

Malaysian Consumer Preferences for Islamic Banking Attributes

Aysha Shahid¹, Talat Mehmood¹, Naveed Ahmad², Hussain Ahmad¹,
Muhammad Nouman Shafique³

1, Department of Business Administration, Federal Urdu University of Arts Science and Technology, Islamabad

2, Department of Business Administration, Lahore Leads University, Pakistan

3, Ph.D Scholar Preston University, Islamabad

Abstract

This article is about to high light the favorites of Malaysian banks characteristics toward the clients. But in the qualitative research we use semi organized interview from the participant of the Malaysian client. We use quantitative method for disclose of favorite of Islamic banking of Malaysia towards characteristic of contribution service of Islamic banks and also attract the customer .but on the other side qualitative method show that due to religious belief Islamic banking is better as compared to conventionally banking and Malaysian customer is more attract toward Islamic banking system. Malaysian customer feel comfortable towards Islamic banking system. This is one of most famous article, we collected data through qualitative manner to learning the Malaysian participant's favorite towards Islamic banking characteristic.

Keywords: Malaysia, Banking, Consumer behavior, Islam, Customer preference, Islamic banks

Introduction

As the technology increases the number of challenges also increases we are talking about banking, economics and finance sector all these are also facing hard and harsh challenges, how to meet requirements and how to meet user, customer requirement how to make user satisfied. these are important steps that we have to consider to face challenges. The most imp thing what steps we should take and what we have to do to meet or fulfill these requirements...steps should be defined clearly. it is important for bank and managing that be honest with customer.

It also important that bank should take some special steps to interact customer guide him/her and a better way treat with them like friend and in friendly environment. Convey a complete details about their problems. Islamic rules should be implemented so that customer will interact. Hire educated and those people who have complete knowledge about finance and skills to interact people.

No difference of cast and color rich and poor all customer should treated in same way. Islamic rules state that there is no difference between rich poor all is equal so that rule should be implemented and every customer is treated is equal and same way. In order to attract more order to successfully make some attract more customer for bank make some new strategies by the finical institutions. If you again customer loyalty and their satisfactions you have to know that what they want plan your polices according to that, introduce the new trends in the Islamic banking to attract the professionals, researchers.

LITERATURE REVIEW

In the last study of the banking sector largely emphasis to focus on customer of the bank. For example Ta and Har (2000) working on Singapore banking area. There are nine area of banking are defined for decision of 5 banks. With the help of result it is focus to high focus or emphasis on pricing and product and service of the bank. These finding and result are same as like the result of Amin and Isa (2008), Kenning ton et al. (1996)

Haque et al (2009) done a study in Malaysia. The Malaysian market working according to the Islamic banking and he observe that the companies and organizations of the Malaysia are positive relationship toward service and availability of services and peoples of the Malaysia are very attract and confidence towards Islamic banking system. This is similar result like Haron et al. (1994) and Dusuki and Abdullah (2007).

The third emphasis on baking area is the confidence of customer toward bank and goodwill of the bank and what rule mentioned by the bank about the third party and give good and professional advice to the customer and how convince to their customer and how create good relationship to the customer and compete them and how to increase the size of the bank and attract the customer. This study is same as the study of Hussan et al (2007) or Metwally (1996).

The difference between Islamic and conventional banking is the main reason is Islamic rules about trade and service and regions support the banking with in the boundary of islam. Naser et al (1999) and Omer (1992) and Metwally (1996).

Haron et al (1994) also study that the behavior of Muslim and non-Muslim customer of Malaysia by using t test and using factor of analysis. The banking efficiency of muslim bank is too fast and very good towards service and product and non-Muslim bank is to slow in service and product delivery.

While qualitative approach is also grasp by taking interviews of 10 well educated individual from

different criteria where they have a complete well know about the information they are exploring. They can share their experiences. The interviewers also use tape recorder as an evidence as well as to interpret the words of respondent more accurately. These different data study methods are used to gather data from client so that the client can also share their view and experiences.

CONCLUSION

The main reason of study is to examine the choice area of Malaysian clients towards Islamic banking. It is due to because of favorite of good quality of service and accessibility to their client towards Islamic banking and create good relationship with client and give professional advice to their clients and employees skill and information and lastly greeting.

In the quantitative method show that favorite of Islamic banking is not due to religious of Malaysian people. It is due to because Islamic banking provide good service as compared to conventional banking system. The Islamic banking system provide up to date and modern method of banking system and give confidence to their client about the banking system. Those people who make the banking policy and regulating the banking system give preference to Islamic banking because Islamic banking provide good rule and regulation for banking system.

References

- Abdjalil, M., Yusoff, R. and Mahmud, R. (2010), "Selection factors of customers towards Islamic dan conventional home financing products offered by Malayan banking Berhad: a case study in Johor", paper presented in the International Conference on Business and Economics, Andalas University, Padang, Indonesia.
- Ahmad, A., Rehman, K., Saif, I. and Safwan, N. (2010), "An empirical investigation of Islamic banking in Pakistan based on perception of service quality", *African Journal of Business Management*, Vol. 4 No. 6, pp. 1185-93.
- Ahmad, N. and Haron, S. (2002), "Perceptions of Malaysian corporate customers towards Islamic banking products and services", *International Journal of Islamic Financial Services*, Vol. 3 No. 4, pp. 13-29.
- Al-Ajmi, J., Hussain, H.A. and Al-Saleh, N. (2009), "Clients of conventional and Islamic banks in Bahrain, how they choose which bank to patronise", *International Journal of Social Economics*, Vol. 36 No. 11, pp. 1086-112.
- Aldlaigan, A. and Buttle, F. (2005), "Beyond satisfaction: customer attachment to retail banks", *International Journal of Bank Marketing*, Vol. 23 No. 4, pp. 349-59.
- Alexis, O. and Vydellingum, V. (2007), "Migrating registered nurses in the UK: Black and minority ethnic overseas nurses' perspective", *International Journal of Health Care Quality Assurance*, Vol. 20 No. 5, pp. 441-52.
- Amin, M. and Isa, Z. (2008), "An examination of the relationship between service quality perception and customer satisfaction, a SEM approach towards Malaysian Islamic banking", *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 1 No. 3, pp. 191-209.
- Becket, A., Hower, P. and Howcroft, B. (2000), "An exposition of consumer behavior in the financial services industry", *International Journal of Bank Marketing*, Vol. 18 No. 1, pp. 15-26.
- Bley, J. and Kuehn, K. (2004), "Conventional versus Islamic finance: student knowledge and perception in the United Arab Emirates", *International Journal of Islamic Financial Services*, Vol. 5 No. 4.
- Boyd, W., Leonard, M. and White, C. (1994), "Customer preferences for financial services: an analysis", *International Journal of Bank Marketing*, Vol. 12 No. 1, pp. 9-15.
- Devlin, J. (2002), "An analysis of choice criteria in the home loans market", *International Journal of Bank Marketing*, Vol. 20 No. 5, pp. 212-26.
- Dusuki, A.W. and Abdullah, N.I. (2007), "Why do Malaysian customers patronise Islamic banks?", *International Journal of Bank Marketing*, Vol. 25 No. 3, pp. 142-60.
- Edris, T. and Almahmeed, M. (1997), "Services considered important to business customers and determinants of bank selection in Kuwait: a segmentation analysis", *International Journal of Bank Marketing*, Vol. 15 No. 4, pp. 126-33.
- Erol, C. and El-Bdour, R. (1989), "Attitudes, behaviour and patronage factors of bank customers towards Islamic banks", *International Journal of Bank Marketing*, Vol. 7 No. 6, pp. 31-7.
- Erol, C., Kaynak, E. and El-Bdour, R. (2007), "Conventional and Islamic banks: patronage behaviour of Jordanian customers", *International Journal of Bank Marketing*, Vol. 8 No. 4, pp. 25-35.
- Field, A. (2000), *Discovering Statistics Using SPSS for Windows*, Sage, New Delhi.
- Frimpong, N. (1999), "Patronage behaviour of Ghanaian bank customers", *International Journal of Bank*

- Marketing, Vol. 28 No. 2, pp. 150-65.
- Gait, A. and Worthington, A. (2008), "An empirical survey of individual customer, business firm and financial institution attitudes towards Islamic methods of finance", *International Journal of Social Economics*, Vol. 35 No. 11, pp. 783-808.
- Gerrard, P. and Cunningham, B. (2001), "Singapore's undergraduates: how they choose which bank to patronise", *International Journal of Bank Marketing*, Vol. 19 No. 3, pp. 104-14.
- Hair, J.F., Black, W.C., Babin, B.J. and Anderson, R.E. (2010), *Multivariate Data Analysis*, 7th ed., Prentice-Hall, Upper Saddle River, NJ.
- Haque, A., Osman, J. and Ismail, A. (2009), "Factor influences selection of Islamic banking: a study on Malaysian customer preferences", *American Journal of Applied Sciences*, Vol. 6 No. 5, pp. 922-8.
- Haron, S., Ahmad, N. and Planisek, S. (1994), "Bank patronage factors of Muslim and non-Muslim customers", *International Journal of Bank Marketing*, Vol. 12 No. 1, pp. 32-40.
- Hassan, M., Khan, M. and Shahid, A. (2007), "Banking behaviour of Islamic bank customers in Bangladesh", *Journal of Islamic Economics, Banking and Finance*, Vol. 3 No. 2, pp. 160-94.
- Hegazy, I.A. (1995), "An empirical comparative study between Islamic and commercial banks' selection criteria in Egypt", *International Journal of Contemporary Management*, Vol. 5 No. 3, pp. 46-61.
- Jamal, A. and Naser, K. (2002), "Customer satisfaction and retail banking: an assessment of some of the key antecedents of customer satisfaction in retail banking", *International Journal of Bank Marketing*, Vol. 20 No. 4, pp. 146-60.
- Karim, A.A. and Affif, A.Z. (2006), "Islamic banking consumer behaviour in Indonesia: a qualitative approach", paper presented at the 7th International Conference on Islamic Economics, King Abdul Aziz University, Jeddah, Saudi Arabia.
- Kaynak, E. and Harcar, T. (2004), "American consumers' attitudes towards commercial banks, a comparison of local and national bank customers by use of geo-demographic segmentation", *International Journal of Bank Marketing*, Vol. 23 No. 1, pp. 73-89.
- Kaynak, E. and Whiteley, A. (1999), "Retail bank marketing in Western Australia", *International Journal of Bank Marketing*, Vol. 17 No. 5, pp. 221-32.
- Kennington, C., Hill, J. and Rakowska, A. (1996), "Consumer selection criteria for banks in Poland", *International Journal of Bank Marketing*, Vol. 14 No. 4, pp. 12-21.
- Khattak, N. and Rehman, K. (2010), "Customer satisfaction and awareness of Islamic banking system in Pakistan", *African Journal of Business Management*, Vol. 4 No. 5, pp. 662-71.
- Koenigstorfer, J. and Klein, A.G. (2010), "Examining the use of nutrition labelling with photoelicitation", *Qualitative Market Research: An International Journal*, Vol. 13 No. 4, pp. 389-413.
- Laldin, M.A. (2008), "Islamic financial system: the Malaysian experience and the way forward", *Humanomics*, Vol. 24 No. 3, pp. 217-38.
- Liang, C. and Wang, W. (2007), "An insight into the impact of a retailer's relationship efforts on customers' attitudes and behavioural intentions", *International Journal of Bank Marketing*, Vol. 25 No. 5, pp. 336-66.
- McCluskey, T., Broderick, A., Boyle, A., Burton, B. and Power, D. (2010), "Evidence on Irish financial analysts' and fund managers' views about dividends", *Qualitative Research in Financial Markets*, Vol. 2 No. 2, pp. 80-99.
- Merriam, S.B. (2009), *Qualitative Research: A Guide to Design and Implementation*, Jossey Bass, San Francisco, CA.
- Metawa, S. and Almossawi, M. (1998), "Banking behaviour of Islamic bank's customers: perspectives and implications", *International Journal of Bank Marketing*, Vol. 16 No. 7, pp. 299-315.
- Metwally, M. (1996), "Attitudes of Muslims towards Islamic banks in a dual-banking system", *American Journal of Islamic Finance*, No. 6, pp. 11-17.
- Mokhtar, H.S.A., Abdullah, N. and Alhabshi, S.M. (2008), "Efficiency and competition of Islamic banking in Malaysia", *Humanomics*, Vol. 24 No. 1, pp. 28-48.
- Naser, K., Jamal, A. and Al-Khatib, K. (1999), "Islamic banking: a study of customer satisfaction and preference in Jordan", *International Journal of Bank Marketing*, Vol. 17 No. 3, pp. 135-50.
- Norusis, M.J. (2004), *SPSS 12.0: Guide to Data Analysis*, Vol. 0, Prentice-Hall, Englewood Cliffs, NJ.
- Okumus, S., .H. (2005), "Interest free banking in Turkey: a study of customer satisfaction and bank selection criteria", *Journal of Economic Cooperation*, Vol. 26 No. 4, pp. 51-86.
- Omer, H. (1992), "The implication of Islamic beliefs and practice on Islamic financial institutions in the UK", unpublished PhD dissertation, Loughborough University, Loughborough.
- Osman, I., Ali, H., Zainuddin, A., Rashid, W.E.W. and Jusoff, K. (2009), "Customers satisfaction in Malaysian Islamic banking", *International Journal of Economics and Finance*, Vol. 1 No. 1, pp. 197-202.
- Polit, D., Beck, C. and Hungler, B. (2001), *Essentials of Nursing Research: Methods, Appraisal and Utilization*,

- 5th ed., Lippincott, Narberth, PA.
- Seah, R. and Abdulrahman, A. (2007), "Factors influencing knowledge of Islamic banking services: the case of Malaysian bank managers", *Review of Islamic Economics*, Vol. 11 No. 2, pp. 31-54.
- Sekaran, U. (1992), *Research Methods For Business*, Wiley, New York, NY.
- Sufian, F. (2007), "The efficiency of Islamic banking industry in Malaysia, foreign vs domestic banks", *Humanomics*, Vol. 23 No. 3, pp. 174-92.
- Ta, H. and Har, K. (2000), "A study of bank selection decisions in Singapore using the analytical hierarchy process", *International Journal of Bank Marketing*, Vol. 18 No. 4, pp. 170-80.
- Tijani, B., Fifield, S.G.M. and Power, D.M. (2009), "The appraisal of equity investments by Nigerian investors", *Qualitative Research in Financial Markets*, Vol. 1 No. 1, pp. 6-26.
- Weischedel, B., Matear, S. and Deans, K.R. (2005), "A qualitative approach to investigating online strategic decision making", *Qualitative Market Research: An International Journal*, Vol. 8 No. 1, pp. 61-76.

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:

<http://www.iiste.org>

CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

Prospective authors of journals can find the submission instruction on the following page: <http://www.iiste.org/journals/> All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

Academic conference: <http://www.iiste.org/conference/upcoming-conferences-call-for-paper/>

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

