

Customer Awareness and Satisfaction of Islamic Retail Products in Kuwait

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Abstract

The market for Islamic banking has grown rapidly over the past few years, and this high growth is expected to continue for the near future in Kuwait Banking Industry. At the same time the competition market is being reshaped, with more Islamic financial services institutions than before entering the market. Within this competitive environment customers have been identified as the most important foundational pillar for business sustainability. Using a questionnaire distributed to 150 Kuwaiti client deals with Islamic banks, the study aimed to examine the factors affecting Kuwaiti customers in the choice of the Islamic Bank, which they deal with, and to study the level of awareness customers have on the Islamic principles that stand behind each retail service provided by the Kuwaiti Islamic Banks. The study also examined the level of satisfaction of services provided by these banks. The study found the twenty three factors investigated by the study were very important in choosing Islamic banks in Kuwait. One Islamic factor only (Bank reputation in regards of abidance with Sharia principles) was one of the first five factors but it took last place. This mean that Kuwaiti customers seek more than abidance by sharia low, they want the same things customers of traditional banks requests from their bank. Kuwaiti customers are aware of Tawaroq and Islamic credit cards, but they aren't fully aware of Mudarabah, Murabaha, Musharaka and Ijara. The study also found that in spite of a relatively high degree of satisfaction by Kuwaiti customers in general, they are still not fully satisfied with some areas related to Kuwaiti Islamic banks including adherence to Shariah principles.

Keywords: Satisfaction, Customer Awareness, Islamic Banks, Islamic Shariah, Mudarabah, Murabaha, Musharaka and Ijara.

1. Introduction

Islamic banking retail products have been introduced in the last quarter of the twentieth century, while the concept of Islamic banking system is old. (Othman and Owen, 2001) The Islamic banking system (IBS) was introduced due to the reason that there was the need of financial institution for Muslim customers who could satisfy their needs and demands. Because the conventional banking industry is entirely based on the interest based system and that is prohibited in the Islamic *Shariaâh* rules. So the Muslims need such institute which provides them the Islamic platform for their financial transactions. (Abdul Hamid, et al. 2011)

The Islamic banking system has gained momentum worldwide. The number of Islamic financial institutions worldwide has risen from one in 1975 to more than 400 today in more than 75 countries. They are concentrated in the Middle East and Southeast Asia (with Bahrain and Malaysia the biggest hubs), but are also appearing in Europe and the United States. (El Qorchi, 2006) It is estimated that the size of the Islamic banking industry at the global level was close to \$820 billion at end-2008 and are growing at an estimated 15 percent a year. The largest Islamic banks are located in the countries of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) (IMF Survey online, 2010). Islamic banks were the less affected by recent international financial crises; increasingly large international conventional banks are showing interests in the Islamic banking system as well.

The consequence of this is that Islamic banks operating in Islamic countries are faced with strong competition not only from Islamic banks but also from non-Islamic rivals (Naser and Moutinho, 1997). Though the Islamic banking system is different from the conventional banking system, there are some similarities between the two. For instance, an Islamic bank conducts its activities in accordance with the Islamic *Shariaâh* principles that strictly prohibit any payment or receipt of interest. However, the Islamic bank can also offer products and services which are similar to those offered by a conventional bank such as issuing Bank guarantees and letters of credit. (Okumus, 2005)

There is a relatively tremendous progressing in the Islamic banking sector in Kuwait as at the end of 2010; four out of the nine banks in Kuwait are Islamic. Al Ahli United Bank has fully converted into an Islamic bank, preceded by Kuwait International Bank. This is in addition to the incorporation of Boubyan Bank as an Islamic Bank. Moreover, the market is closely observing the operations of Warba Bank (Islamic), whose conversion would make the banking sector in Kuwait equally divided (5:5) between conventional and Islamic banks. (Al ziyadat, 2011)

This means that the level of competition between these Islamic banks will be high taking into consideration

also the competition that is coming from the Islamic windows that non-Islamic banks are opening. Because of this immense completion satisfying customer will be an important focus for Kuwaiti Islamic banks in order to survive in a competitive environment. Customer satisfaction often depends on the quality of product or service offering. In the context of services, some describe customer satisfaction as an antecedent of service quality (Cronin and Taylor, 1992). Service quality is thus related, though not equivalent, to satisfaction (Oliver, 1996). For this reason, research on customer satisfaction is often closely associated with the measurement of service quality (East, 1997).

In addition, individual consumers are demanding for more Islamic products and services that meet their banking requirements. That's why Islamic banks are facing the challenge of developing new products and services that customer's needs and at the same time consistent and compliant with Sharia principles.

This study is an attempt to identify the criteria used by Kuwaiti customers in the selection of Islamic Banking system (IBS) and identify the extent of awareness regarding the services provided by retail banking services and then it tries to identify whether there were differences between the demographic characteristics in terms of the awareness, the study also identifies the degree of satisfaction of the customer services provided by the Kuwaiti Islamic banks for retail customers, and lastly the impact of demographic differences on the level of that satisfaction will be tested.

2. Problem Definition

Retail banking refers to the provision of banking services for individuals. This includes deposit taking, consumer lending for home, car, and other products; credit card services; transaction services; and even insurance and investment management services for individual clients. (Hughes & Macdonald, 2002)

Coping with competitive pressures, Islamic retail banks are challenged to increase their share of market, however, the process of acquiring new customers appears a yeoman and cumbersome task for many Islamic retail banks, especially in a saturated market (Ahmad & Buttle, 2002). Since the cost of acquisition of new customers continues to increase, Ennew and Binks (1996) suggested managers should build and maintain long-term relationships with existing customers as a way of gaining competitive advantages and profitability.

Retail Product development and innovation in Islamic Banks is facing a tremendous pressure to offer products that cover the same scope as those conventional banks and also to ensure that the product(s) is different from those offered by other Islamic banks. According to Ernest & Young (2011) the nature and quality of the customer experience impacts a customer's loyalty which is measured by, among other things, attrition rate. The reality about loyalty is obviously more complicated as it is impacted by satisfaction as well as by the age and quality of the banking relationship. Banks need to first create satisfaction then translate that into loyalty by proactively understanding and meeting customer needs.

According to Ernst & Young's latest study Retail Banking in the GCC: Competing for customers (2011), 25 % of GCC retail banking customers' plans on switching their bank within the next year. Another 10% have revealed that they have already switched, citing dissatisfaction with their overall banking experience. The GCC retail banking market has become increasingly competitive and since customers have many more choices, banks need to do more to provide customers with a better overall experience. The survey points to a large number of customers who are not particularly loyal to their bank and will move if underserved.

These figures show the need to study customer preferences and satisfaction of retail Islamic products in order to examine customers' needs and the quality of their experience, reasons for attrition and how to prevent it, as well as ways to encourage customers to recommend the bank to others

3. Research Objective

The scope of this study is confined to the study of the services provided by the Islamic banks in Kuwait. The study also attempts to know the customer's preferences about the services provided and how far they are acquainted with it and how often they utilize all this services. An attempt is made to know the post-purchase behavior of the customers and customer awareness.

An investigation is needed to find the differences in customer satisfaction of Islamic retail services of Kuwaiti banks according to demographic characteristics of the sample under questioning; in order to know whether sex, age, education level, citizenship, and work will affect perception of these services.

4. Research Questions

The main objective of this study was to investigate the degree of customer satisfaction of a sample of Kuwaiti Islamic bank customers. In particular, the study sought answers to the following questions.

- Research question 1: What are the main factors that derive the customer selection criteria for the IBS?
- Research question 2: Are these factors differs according to demographic characteristics of the Kuwaiti customers.
- Research question 3: What is the degree of awareness of activities and facilities offered by an Islamic bank?
- Research question 4: What is the degree of Kuwaiti customer satisfaction of various aspects of an Islamic

bank?

- Research question 5: Is there any differences in Kuwaiti customer satisfaction related to demographics differences.

5. Research hypothesis:

In order to achieve the research objective and to answer research questions the study tested the following null hypothesis.

H1o: The main factors which are identified in the current study (i.e. Personal/ internal and Social/ external) aren't significantly influencing Kuwaiti customer in selecting the Islamic bank they deals with.

H2o: The relative importance of factors influencing Kuwaiti customers are not significantly differ according to their demographic characteristics (Gender, age, citizenship, occupation, income, academic qualification)

H3o: The level of awareness of the Islamic retail products by Kuwaiti customers is significantly low.

H4o: The level of awareness of Islamic retail product among Kuwaiti customers aren't significantly different due to their demographic characteristics (Gender, age, citizenship, occupation, income, academic qualification)

H5o: The level of Kuwaiti customer's satisfaction of Islamic retail banks is not significantly low.

6. Literature Review

In many markets, Islamic finance has changed from only offering Islamic products & services to be an important player in the international financial services Arena. At the same time the competition has been reforming the market, with more Islamic financial services entering the market. Islamic banks are facing difficulties and different market conditions, so they needs to develop their products with innovation to differentiate themselves from other Islamic banks and/or conventional banks in order to increase their attractiveness while maintaining abidance with Islamic Shari'ah law.

While Islamic Shari'ah aspects also included in this study, the primary focus will be on the financial side aspects of Islamic banking system, so the focus will be more in this study on the Islamic banking system in Kuwait, more than the Islamic Sharia principles.

6.1 Overall Kuwait Banking Industry

Kuwaiti banking sector is one of the strongest in the MENA region benefiting from a robust financial profile, strong support by Central Bank of Kuwait (CBK) and limited competition from foreign banks. According to Capital Standards, (2011) there are a total of 10 local banks and 9 international banks currently operating in the country as shown by table (1). The banking sector is in the development phase facing increasing competition, diversification, and product innovation which could pressure profitability (ALZiyadat, 2011). The banking sector's strength stems from a supportive government policy and is further assisted by higher than average capitalization. This largely offsets the risks related to operating in a mono-line economy with a narrow customer base, and limited business opportunity. Because of the protection by (CBK) and the narrowness of the market, the Kuwaiti banking sector is protected in spite of entry of foreign banks to operate in Kuwait.

The Banks in Kuwait have high credit exposures to two sectors which are Real Estate and Investment companies which are highly volatile given the limited diversification of the economy. Concentration risk remains a real issue in terms of loans and deposits. Kuwaiti banks' balance sheets reflect a high concentration of lending to the real estate sector and to personal banking activities. Apart from this the preference for Islamic banking is growing in Kuwait.

Table (1) the Local and international banks operating in Kuwait

	Kuwaiti Banks	Foreign Banks (working in Kuwait)
1	National Bank of Kuwait	Bank of Bahrain and Kuwait
2	Kuwait Finance House*	BNP Paribas
3	Gulf Bank KSC	HSBC Bank Middle East Limited
4	Commercial Bank of Kuwait	National Bank of Abu Dhabi
5	Al Ahli Bank of Kuwait	Citibank
6	Burgan Bank SAK	Doha Bank
7	Ahli united bank **	Qatar National Bank
8	Kuwait International Bank***	Al Mashreq Bank
9	Boubyan Bank*	
10	Warba Bank*	

* Islamic Banks

** Islamic bank previously named Bank of Kuwait and Middle East

*** Recently chanced it name from real estate bank and turned Islamic.

6.2 Kuwaiti Islamic Banks

Kuwait hosts the largest number of Islamic financial institutions. It has been ranked as third in terms of holding the Islamic banking assets of worth US\$22.7 billion. It is estimated that Islamic financial institutions in Kuwait

will manage funds about US\$70 billion by 2012 (Khojah, 2006). The establishment of Kuwait finance house (KFH) in 1977 laid down the foundation of Islamic banking in Kuwait. (KFH) has made great success over time and presently, it has been successfully competing with (12) conventional banks and three specialized government banks in the Kuwaiti financial market. (Khan, & Bhatti, 2008)

Kuwait has developed a preference for Islamic financial services over conventional ones, the profits from which have started to fade and is burdened with high debt levels driven by the crisis. Shariah-compliant financial services have shown healthy growth in during recent years, becoming a potential competitor for both conventional banks and investment houses. Hence conventional banks have been trying to acquire stakes in Islamic bank which was evident by NBK increasing its stake in Boubayan banks up to 40%. Moreover Boubayan is planning a 50% capital increase rights' issue which is expected to be subscribed by NBK. (Capital Standards, Industry research, 2010)

The 2008 economic crisis hit the conventional banking industry first. For a time, many insisted that Islamic banks would be able to avoid the worst of the downturn because of their lack of exposure to the sub-prime mortgage market and other toxic assets. That optimism soon vanished when it became clear that the knock-on effects would hit all areas of economic activity. The pain for Islamic banks, in the end, was only delayed by a year.

According to IMF statistics, Islamic banks in Kuwait were among the most seriously affected institutions anywhere. Their collective profits fell by 78% between 2007 and 2009 -- a sharper fall than in any other important market except Bahrain, where profits plunged 112%. Over the same period, the asset and credit growth achieved by Kuwaiti banks was slower than in any other country, at 22% and 31% respectively.

The banks were particularly affected by their exposure to real estate lending, something that has come back to haunt them as property prices and construction activity around the Gulf, including Kuwait, dropped off. Almost 19% of all loans by Islamic banks in Kuwait in 2008 were to the real estate and construction sector, according to the IMF, compared with 15% for conventional banks.

Kuwait has developed a preference for Islamic financial services over conventional ones, Shariah compliant financial services have shown healthy growth in Kuwait during recent years (Vinu Jacob, KFH 2010), becoming a potential competitor for both conventional banks and investment houses. Kuwait Finance House (KFH) was the first Islamic bank to be set up in Kuwait in 1977. (CBK reports 2009), the Islamic finance sector consisting of Islamic banks and Islamic Investment companies have a combined market share of more than 26% of the domestic banking and financial sector. Bank of Kuwait and Middle East (BKME) is another conventional bank that is in converted itself into an Islamic bank to become Ahli United Bank (AUB). CBK has been the supervisory body for Islamic finance since 1990. The growing number of Islamic financial institutions is expected to increase competition and CBK believes that currently the market for Islamic financing is concentrated.

6.3 Selection criteria in Islamic Banks

In the case of the Islamic banks, the studies of the bank selection criteria are very few. An earlier study by Erol and El-Bdour (1989) examined the importance of patronage factors of 434 middle class, middle income households, professionals, merchants, and businesses in Jordan. The researchers reported that the respondents considered fast and efficient service, bank's reputation and image, friendliness of bank personnel and confidentiality of the bank as important criteria for selecting their Islamic bank. This result is consistent with Haron et al. (1994), Metawa and Almoosawi (1998), Nasser et al. (1999), Ahmad and Haron (2002), Otman and Owen (2001) who also reported that these factors were important to customers in selecting the Islamic banks in Malaysia, Singapore, Bahrain and Kuwait. One year later, Erol et al. (1990) conducted the same study as that of Erol and El-Bdour (1989); the study showed that the important criteria considered by the customers were the availability of parking space, the confidence of the bank manager, mass media advertising, external appearance, and recommendation by friends or relatives. This result is consistent with the study by Zainuddin et al. (2004) who surveyed 123 Islamic bank customers in Malaysia to illustrate the different perceptions of users and nonusers of the Islamic banking system services. Dusuki and Abdullah (2007) examined the main factors that motivated 1,500 stakeholders in four states in Malaysia in selecting their Islamic banks. The findings revealed that knowledgeable and friendliness of the bank employees were the most important factors considered by the Malaysian customers, while the bank location and product prices were considered the least important factors by them. Nonetheless, many studies indicated that the religious factor is the main reason for the customers in choosing the Islamic banks (Metawa and Almoosawi 1998; and Otman and Owen 2001). Metawa and Almoosawi's (1998) identified the profile and banking habits of 300 Islamic bank customers, and perceived the importance and degree of satisfaction with the current products and services provided by the Islamic banks in Bahrain. Otman and Owen (2001), on the other hand, examined 360 customers of Kuwait Finance House (KEH). Both studies reported that the respondents considered the Islamic principles as the most important factor in selecting their Islamic banks.

6.4 Consumer Awareness

Adoption is the acceptance and continued use of a product, service or idea. According to Rogers (2003), consumers go through a process of knowledge, persuasion, decision and confirmation before they are ready to adopt a product or service. Knowledge occurs when an individual or other decision-making unit is exposed to an innovation's existence and gains an understanding of how it functions (Rogers, 2003). He has quoted this as the "Pre-contemplation" stage. Consumer awareness have been tested as one of the key variable in numerous studies specifically in the area of on-line banking, internet-banking and self- services technology adoption. However, limited studies have investigated on consumer awareness in the area of Islamic banking implementation. Haron (1994), in his studies stated that about 100 percent of the Muslim population and 75 percent of non-Muslims are aware of the existence of Islamic banking services in Malaysia and out of this only 63 percent understood the difference between Islamic banks and conventional banks. Whereas, some studies reported, Muslim respondents, though aware of important terms in Islam, were almost entirely unaware of the meaning of specific Islamic financial terms like Mudaraba, Musharaka and Ijara (Kamal et al., 1999).

Initially, it is expected that religiosity has a significant influence for consumers in selecting Islamic banking. Study by Norafifah and Sudin, (2002) found that religious to be main factor affecting the Islamic banking selection. However it has been treated as a minor contributor for Islamic banking selection.

In contrary, the study by Sudin et al (2004) reported that non-religious aspect such as service efficiency, transaction speed and friendliness of bank personnel seen to be largely influence title selection criteria of Muslims in Malaysia. In their study also reported there is no significant different between Muslims and non-Muslims in their selection criteria. Similarly, Gerrard and Cunningham (1997) replicated the study in Singapore and found that there is no difference in banking selection criteria between Muslims and non-Muslims. Nearly 25% of the feedback shows that religion was not the only basis for choosing an Islamic bank. They found that financial reputation and quality service are the key factors affecting consumer decision to select banks. On top of that, good social responsibility practice, convenience and product price are other important factors explaining why consumer chooses the bank. These result pointed that Islamic banks do not need to rely on religious factor as a strategy to attract consumer for business, in fact they should focus on the quality and efficient services. The study concluded that both religious and non-religious factors are significant in selecting Islamic banking.

6.5 Satisfaction

Given that the increasing competition has forced companies to attract new customers and retain existing ones, customer satisfaction has become a focus of academic research since the past few decades. Customer satisfaction is important because satisfied customers tend to repeat their purchases (Taylor and Baker, 1994) and are tending to spread their satisfaction through word of mouth. Oliver (1989) argues that customers are satisfied – satisfaction is the belief about the perceived performance of product or service – only when their expectations are met completely.

The customer satisfaction, in the banking industry from the last one and half decade the bankers pay attention towards its customer satisfaction. That is all due to the competition in the banking industry and some banks consider the customer satisfaction as the principal component of their marketing strategy (Khattak and Rehman, 2010). Now, many financial institutions are trying to increase customer satisfaction and their retention toward the financial institution through improving the quality of the services and the products they offered to its customers, in order to achieve their desired objective.

Customer satisfaction is the key to the profitability of retail banking in the State of Kuwait. It implies in general that the retention of customers for the long-term may well be less expensive than attracting new customers (Harrison and Ansell, 2002).

In addition, Reichheld and Sasser (1990) found that customer retention has a more positive effect on profits than market share, scale economies, and other variables that are commonly associated with competitive advantage. In the current global financial bank crises and current circumstances of retail banking in Kuwait, the question arises whether the customers are satisfied or otherwise, and what the elements of retail banking, which lead to the satisfaction or dissatisfaction of customers are.

Islamic banking is no longer regarded as a banking service striving to fulfill only religious obligations of the Muslim community, but more significantly as an innovation in the banking industry, that ought to be, as competitive as conventional banking. This necessitates Islamic financial institutions to understand the real needs of their customers towards Islamic banking services.

7. Methodology

7.1 Study population and sample:

The population in this study is Kuwaiti customers that have accounts in the five Islamic banks. The type of the sample was random convenience sample consist of 250 customers whereas only 150 accept to participate. The sample was divided according to the size and age of the Islamic banks; hence the bigger and the older will be represented by a higher number of questionnaires. The segmentation of the sample was as follows:

Table No. (2) Sample distribution

The Bank	Capital Million KD	Bank age	No. of branches	No. of questionnaire
Kuwait finance House	290.4	1977	54	50
Bopyan	174.8	2003	23	30
Ahli united bank	118.3	2008	25	30
Kuwait International Bank	103.7	2007	18	25
Warba Bank	100	2010	4	15

- Prepared by the researchers.

Survey forms were developed, and five main cities in Kuwait were selected in which to distribute the survey. Respondents were randomly selected from Islamic bank customers who visited the sampling locations during the chosen time intervals, in order to eliminate the sampling frame errors and to ensure the representation of the population under study in the sample units. The questionnaires were distributed at random during various working hours of the work week, which is Sunday to Thursday in Kuwait and distributed mainly in the morning and evenings, to reduce any potential bias owing to high-concentrations of bank customers during certain hours of the day, or certain days of the week or month. The survey was designed to obtain information about the determinants of customers' bank selection criteria, awareness, loyalty, and satisfaction. The full survey of 150 bank customers living in the various areas of Kuwait (Al Jahra city, Al Farwania, Al Jabriah, Salim Al Ali, and Kuwait city) was undertaken during the month of May 2011. The survey was given on location to obtain a reliable and representative sample of customers who live in these different areas.

7.2 Sampling Methods

To get the required data, the study conducted 150 structured personal questionnaire surveys. The interviews were based on a standardised questionnaire and were entirely random within the guidelines listed in table 3. A total of 250 Islamic bank customers were attempted, 150 agreed to participate in the questionnaire.

Table 3: Sample Population information

Rule	Reasoning
All interviewees had to be above 21 years of age	In accordance with the judicial laws governing Kuwait
Excluding Banking Sector employees	To insure the average banking knowledge
All interviewees had to be for Kuwaitis and non-Kuwaitis (Expatriates) nationalities	To capture the most significant Banks in Kuwait
All interviewees must have at least one form of retail banking products	To insure relevance of information collected
All interviewees had to be familiar with studied banks	To ensure relevance of information and fairness of comparisons drawn

(Source: Authors, 2013)

7.3 Research Instrument

As indicated previously, the study employed a structured interview survey that was conducted using personal questionnaire survey. The survey was based on a pre-designed questionnaire that was divided into four main parts:

- Demographics: Gathering demographic information about the studied sample
- Part 2: questions and statements regarding factors of choosing an Islamic Bank. The questions are divided into questions regarding Islamic factors of the banks and ordinary questions that can be asked to customers of conventional banks.
- Part 3: questions and statements regarding awareness of Islamic Banks and its retail services.
- Part 4: questions regarding satisfaction of Kuwaiti customers regarding their satisfaction of the whole bank and quality of its services.

7.4 The validity and Reliability of the questionnaire:

This study used correlation factors after conducting a pilot study of 20 questionnaires, the correlation factors between each dimension and the overall questionnaire are shown in the following table:

Table (4): correlation factors between dimensions and whole questionnaire

Dimensions	Correlation	Sig.
Factors affecting customer choosing an Islamic bank	0.46	0.01*
Awareness	0.31	0.05*
Satisfaction	0.33	0.05*

Reliability means the consistency or repeatability of the measure. This is especially important if the measure is to be used on an on-going basis to detect change.

The study used the following test for reliability:

- 1- Calculating correlation between degrees of half of each dimensioned adjusting using Spirman & Prown factor.
- 2- Calculating correlation factors between the degrees of overall half of the questionnaire and adjusting using Spirman & Prown factor.

Table (5) correlation factors and its significance between degrees of each half of the questionnaire dimensions.

Dimension	Reliance factor of the two half	Adjusted reliance factor	Sig.
Factors affecting customer choosing an Islamic bank	0.67	0.80	0.01*
Awareness	0.78	0.88	0.01*
Satisfaction	0.62	0.77	0.01*
Over all questionnaire	0.76	0.86	0.01*

The table above shows that there is a significant correlation at the level of 0.01 when calculating adjusted reliance factor using Spirman and Prown adjustment factor on each dimension half. There is also a significant correlation between overall half of the questionnaire. The results show accepted degree of reliance.

In order to test the reliability of the answers given by the respondents to the questions in Sections 2, 4, 5 and 6, Cronbah-alpha coefficients were computed. The computed Cronbah-alpha for Section 2 was more than 60 %, being the lowest, and the given coefficients for Section 5 were more than 91 %, the highest. The alphas for Sections 4 and 6 also represented a high degree of reliability, being 70 % and 90 % respectively. Therefore, it can be indicated that the answers of the respondents to the questions in the given sections are consistent.

7.5 Measurements of study variables

To test the factors that are used by Kuwaiti customer to choose a certain Islamic bank 23 factor were tested. The questioned was asked if he strongly agree or agree, neutral, Disagree, or strongly agree. (Using what is known as LIKERT scale). Table 6 shows the statements used to measure factors influencing consumers in the choice of Islamic banks.

Table (6)
 Factors influencing consumers in the choice of Islamic banks

Personal/ psychological/internal factors
Fast and efficient services (quick loan approval)
Pleasant banking experience
Easy deposit and withdrawal at different branch locations
ATM available at shopping centers
Financial strength of bank
Safety of one's funds
Accuracy of monthly statements for personal accounts
Full range of banking facilities
Bank located near place of work, home and access to public transport
Female staff wearing Islamic Vials beard in male employees*
Social/external Factors
Bank reputation in regards of abidance with Sharia principles
Fatwa Committee reputation*
Electronic services; internet banking
Paying high profit Percentage on savings account or profit sharing accounts
Hours of operation
Friendliness of bank personnel
Advice of friends, family and relatives
Product selection (breadth and depth; full service bank; availability of credit; loans and mortgages)
Service charges
Available parking facilities
Size of waiting line*
Efficient personnel
Speed of processing items

Source: (Saini, et al. 2011) (with amendments done by the researcher).

* Added by the researcher

Regarding satisfaction the following table shows the factors used in measuring satisfaction of the Kuwaiti consumer regarding services offered by Islamic retail banking. The sample was asked if they are very satisfied or

satisfied or have no view or not satisfied or not satisfied at all of the following characteristics of the Islamic bank retail services and factors related to the Islamic bank itself. Table 7 shows these statements.

Table (7) Factors representing the satisfactions of Kuwaiti customers regarding Islamic retail banking services.

Factors	Source
Efficiency and speed of completing a transaction	Ho, Hung-Hsin, (2009)
Quality of advice offered by the IBS personnel	Ho, Hung-Hsin, (2009)
Location of branch	Taylor, S. and Baker, T. (1994)
The interior design of the IBS	Taylor, S. and Baker, T. (1994)
Parking facilities provided to customer	Taylor, S. and Baker, T. (1994)
Staff sociability and friendliness	Okumus H (2005),
The IBSs' name and image	Okumus H (2005),
Availability of loans with favorable terms	Naser , et al. (1999)
Customer confidentiality	Okumus H (2005),
Working Hours	Okumus H (2005),
Internet facilities provided by the IBS	Naser , et al. (1999)
The wide range of the facilities offered	Naser , et al. (1999)
Efficiency and speed in inter-branch transactions	Naser , et al. (1999)
Financial counseling provided	Ho, Hung-Hsin, (2009)
Advertising and informing of new products & services	Okumus H (2005),

Prepared by the researcher from different articles.

Regarding awareness the questioned will be asked if they are aware of the following service, the questions will be if they are not aware of these services and their Islamic principle, if they are Aware and don't use it, and if they Aware and use it.

Table (8) services that will be asked to respondent regarding awareness.

Item	Source
Current Account (Wadiah)	Khattak, & Rehman. (2010).
P/L Participation Account (Mudarabah)	Khattak, & Rehman. (2010).
Financial Support for Individual (Tawaroq)	Khattak, & Rehman. (2010).
Housing Loan (Murabaha)	AL Ziyadat, Naser (2011)
Individual Finance (Murabaha)	AL Ziyadat, Naser (2011)
Vehicle Loan (Murabaha)	AL Ziyadat, Naser (2011)
Credit Card (Ju'alah)	Sudin, et al. (1994),
Leasing (Ijara)	Sudin, et al. (1994),
P/L Participation account (Musharaka)	Sudin, et al. (1994),
Coverage of the Accounts held with ISBs by the Assurance fund.	researcher

Different resources and the researcher.

8. Data Analysis and Findings

8.1 Part 1- factors of choosing Islamic bank by Kuwaiti customers:

In this part 23 factors were investigated, the factors included internal and external factors, it also included religious factors. After conducting the survey the results are shown in the table below:

Table (10) descriptive results concerning factors affecting choosing an Islamic bank in Kuwait.

		Mean	St. deviation	Rank
1	Fast and efficient services (quick loan approval)	4.1	0.960	10
2	Pleasant banking experience	4.28	0.737	7
3	Easy deposit and withdrawal at different branch locations	4.32	0.970	6
4	ATM available at shopping centers	4.48	0.708	2
5	Financial strength of bank	3.6	1.296	20
6	Safety of one's funds	4.44	0.673	3
7	Accuracy of monthly statements for personal accounts	3.5	1.034	23
8	Full range of banking facilities	4.13	0.726	9
9	Bank located near place of work, and home.	3.96	0.748	12
10	Female staff wearing Islamic Vials beard in male employees	3.72	1.904	19
11	Bank reputation in regards of abidance with Shareah principles	4.38	0.874	5
12	Fatwa Committee reputation	3.59	1.179	22
13	Electronic services; internet banking	4.4	0.673	4
14	Paying high profit Percentage on savings account or profit sharing accounts	4.2	0.771	8
15	Hours of operation	4.5	0.821	1
16	Friendliness of bank personnel	4.05	0.960	11
17	Advice of friends, family and relatives	3.90	0.918	13
18	Product selection (breadth and depth; full service bank; availability of credit; loans and mortgages)	3.85	1.179	16
19	Service charges	3.76	0.748	17
20	Available parking facilities	3.73	1.904	18
21	Size of waiting line	3.69	1.296	21
22	Efficient personnel	3.90	0.918	14
23	Speed of processing items	3.85	1.179	15

Source: survey results

Before starting to discuss the results the researcher would like to mention that in contrast to the widespread and extensive analysis of attitudes, perceptions and knowledge of conventional financial institution products and services, the parallel analysis of these same concerns in Islamic finance is still in its infancy. This is an important deficiency in the literature given the global growth in Islamic financing techniques and the evolution of dual-banking systems in many parts of the Middle East and especially in Kuwait encompassing both Islamic and conventional financial services.

It is important to know about the Islamic banking selection criteria. Why customers select Islamic banking system for their operation. To obtain information respondents were given certain options to be responded. Most of the responded were agreed and strongly agreed with few of the reasons like bank reputation, the effectiveness in the transaction, provision of privacy and confidentiality in the banking transaction with that of Islamic banking system and religion is also an important factor in the Islamic bank selection criteria and the result summary is given in Table 10.

In order to differentiate between the factors of choosing between banks the following table shows the first five and the last five of the above criteria. The first five represent the most important criteria and the last five represent factors that don't affect customer's dictions.

Table 11 the first and last five factors.

		Mean	St. deviation	Rank
15	Hours of operation	4.5	0.821	1
4	ATM available at shopping centers	4.48	0.708	2
6	Safety of one's funds	4.44	0.673	3
13	Electronic services; internet banking	4.4	0.673	4
11	Bank reputation in regards of abidance with Shareah principles	4.38	0.874	5
7	Accuracy of monthly statements for personal accounts	3.5	1.034	23
12	Fatwa Committee reputation	3.59	1.179	22
21	Size of waiting line	3.69	1.296	21
5	Financial strength of bank	3.6	1.296	20
10	Female staff wearing Islamic Vials beard in male employees	3.72	1.904	19

Results above show that compliance with Islamic principles is considered an important consideration for Islamic banks' customers in, Kuwait. This high importance given to Shari'a compliance in our case can be translated into high dissatisfaction by the customers in case the banks do not observe it. Thus, we can claim that Shari'a compliance is one of the key patronage factor for IBSs. Of course, this does not necessarily mean that other factors of banking are not important. As one can see in Table (10), and table (11) most customers do expect their banks to be Shari'a compliant as well as competitive in terms of security, i.e. safety of their funds and banking technologies like ATM availability. The findings support previous literature (Javalgi et al., 1989) claiming that safety of funds is the top-most consideration for US bank customers. Similarly, other studies (Riggall, 1980; Almosawi, 2001) found that a wider network of ATMs is important for the Islamic banks' customers.

But what if we ask whether customers are willing to sacrifice competitiveness in exchange for Shari'a compliance? The researchers believe that they are, i.e. Shari'a compliance is more important than competitiveness in terms of return and convenience. This confirms the findings of Gerrard and Cunningham (1997) who found that Singaporean Muslims were willing to sacrifice return for Shari'a compliance. Given the answers in Table (10), it is very likely that the banks face withdrawal risk in case they are caught in violations of the Shari'a principles.

All these findings suggest that Islamic banks may face significant withdrawal risk when they do not truly abide by Islamic principles. The findings carry an important implication for IBSs: although they must not compromise Shari'a compliance for competitiveness rather they should strive to compete with their conventional counterparts while keeping Shari'a compliance intact in all circumstances. We believe that customers are inclined to switch their banks if they observe breaches of Shari'a principles and hence Shari'a non-compliance is a potential risk for IBS.

Table 12: Relationship between criteria behind Dealing with an ISB and Demographic Factors

N=150	Gender		Age Group		Nationality		Level of education		Occupation		Monthly Income	
	χ^2	Sign.	χ^2	Sign.	χ^2	Sign.	χ^2	Sign.	χ^2	Sign.	χ^2	Sign.
Bank reputation in regards of abidance with Shareah principles	2.047	0.727	3.226	0.521	5.631	0.048**	8.446	0.749	12.736	0.692	10.601	0.833
Pleasant banking experience	5.525	0.238	1.387	0.846	5.212	0.735	12.697	0.091*	23.146	0.110	15.088	0.518
Easy deposit and withdrawal at different branch locations	0.863	0.930	5.411	0.248	14.115	0.079*	19.060	0.087*	17.870	0.332	16.642	0.409
ATM available at shopping centers	9.505	0.050**	7.445	0.114	6.687	0.571	11.182	0.513	27.762	0.034**	13.786	0.615
Financial strength of bank	7.482	0.112	0.844	0.932	5.193	0.737	18.411	0.104	12.188	0.731	14.157	0.587
Safety of one's funds	5.770	0.217	9.803	0.044**	7.760	0.457	5.465	0.941	9.886	0.873	20.429	0.202
Accuracy of monthly statements for personal accounts	9.821	0.044**	6.588	0.162	8.228	0.412	12.199	0.430	13.427	0.641	17.243	0.370
Full range of banking facilities	6.419	0.170	6.766	0.159	4.623	0.797	12.372	0.416	14.274	0.578	37.170	0.002***
Bank located near place of work, and home.	11.012	0.026**	3.269	0.149	15.032	0.059*	10.207	0.598	13,774	0.618	15.257	0.506
Female staff wearing Islamic Vials beard in male employees	9.732	0.045**	2.835	0.514	4.615	0.798	7.456	0.826	11.126	0.518	23.869	0.092*
Fast and efficient services (quick loan approval)	3.795	0.434	2.778	0.586	13,170	0.106	10.547	0.568	1S.573	0.291	17.149	0.376
Fatwa Committee reputation	11.994	0.017**	0.503	0.596	3.988	0.858	12.220	0.428	15.086	0.518	20.780	0.187
Electronic services; internet banking	4.796	0.309	3.995	0.973	3,968	0.860	9.951	0.620	20.080	0.217	30.115	0.017**
Paying high profit Percentage on savings account or profit sharing accounts	5.259	0.262	0.861	0.407	6.591	0.581	8.753	0.724	6.865	0.976	11.818	0.756
Hours of operation	4.594	0.204	5.089	0.835	6.182	0.403	6.700	0.668	27.391	0.037**	14.385	0.277
Friendliness of bank personnel	13.650	0.008***	2.911	0.278	5.188	0.281	11.073	0.053*	19.289	0.254	14.820	0.538
Advice of friends, family and relatives	12.614	0.013**	3.411	0.573	13.217	0.105	9.578	0.653	19.128	0.262	14.420	0.567
Product selection (breadth and depth; full service bank; availability of credit; loans and mortgages)	6.668	0.154	1.422	0.492	6.105	0.635	8.867	0.714	15.123	0.516	24.652	0.076*
Service charges	11.853	0.018**	3.684	0.840	3.162	0.924	12.159	0.433	59.331	0.000***	20.214	0.211
Available parking facilities	10.521	0.031**	5.971	0.882	2.176	0.234	8.834	0.714	16.320	0.049**	29.765	0.023**
Size of waiting line	11.697	0.519	4.987	0.923	3.897	0.231	9.867	0.694	8.201	0.943	12.678	0.089*
Efficient personnel	3.245	0.412	4.234	0.911	4.187	0.345	6.852	0.899	13.978	0.600	10.234	0.092*
Speed of processing items	14.876	0.006***	5.234	0.786	12.00	0.098*	10.500	0.534	4.237	0.375	9.567	0.456

Notes:(*), (**) and (***) denote the significance level of 10%, 5% and 1% respectively.

It is likely that the relative importance of the selection criteria was influenced by the variation in some socio-demographic factors such as age, gender, level of education etc. In order to examine the relationship between those factors and the IBS customer selection criteria, a number of chi-square tests were conducted and the related figures are illustrated in Table (12). According to the reported figures, there is a statistically significant relation between the variable of *gender* and *Bank located near place of work, and home* and *Speed of processing items* When the answers given to this question by the respondents are examined in detail, it appears that 52% and 46% of the males and 11% of the females and 13% respectively expressed that the given two factors were the most important reasons for dealing with an IBS. Consequently, it can be said that among the other factors, the *Bank located near place of work, and home* and *Speed of processing items* factor had priority for males relative to females in choosing to deal with an IBS. The table also shows that reputation of Islamic bank regarding adherence with Islamic law is not affected by gender. While the criteria of Female staff wearing Islamic Vials and beard in male employees is affected by gender.

The reported figures indicate that there is a statistically significant relation between the variable of *type of occupation* and *ATM available at shopping centers*, *Hours of operation*, *Service charges* applied by the IBSs and *the availability of parking facilities* Furthermore, the variable of *monthly income* and the answers of the respondents in terms of *efficiency and speed in processing items* appeared to be related. *The advice given by relatives and friends* were considered more important for those who engage in private business than those in the government sector in the IBS selection criteria. It appears that *advertising and image of IBSs* was considered as an unimportant selection criterion for those who are in government business at a rate of 28%. The table also shows that there is no effect of the variable *age group* on choosing between Islamic banks, the effect only appears in safety of funds. The variable nationality has an effect on Bank reputation in regards of abidance with

Shareah principles, Easy deposit and withdrawal at different branch locations, and Speed of processing items. The variable level of education was important in the following criteria: Pleasant banking experience, Easy deposit and withdrawal at different branch locations, and Friendliness of bank personnel.

8.3 Part 2- Customer awareness

It was expected that the Kuwaiti customers were aware of the basic financial terms of interest-free banking in such a country as Kuwait where almost 97 % of the population are Muslim. This study also attempts to reveal the extent to which those products and services were actually used by the IBS customers. Therefore, the respondents were required to express the degree of their awareness of the products and services offered by the IBSs. Table (13) reports findings regarding the customer awareness and the use of interest-free products and/or services provided by the IBSs.

Table (13) clearly indicates that a high proportion of the respondents are aware of and use current accounts based on the Wadiah principle and credit cards passed on Ju'alah provided by the IBSs with a level of 78% and 65% respectively. It is also clear, however, that a significant number of the respondents mention that they are not aware of the specific Islamic terms of Mudarabah, Murabaha, Musharaka and Ijara. In addition, almost half of the respondents are aware of the Profit and loss participation accounts and financial support for individuals (Tawaroq) based on the interest-free principles of Mudarabah and Tawarroq respectively, but do not use them. Other products operating in accordance with the principle of Murabaha are known by the customer at high level but are not regarded as a preferable investment opportunity.

Table (13): customer Awareness and Use of products and/or services provided by Islamic Banks in Kuwait

n=150	Not aware of		Aware and don't use it		Aware and use it	
	Frequency	%	Frequency	%	Frequency	%
Current Account (Wadiah)	8	5	25	16.8	117	78.3
P/L Participation Account (Mudarabah)	28	18.6	67	44.7	55	36.6
Financial Support for Individual (Tawaroq)	49	32.9	77	51.6	23	15.5
Housing Loan (Murabaha)	17	11.2	121	80.7	12	8.1
Individual Finance (Murabaha)	19	12.4	103	68.9	28	18.6
Vehicle Loan (Murabaha)	10	6.8	100	66.5	40	26.7
Credit Card (Ju'alah)	12	8.1	41	27.3	97	64.6
Leasing (Ijara)	60	39.8	80	53.4	10	6.8
P/L Participation account (Musharaka)	72	47.8	67	44.7	11	7.5
	Aware of it		Not aware of it			
Coverage of the Accounts held with ISBs by the Assurance fund.	82	54.7	68	45.3		

Furthermore, more than 47% of the respondents are totally ignorant of musharakah deposits. Thus, the findings illustrated in Table (13) may indicate the fact that though the respondents have a considerable level of awareness of few of the IBS retail products and services, a very limited number of them deal with them. It is important to note that only 54 % of the respondents have knowledge of the Assurance Fund whereas the rest is totally unaware of its existence.

8.4 Part 3- Kuwaiti customer satisfaction:

This part of the study represents the assessments of actual factors banks have and degree of actual satisfaction on these factors. So it represents a study of customer opinions about the quality of retail services it has.

This part also consist of 16 questions, the sample were asked to whether they are very satisfied or satisfied or have no view or not satisfied or not satisfied at all.

Various aspects of customer satisfaction with the IBSs in Kuwait are explored in this study. The customers of the IBSs in the sample were asked to express their degree of satisfaction with various aspects of the products and services provided by the IBSs. The outcomes of this part of the study are reported in Table 14.

Table 14: Degree of IBS Kuwaiti Customer Satisfaction

(n=150)	Very satisfied		Satisfied		Not satisfied		Not satisfied at all		No view		Rank(*)
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	
Efficiency and speed of completing a transaction	43	28.6	92	61.5	10	6.8	1	0.6	4	2.5	1
Quality of advice offered by the IBS personnel	34	22.4	86	57.1	9	6.2	1	0.6	22	13.6	2
Location of branch	21	14.3	77	51.6	18	11.8	5	3.1	31	19.4	6
The interior design of the IBS	18	11.8	74	49.1	21	14.3	2	1.2	38	23.6	12
Parking facilities provided to customer	10	6.8	22	14.9	49	32.9	18	1.2	55	34.1	16
Staff sociability and friendliness	35	23.6	80	53.4	8	5.6	1	0.6	27	16.7	3
The IBSs' name and image	27	18.0	89	59.0	6	4.3	1	0.6	29	18.0	4
Availability of loans with favorable terms	14	9.3	67	44.7	8	5.0	1	0.6	65	40.4	13
Customer confidentiality	21	14.3	72	47.8	9	6.2	-	-	51	31.7	8
Working Hours	26	17.4	85	56.5	5	3.1	1	0.6	36	22.1	5
Internet facilities provided by the IBS	26	17.4	48	31.7	10	6.8	3	1.9	68	42.0	14
The wide range of the facilities offered	23	15.5	70	46.6	10	6.8	2	1.2	48	29.8	9
Efficiency and speed in inter-branch transactions	23	15.5	70	46.6	14	9.3	-	-	46	28.6	10
Financial counseling provided	24	16.1	68	45.3	11	7.5	2	1.2	48	29.8	11
Advertising and informing of new products & services	21	14.3	43	28.6	24	16.1	5	3.1	61	37.9	15
Abidance by shareah principles	16	10.7	80	53.3	14	9.3	15	10	25	16.7	7

Note: (*) the ranking which appears in this table is based on the level agreement expressed by the respondents.

For example the reason that received the highest degree of agreement (the highest number of respondents who either strongly agree or agree) is ranked number 1

It is clear from Table 14 that the vast majority of respondents expressed a considerably high level of satisfaction with various aspects of the IBS products and services. More than 90% of them were either *satisfied* or *very satisfied* with *efficiency and speed in completing a transaction at the IBSs' branch* they deal with. This was followed by almost 80% of respondents who expressed that they were *satisfied* or *very satisfied* with the *quality of advice offered by the IBS personnel*. *Staff sociability and friendliness* also ranked third with a 77% degree of customer satisfaction. As far as the performance of bank personnel was concerned, the majority of the respondents were satisfied with most aspects of customer-client interaction. However, financial counseling provided by the IBSs did not get a better response from customers. Only 61% of the respondents indicated that they were *very satisfied* and *satisfied* with the IBSs in terms of the financial advice they give.

Only 22% of the respondents expressed their satisfaction with *parking facilities* offered by the IBSs whereas 34% were dissatisfied with the given criteria. Furthermore, 19% of the respondents pointed out that they were not satisfied with their IBSs in terms of *informing customers about new products and services* as well as the developments regarding interest-free banking in Kuwait. The respondents also showed a degree of dissatisfaction with *location of branch* (almost 15%) and *interior design of branch* (almost 16%). Table 14 also highlights that many respondents did not comment on several issues. For example, more than 40% of the respondents chose not to give their view on *availability of loans with favorable terms*. Satisfaction of degree of abidance of Kuwaiti Islamic banks with principals of Shariah came in the middle with a rank of 7. This was a surprise as the scholar predicted that satisfaction of this factor is very high. This means that Kuwaiti banks should give an important consideration to this factor and still this area could be enhanced through a lot of procedures like selecting more restricted Fatwa Committee.

Table 15: Relationship between Customer Satisfaction and Demographic Factors

N=150	Gender		Age Group		Nationality		Level of education		Occupation		Monthly Income	
	χ^2	Sign.	χ^2	Sign.	χ^2	Sign.	χ^2	Sign.	χ^2	Sign.	χ^2	Sign.
Efficiency and speed in completing a transaction	4.841	0.304	6.349	0.45	12.726	0.122	9.634	0.648	19.651	0.236	16.459	0.421
Quality of advice offered by IBSs' personnel	6.975	0.1.37	5.971	0.175	40.983	0.000***	11.257	0.507	37.717	0.002***	14.637	0.551
Location of branch	5.8.18	0.212	5.081	0.201	23.047	0.003***	7.177	0.846	16.768	0.401	7.536	0.961
The interior design of the IBS	1.786	0.775	3.311	0.285	8.775	0.362	14.956	0.244	16.094	0.446	14.511	0.561
Parking facilities provided to customer	6.386	0.172	16.750	0.507	6.873	0.550	7.722	0.806	19.504	0.243	14.924	0.530
Staff sociability and friendliness	4.757	0.313	7.463	0.002***	15.363	0.052	28.025	0.005***	15.719	0.473	22.961	0.05
IBS's name and image	3.424	0.490	4.903	0.113	22.048	0.005***	14.320	0.281	34.013	0.005***	15.856	0.464
Availability of loans with favorable terms	6.152	0.188	1.466	0.297	6.690	0.570	11.734	0.467	10.314	0.850	19.995	0.22
Customer confidentiality	5.689	0.128	4.452	0.690	17.638	0.007***	5.010	0.833	14.229	0.286	15.123	0.235
Working Hours	3.173	0.529	1.176	0.348	36.063	0.000***	10.744	0.551	39.660	0.001**	20.209	0.311
Internet facilities provided by IBS	1.706	0.790	4.476	0.882	14.387	0.072*	12.150	0.434	9.377	0.897	13.414	0.642
The wide range of the facilities offered	5.417	0.247	6.905	0.345	19.186	0.014**	7.908	0.792	21.395	0.164	14374	0.571
Efficiency and speed in Inter-branch transactions	5.747	0.125	8.543	8.543	3.595	0.731	6.327	0.707	18.390	0.104	13.987	0.302
Financial counseling provided	4237	0.375	3.194	3.194	12.612	0.126	5.271	0.948	26.125	0.052*	17.051	0.382
Advertising and informing new products & services	9.371	0.052*	4.121	4.121	14.892	0.061*	9.756	0.637	23.835	0.093*	19.535	0.242
Abidance by shareah principles	3.889	0.199	7.892	0.049**	2.188	0.210	5.234	0.310	10.112	0.421	6.116	0.223

Notes: (*), (**) and (***) denote the significance level of 10 percent, 5 percent and 1 percent respectively.

Table 15 represents the figures regarding χ^2 computed in order to reveal the relation between customer satisfaction and other factors such as gender, age, level of education etc. It can be seen in Table 15 that the respondents, regardless of their age, gender, nationality, level of education, type of occupation and monthly income, expressed a certain degree of satisfaction with most aspects of the IBSs. It is also clear that factors such as monthly income did not make up any statistically significant relations in the degree of customer satisfaction

with the IBSs as reflected by the reported χ^2 . The table reveals however, that there is a significant relation between the variables of the age of the respondents and the level of education and the degree of satisfaction with staff sociability and friendliness. The type of employer variable also indicates a significant level of differences between the respondents on the degree of satisfaction with the quality of advice offered by the IBS staff, name, image, and working hours. Furthermore, the nationality variable registers significant differences as regards to the quality of advice provided by IBSs' personnel, location of branch, IBSs name and image, customer confidentiality and working hours of the IBSs.

The respondents in the 20-39 age group expressed that they were satisfied with the friendliness of the IBSs' personnel with a degree of 69%. The relevant rate for the respondents as a whole was 77%. It appears, however, that only 50% of those who are literate expressed their favorable view on staff friendliness whereas more than 70% of those who have had a university degree and high school diploma were satisfied with the attitude of the personnel. As such, the higher the level of education of IBS customers, the higher becomes the degree of satisfaction with staff friendliness. In comparison with the respondents who are in the service business, those who are in the trade business expressed that they were very satisfied and/or satisfied with the operating hours of the IBSs. Regarding Abidance with sharia law it seems that only age group affects this factor. The study found that older people tend to care more for this factor.

9. Conclusions, Recommendations and Further Research

9.1 Hypothesis testing results

Hypothesis One: Personal (internal) and external (Social) factors as defined by this study don't influence Kuwaiti customer in choosing the Islamic bank they deals with.

The research found that all the 23 factor of choosing an Islamic bank apply to Kuwaiti customers as the average of the five Likert scale was above 3.5 for all the factors. But the first five elements that were most important criteria are: Hours of operation, ATM available at shopping centers, Safety of one's funds, Electronic services; internet banking, Bank reputation in regards of abidance with Shareah principles. And the last five were: accuracy of monthly statements for personal accounts, fatwa Committee reputation, size of waiting line, and financial strength of bank, female staff wearing Islamic vials and beard in male employees. It is very noticeable

that abundance of Shariah didn't come first. So abundance of sharieah is very important but it is not the only factor that is important Islamic banks should give attention to other factors that are important in conventional banking.

Hypothesis Two: the customers aren't fully aware about retail services offered by Kuwaiti Islamic banks in regards of the services provided and how far they are acquainted with it and how often they utilize all this services.

This Hypothesis was rejected as the results indicate a high proportion of the respondents are aware of and use current accounts based on the Wadiah principle and credit cards passed on Ju'alah provided by the IBSs. However, a significant number of the respondents mention that they are not aware of the specific Islamic terms of Mudarabah, Murabaha, Musharaka and Ijara. In addition, almost half of the respondents are aware of the Profit and loss participation accounts and financial support for individuals (Tawarog) based on the interest-free principles of Mudarabah and Tawarog respectively, but do not use them.

Hypothesis Three: demographic characteristics of Kuwaiti customers don't affect internal or external factors of choosing retail Islamic bank.

This hypothesis was rejected as demographic characteristics affect external and internal factors. The study concluded that the Bank location, and Speed of processing items factor had priority for males relative to females in choosing to deal with an IBS. The reputation of Islamic bank regarding adherence with Islamic law is not affected by gender. While the criteria of Female staff wearing Islamic Vials and beard in male employees is affected by gender.

The variable of type of occupation and ATM available at shopping centers, Hours of operation, Service charges applied by the IBSs and the availability of parking facilities Furthermore, the variable of monthly income and the answers of the respondents in terms of efficiency and speed in processing items appeared to be related. The advice given by relatives and friends were considered more important for those who engage in private business than those in the government sector in the IBS selection criteria. Customers who are government employee don't care about image and advertising of the Islamic bank. There is no effect of the variable age group on choosing between Islamic banks. Kuwaiti citizens are more concerned with Bank reputation in regards of abundance with Shareah principles, while Kuwaiti expatriates are concerned more with Easy deposit and withdrawal at different branch locations, and Speed of processing items. The variable level of education was important in the following criteria: Pleasant banking experience, Easy deposit and withdrawal at different branch locations, and Friendliness of bank personnel.

Hypothesis Four: customers of Kuwaiti ISB are not fully satisfied of retail services in terms of factors presented in this study. It also appears that the factor of "completing a transaction" received the highest satisfaction score by the IBS customers, followed by "quality of advice offered by the employees of the IBS and then "staff friendliness". In the light of our findings, it may be suggested that customers of the IBSs are not more likely to remain with the same IBS as the relationship established between an IBS and its customers heavily relies on the efforts of the staff.

Hypothesis Five: demographic characteristics of Kuwaiti customers don't affect the degree of satisfaction regarding retail Islamic services.

Factors such as monthly income did not make up any statistically significant relations in the degree of customer satisfaction with the IBSs. There is a significant relation between the age of the respondents and the level of education and the degree of satisfaction with staff sociability and friendliness. The type of occupation variable also indicates a significant level of differences between the respondents on the degree of satisfaction with the quality of advice offered by the IBS staff, name, image, and working hours. Furthermore, the nationality variable registers significant differences as regards to the quality of advice provided by IBSs' personnel, location of branch, IBSs name and image, customer confidentiality and working hours of the IBSs.

9.2 Conclusion

First: It was religious elements such as the extent of adherence to Sharia principals that was very important factor in the selection of the bank, and the level of satisfaction with Islamic bank in Kuwait, but these factors did not occupies the first rank, and it can be considered as necessary elements but not sufficient and must be accompanied with concerns of additional things such as ATM existence in different places and electronic banking, and friendliness of employees etc..

Second: The results of this study showed that the vast majority of the customers of retail banks in Kuwait are generally satisfied with the services that their banks deliver. Such a finding could mean that retail banks in Kuwait perform reasonably well in terms of satisfying their customers. However, if it is true that satisfaction and dissatisfaction represent the two sides of the same coin, then that finding should not be viewed as pleasing. The results indicate that there are customers still not satisfied by Kuwaiti customers. That is, the actual performance of retail banks in Kuwait has not been perceived as satisfactory by 100% of their customers. Thus, if ensuring a 100% satisfactory performance from the customers' viewpoint or providing "zero defect" service is a strategic goal for Kuwaiti retail banks, then one could rightly conclude that retail banks in Kuwait have not been

impressively successful. Taken into consideration the fierce competition in the retail banking market, those unsatisfied customers should not be viewed as trivial and thus the expectations of these customers merit special attention by the managers of retail banks in Kuwait.

9.3 Recommendations to Retail Islamic Banks in Kuwait

First: as the results of the study shows a positive relationship between Satisfaction and loyalty it is highly recommended to Islamic banks developers in Kuwait to start submitting loyalty programs to encourage customers to voluntarily recommend a product or service, and the Islamic banks in Kuwait can create loyalty programs by using technology for collecting, mining, and operational customer data. The need to increase satisfaction is proved by the results of the study which indicate that there are customers still not satisfied by Kuwaiti customers and the actual performance of retail banks in Kuwait has not been perceived as satisfactory by 100% of their customers.

Second: One of the tools that will help increase awareness and loyalty of customers what is called customers relation management (CRM) applications which can help the banks in collecting information and essentials to provide effective product and service to the customers, and it is highly recommended to build the foundation of the products and services before launching any new product or service to the customers.

Third Islamic banks should concentrate on increasing awareness of some of its products like Mudarabah, Murabaha, Musharaka and Ijara. Also Tawaroq needs more attention.

Islamic banks in Kuwait have to arrange certain seminars to inform the IBS customers about different products and services.

Fourth: Kuwaiti Islamic banks have to give more consideration to their network. Because the study concluded that customers are conscious about the branch location. There is high potential in the success of Islamic banking industry if the Islamic banking industry extends their network with customer demanded product.

9.4 Recommendations for Future Research

1. Future, research is suggested to build an association and conduct a comparison of level of customer satisfaction of Islamic banks and conventional banks.
2. Further studies should be carried out to investigate how Islamic banks could provide better services to their target markets without compromising the fundamentals of Shariah law. Other studies could focus on increasing consumer awareness of the services Islamic banks offer, particularly to Kuwaitis. A qualitative study could also be carried out to probe the motivations for using or not using Islamic banks.

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