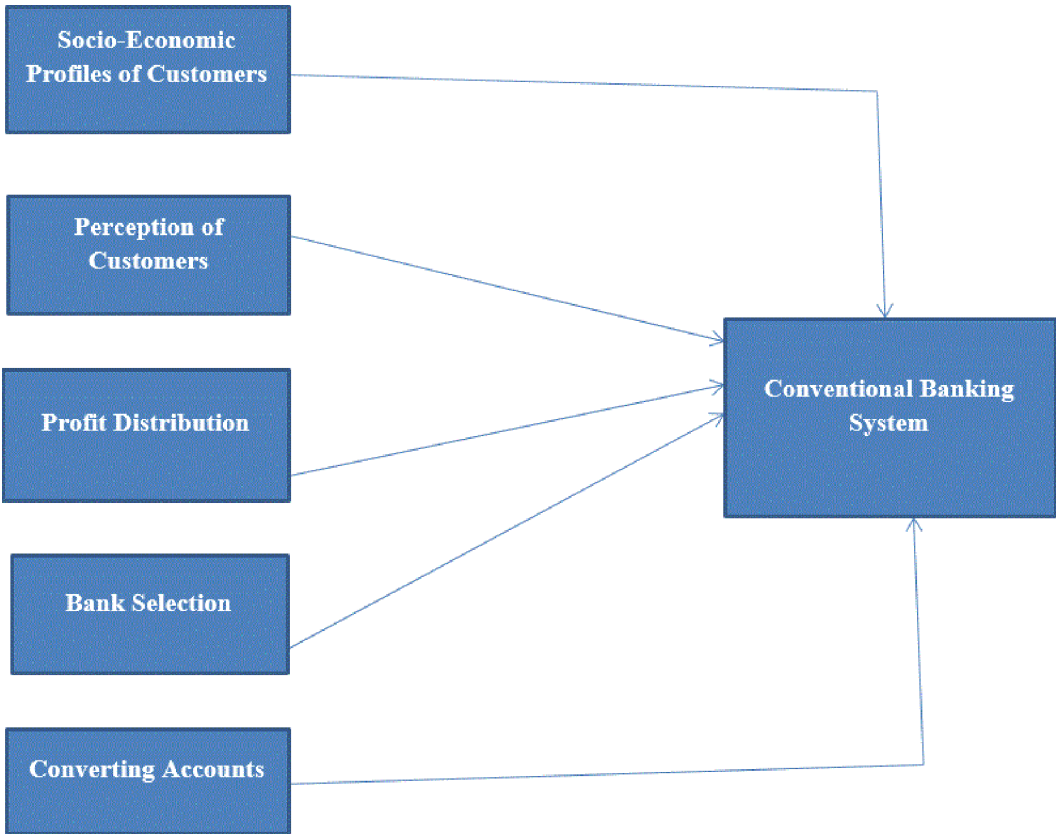
3.1 Hypotheses of Study

- H1: Socio-economic profiles of customers have significant impact on customer's perception conventional banks.
- H2: Perception of conventional banks customers has significant impact on Islamic, conventional banks and standalone branches.
- H3: Profit Distribution system has significant impact on customer's perception conventional banks.
- H4: Bank selection has significant impact on customer's perception conventional banks.
- H5: Converting accounts toward Islamic banks have significant impact on customer's perception conventional banks.

4. METHODOLOGY

The primary data are original, unique and innovative and most importantly are reverent to the area of research. However, the degree of accuracy in such type of data is very high. There are various types of collecting primary data which includes interviews, focus groups, telephones survey, questionnaires etc. Additionally, primary data is predicted the results in current situation and gave a realistic view toward research area. Moreover, the reliability of primary data is very high. The questionnaire has been designed on the basis of the study of researchers such as (Berry et al., 1985; Parasuraman et al., 1985; Zeithaml & Bitner, 1996; Stafford, 1996). Berry et al. (1985) and Zeithaml and Bitner (1996) identified five dimensions of service quality: tangible (equipment, written material, personnel, and appearance of physical facilities), reliability (ability to deliver promised service and accurately), responsiveness (willingness to help customers and providing prompt services), assurance (Knowledge and ability of employees to inspire trust and confidence), and empathy (Caring and providing individual

Figure 1. Theoretical framework



attention to each customer). However, Parasuraman et al. (1985) indicates that service quality consists of eleven dimensions: reliability, competence, responsiveness, access, courtesy, communication, credibility, security, competence, tangibles, and understanding of customer. Reliability is considered as essential dimension of service quality. Moreover, Stafford (1996), focused on customer services on seven dimensions, such as relationships, bank atmosphere, rates and charges, ATM, available and convenient services, facilities of bank counter (tellers), and honesty/reliability of bank personnel.

This prime objective of this study is to investigate the perception of conventional bank customers towards Islamic banking system. This research tries to analyze the opinions of customers of conventional banks with comparison to Islamic banks, and standalone Islamic branches of conventional banks. However, the respondents belonged to different age groups, occupational background and education irrespective of gender. Furthermore, two branches of each type of bank were selected at random from Lahore city, where 80 customers were selected from each type of bank. A pilot survey was conducted and necessary adjustments were made in the questionnaire. All results were converted into percentages/proportions. The bar diagrams along with summary statistics were used to interpret the results of the research. The overall questionnaires consist of 240, whereas 15 questionnaires were incomplete and rest of response of customers include for analysis with 93.7 percentages. The customers were inquired on a structured questionnaire through experienced enumerators. The sample remained un-weighted in respect of gender to avoid any bias. The area of questions consists of personal information, relationship between socio-economic profiles of customers and bank choice, perception of customers, concern of customers about profit distribution by the bank, assessing the preference of

customers in selection of bank type, reasons of not converting toward Islamic banks. The questionnaire was designed keeping these areas in mind and to confirm the objectives of the study.

5. RESULTS AND DISCUSSION

5.1 Relationship Between Socio-Economic Profiles of Customers and Bank Choice

In this section, the relationship of bank choice with socio-economic profiles of customers is assessed. These factors include; relationship of bank choice with age, religious education and business type. These factors were analyzed to get the better idea of what type of people are interested in Islamic banking and what is the role of their organizations in this matter.

5.1.1 Age and Bank Choice

Age is the very important factor for making decision and selecting one from many things. The relationship of age with the bank choice is important because by comparing this it can be analyzed easily that what age group prefers which bank. The results for relationship of age and bank choice are summarized in Table 1.

While analyzing the effect of age on bank choice we can see that as the age of customers is increasing their number is also increasing, but in case of Islamic banks, mostly young customers from the age of 18-25 (Figure 2). The customers from the age of 26-40 are interested in standalone branches. The reason for this might be their interest in Islamic banking but they have some fear about Islamic banks as these are establishing. Another reason might be that the customers have their accounts in conventional banks as these banks have opened their Islamic branches these customers has shifted their accounts in those branches.

5.2 Perception of Customers

5.2.1 Opinion on Services of Conventional Banks

The purpose of asking the opinion of customers about conventional banking services was to know whether the customers were different in using these services or they could not find any alternative. Hence the following question was asked “The conventional bank offers services on the basis of interest; what is your opinion about these services?” The response of customers is summarized in Table 2 and Figure 3.

The above table reflects that, 27 percent customers thought that we cannot avoid interest so there is no harm in using such services. On the average, 24 percent customers thought that customer should not opt saving accounts of conventional banks whereas 43 percent customers said that if there is an Islamic bank in their area they must not go towards conventional banks. Islamic banks should target these customers through the contract with different organizations because almost half of the customers of conventional banks have employee accounts in these banks and this question shows that they are not willing to use these services. In the Islamic banks, 12 percent customers thought that the prevailing interest rate cannot be avoided so there is no harm in having such deposits. It shows

Table 1. Age and bank choice

Type of bank	Age and bank choice					
	18-25	26-40	41-50	51-60	Above 60	Total
Conventional	19%	51%	18%	7%	3%	80
Islamic	32%	45%	10%	9%	2%	80
Standalone	14%	64%	16%	3%	1%	80

Figure 2. Assessing relationship of age and bank choice

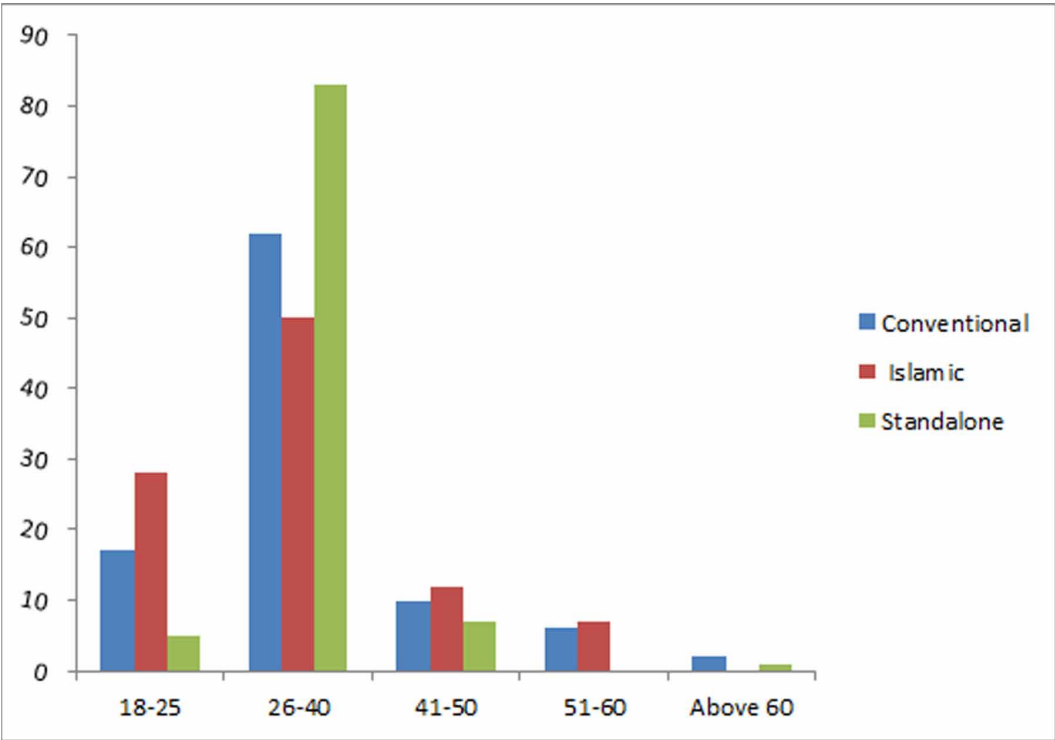


Table 2. Opinion on services of conventional banks

Type of customers	The conventional bank offers services on the basis of interest; what is your opinion about the services?			
	Did not respond	Customer should not opt conventional bank for saving deposits	Customers should not opt if they find the alternative Islamic bank in their destination	Since we cannot avoid interest there is no harm in having such deposits.
Conventional bank	5%	16%	48%	30%
Islamic bank	2%	40%	44%	12%
SAB	3%	17%	38%	4%

that these 12 percent customers do not care about Islamic banking they might have their employee accounts in these banks.

5.3 Opinion on Interest-Based Transactions of Conventional Banks

This question was asked to get the opinion of customers about the interest-based transactions of conventional banks. Therefore, the following question was asked “What do you think about interest of conventional banks?” and the response of customers is summarized in Table 3 and Figure 4.

On the average 74 percent customers thought that the interest involved in the banks is *haram* according to *Shariah*. Only 5 percent thought that it is *halal* because it is different from the interest

Figure 3. Opinion on services of conventional bank

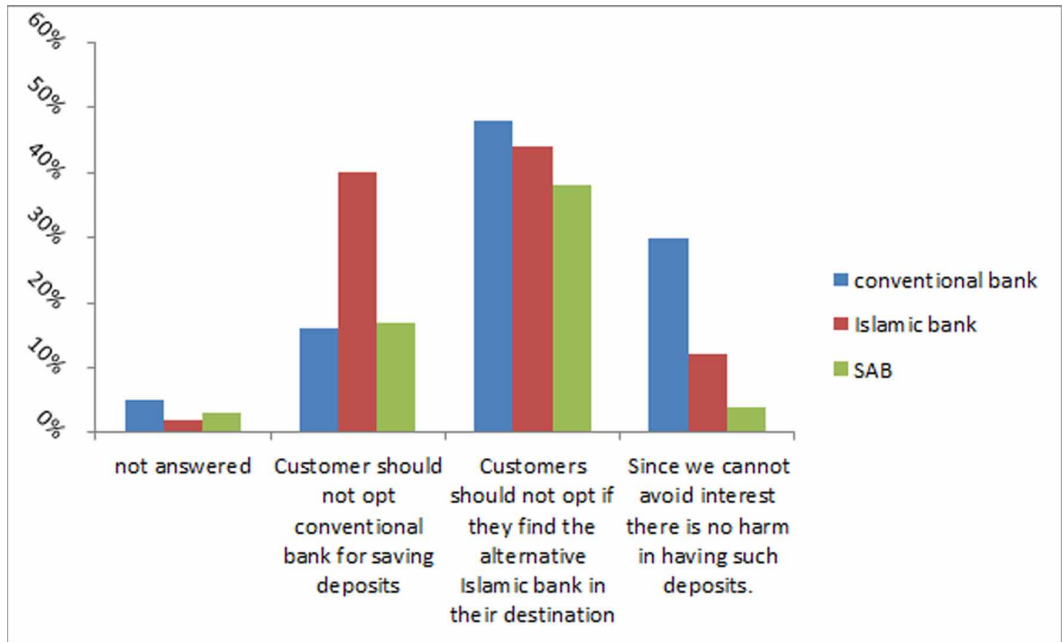


Table 3. Opinion on interest-based transactions of conventional banks

Type of bank	What do you think about interest of conventional banks?		
	According to Shariah it is haram	It is halal because it is different from interest described in Islam	Can't say anything
conventional bank	68%	6%	24%
Islamic bank	72%	7%	20%
SAB	84%	2%	12%

described in Islam. Interestingly the customers of Islamic bank are more, who thought that this interest is different.

5.3.1 Customers' Perception About Difference in Three Types of Banks

Customers' perception regarding three types of banks was asked to know whether the customers feel any difference, or they think these are same, if they feel any difference what type of difference it is. Hence, the following questions were asked, and the results are also summarized in Table 4.

Customers were asked about the difference between conventional bank and SAB, conventional bank and Islamic bank, and Islamic bank and SAB, 48 percent customers responded they did not feel any difference between conventional bank and SAB. From Islamic banks, 20 percent customers replied there is no difference between Islamic banks and standalone branches. From SAB, 23 percent customers responded there is genuine difference between conventional banks and standalone branches. From Islamic banks, 12 percent customers replied there was only difference of labeling between

Figure 4. Opinion on interest of conventional banks

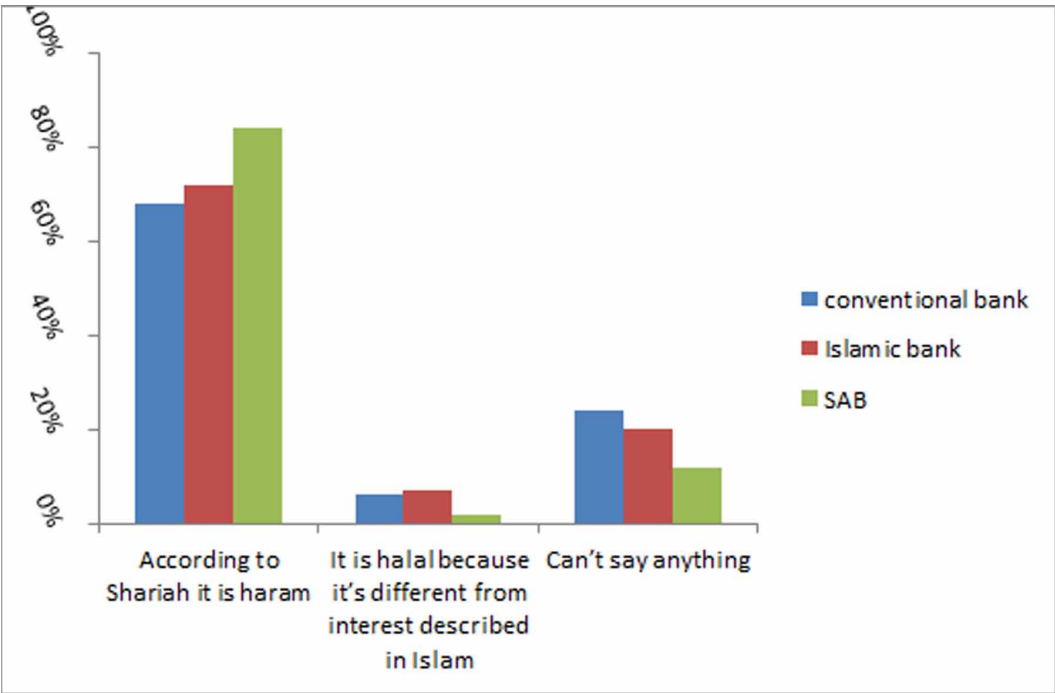


Table 4. Customers' perception about difference in three types of banks

Questions	No difference			Difference of labeling only			Difference of method but not w.r.t Shariah			Genuine difference w.r.t methodology and Shariah compliance			Difference of prices only		
	CB	IB	SAB	CB	IB	SAB	CB	IB	SAB	CB	IB	SAB	CB	IB	SAB
Do you feel any difference between CB and SAB?	1%	6%	48%	2%	2%	4%	21%	1%	4%	2%	30%	23%	4%	57%	15%
Do you feel any difference between CB and IB?	8%	4%	2%	12%	15%	22%	12%	17%	15%	28%	51%	50%	40%	5%	2%
Do you feel any difference between IB and SAB?	18%	11%	20%	18%	44%	29%	12%	17%	9%	18%	15%	32%	3%	7%	3%

conventional banks and Islamic banks and 40 percent respondents from conventional banks thought there is only difference of prices in conventional bank and Islamic bank.

5.4 Concern of Customers About Profit Distribution by the Bank

This question is very important as the goal of this question was to check whether the customer is concerned with the profit of bank or he don't care whether the bank distribute the profit or not. Hence, the customer was asked "Would you continue dealing with this bank even in case the bank does not distribute any profit for 3 consecutive years?" and the results are summarized in Table 5 and Figure 5.

In the conventional banks, most of the customers had bank accounts for salary purpose so they did not care if the bank would not distribute profit for a long time, however 28 percent customers who were concerned with the profit of bank and 12 percent people did not know what they would do if the bank will stop giving profit. The loyalty of Islamic banks' customers is higher than conventional bank customers.

Table 5. Concern of customers about profit distribution by the bank

Type of bank	Would you continue dealing with this bank even in case the bank does not distribute any profit for 3 consecutive years?		
	Yes	no	don't know
conventional bank	48%	27%	23%
Islamic bank	68%	20%	10%
SAB	47%	40%	12%

5.4.1 Assessing Customer Satisfaction About Service Quality of Bank

This section was added to check the level of customers' satisfaction with their bank. It is important to check the customers' satisfaction from the services their bank provides. In this respect, it can be analyzed which type of bank has more satisfied customers (Table 6).

Most of the customers are satisfied with the transaction of their bank; however, the Islamic bank customers are more satisfied with the transactions of Islamic banks. However, Islamic bank customers are not satisfied with the ATM service as there are less ATMs of Islamic banks.

Figure 5. Assessing concern of customers

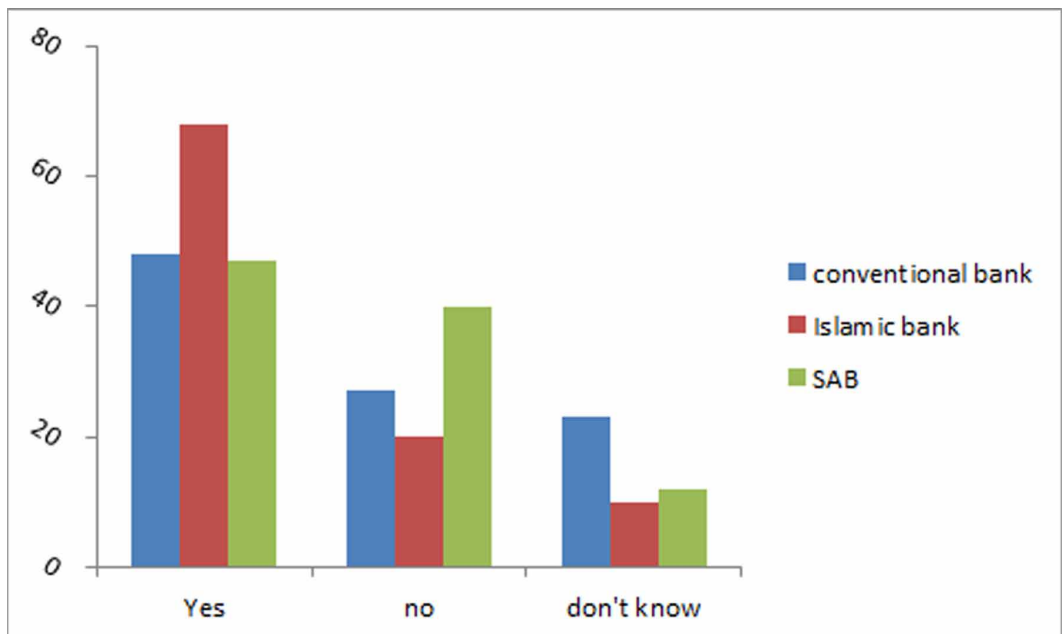


Table 6. Assessing customer satisfaction about service quality of bank

Questions	Very much satisfied			Satisfied			Neutral			Not satisfied			Very much dissatisfied		
	CB	IB	SAB	CB	IB	SAB	CB	IB	SAB	CB	IB	SAB	CB	IB	SAB
How would you rate your level of satisfaction with this bank during your transactions?	28	42	41	38	35	32	28	18	20	2	3	2	2	1	1
Technology associated with your service is visually appealing at your bank?	10	26	15	38	48	35	46	23	49	3	1	0	1	0	0
When you have a problem, your bank shows a sincere interest in solving it?	18	12	20	40	40	50	31	15	18	6	0	5	3	0	2
Your bank gives clear guidance and information about usage of services and facilities?	17	22	22	44	41	42	25	29	22	10	4	10	2	2	1
ATM of your bank is located at a convenient place?	28	32	35	49	6	47	11	7	9	8	47	5	2	0	0

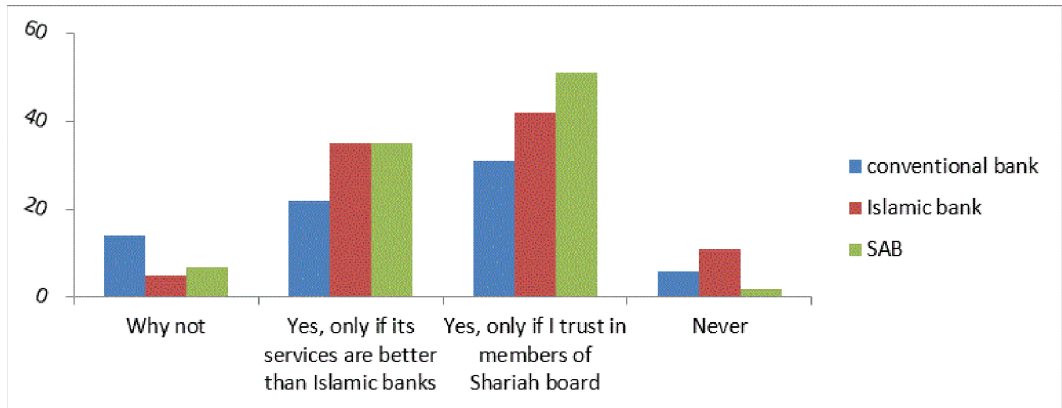
5.4.2 Assessing the Preference of Customers in Selection of Bank Type

This was important to assess the trust of customers on the banks whether they trust on standalone branches or they will not prefer these on Islamic banks. Therefore, following question was asked “If

Table 7. Assessing the preference of customers in selection of bank type

Type of bank	If you will be given a choice between a full fledged Islamic bank and standalone Islamic branch, would you prefer standalone branch?			
	Why not	Yes, only if its services are better than Islamic banks	Yes, only if I trust in members of Shariah board	Never
conventional bank	14%	22%	31%	6%
Islamic bank	5%	35%	42%	11%
SAB	7%	35%	51%	2%
Total	9%	30%	41%	6%

Figure 6. Assessing the preference of customers about bank selection



you will be given a choice between a full fledged Islamic bank and standalone Islamic branch, would you prefer standalone branch?” and the results are summarized in Table 7 and Figure 6.

When the customers were asked about the choice between Islamic banks and standalone branch, 41 percent replied they will prefer only if they trust Shariah board members, 30 percent replied that they will prefer if the services are better than Islamic banks, 6 percent replied never prefer and 9 percent replied why not. This shows that 9 percent customers had full trust on these banks, and 6 percent did not trust even if these banks provide better services.

5.5 Reasons of Not Converting to an ISLAMIC BANK

From the previous question it is analyzed that there are many customers who are willing to convert their accounts to Islamic banks, below section summarizes the results of the reasons for not converting yet. It gives a very good implication for Islamic banks to make the policy keeping these reasons in mind (Table 8).

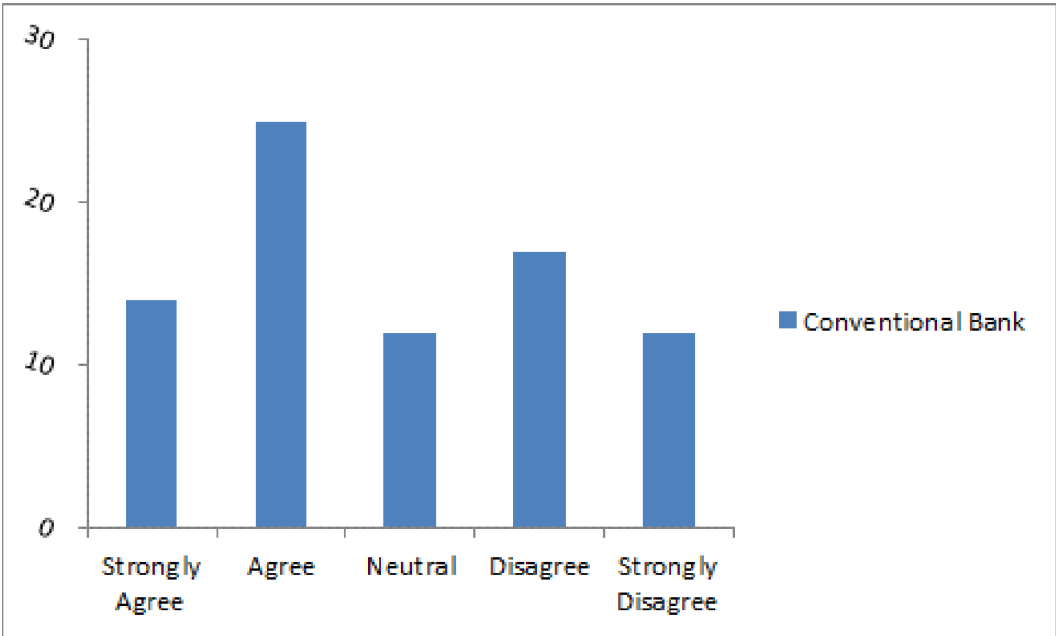
Almost 50 percent customers thought that there is no Islamic bank in their area (Figure 7). Islamic banks are new so they need more time to establish but customers should cooperate with these banks in establishing their network.

From the conventional banks, 20 percent customers felt the reason of not opening an account is that they are lazy, and not finding time to go to bank for opening an account and 27 percent customers thought that this is not the reason for not opening an account in Islamic bank.

Table 8. Reasons of not converting to an Islamic bank

Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	CB	CB	CB	CB	CB
There is no Islamic bank in my area	14%	25%	12%	17%	12%
No Islamic bank approached me	20%	24%	12%	10%	2%
Procedure of opening an account is difficult in Islamic bank	8%	26%	28%	18%	8%
I am lazy or not finding any time	10%	20%	11%	15%	12%

Figure 7. There is no Islamic bank in the area



More than half of the respondents thought the reason of not opening an account is that no Islamic bank approached them (Figure 8). Islamic banks should improve their method of advertising so that more and more customers can get the knowledge about it.

Figure 8. No bank approached me

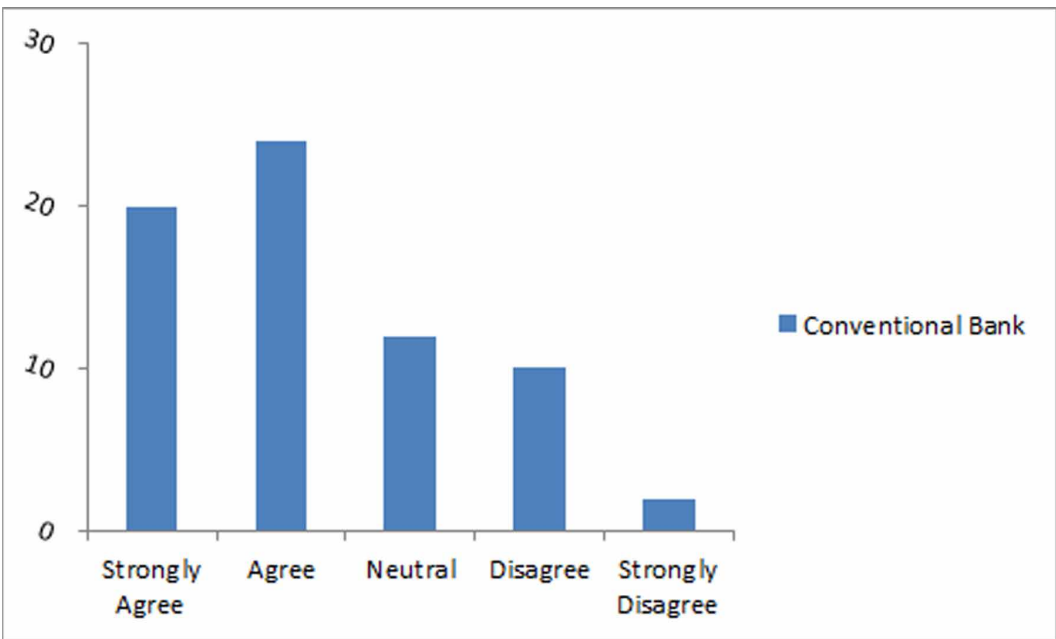
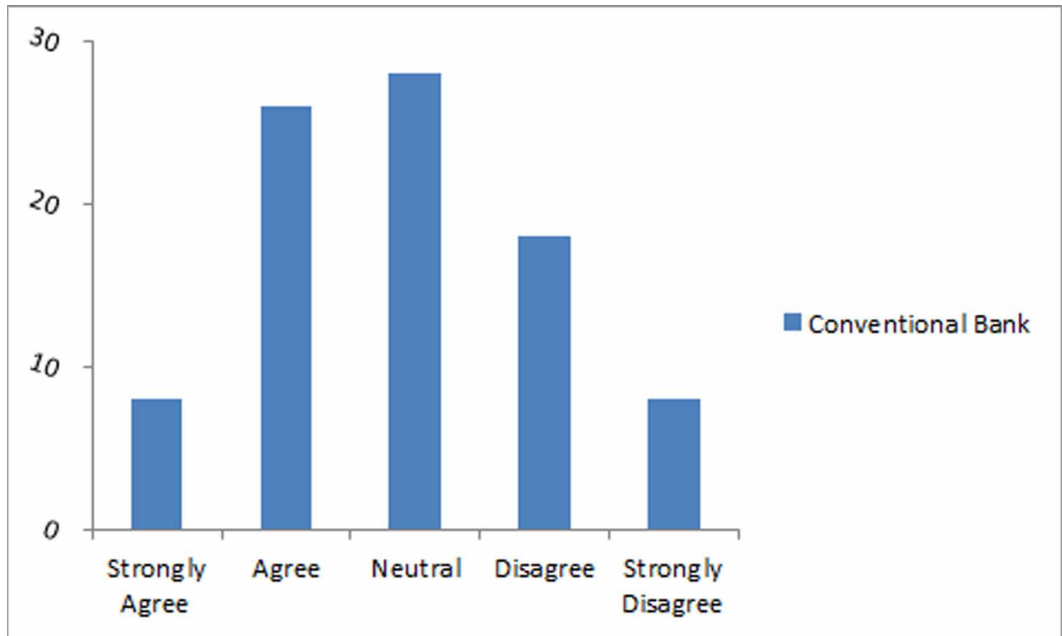


Figure 9. Procedure of opening an account is difficult



Some 28 percent customers thought that the procedure of opening an account in Islamic banks was difficult that is why they were not opening account in these banks (Figure 9). Islamic banks should improve their procedure so that they can attract more customers towards Islamic banks.

CONCLUSION

The conventional banking was the only choice when it comes to the people reluctant towards interest. Interest is the integral part of conventional banking. After the emergence of Islamic financial institutions and conventional financing faced competition. At the same time, customers get two choices to decide upon using banking services. The objective of this research is to investigate whether conventional and Islamic banks are competitors in the opinion of the customers.

Survey based investigation consisted of five major areas. Firstly, the area investigated is relationship between socio economic profile of customers and bank choice. Second major contest is the perception of the customers about Islamic and conventional banks and towards interest rate. Whereas, concerns of customers about profit distribution by the banks, assessment of customers' preference in selecting the bank type are third and fourth area of study respectively and finally the reason behind not converting towards Islamic banks has been determined.

However, the analysis of this study indicates that middle age people (26-40) years have significant role in all three banking systems such as conventional banks (51%), Islamic banks (45%) and finally standalone with (64%) with these percentage values. It is also observed that (38%) and (48%) of customers of standalone and conventional banks respectively preferred to shift their accounts toward Islamic banks, if they get any Islamic bank branch in locality or area. Furthermore, perceptions of customers regarding that they feel any difference among three different types of banking then only standalone banks customers have a significant answer with (48%), while rest of both types of customers found insignificant role. Moreover, Islamic banking customers response (68%) show

positively significant as compared to rest of two banking system, during answering that if Islamic banks give you consecutive profit for three (3) years and they preferred to stay with Islamic banks.

Future Research

From the whole analysis, it is being concluded that initially there are mix feedback from the respondents regarding the perception and approaches towards Islamic banks but in the near future Islamic banks would become a giant financial industry. Furthermore, the results revealed that Islamic banks are competitors of conventional banking system. Hence, there is a dire need to organize the both Islamic and conventional intermediaries in such a manner that these grow up and fulfil the needs and wants of their customers, expand and provide excellent services to the customer to properly exist in the market.

Availability of Data and Material

The author will provide all data used in this research on request.

Declaration of Conflicting Interests

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