

THE IMPACT OF ISLAMIC BANKING TOWARDS CONSUMER BEHAVIOR IN PAKISTAN

BY

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ABSTRACT

Purpose: Islamic banking is one of the most developing sectors in Pakistan. This study reveals the relationship between consumer behavior towards bank selection criteria and customer satisfaction. This study will provide help to prevail in Pakistan for a long period of time and to compete with conventional banking services through recognizing those factors which are directly linked with the satisfaction of customers towards Islamic banking services.

Design/Methodology: For this purpose, data was collected from a sample of 154 customers in different Islamic banks in Karachi and online as well through a structured questionnaire containing 22 questions. SPSS has been used for data analysis. Correlation and regression analysis, Anova method was use to find out relationship among independent variables (religion, high profit & low service charges, influence of friends & family, service quality, responsive attitude of staff, mass media & bank image) and dependent variable (customer satisfaction).

Findings: The findings show positive and significant relationship among all variables and customer satisfaction partially mediates the relationship between independent variables and dependent variables. It has been concluded that Islamic banking is impacting consumer behavior in Pakistan as these factors like Awareness of Islamic bank, Bank image, service quality, Mass media is persuading customers to stay loyal to Islamic Banks.

Limitations Of The Study: It has to be noted that the sample in the study is not accomplish with the diverse population (multicultural environment nationwide), so may affect the results in terms of generalization specially. The results cannot be generalized as the demographic variables vary place to place due to multicultural mind sets of customers.

Originality/Value: We conclude that customers' satisfaction is increasing day after day and their commitment is strong with the Islamic banks. Islamic Banks in Pakistan are now emerging as banking of first choice for customers due to their service quality and image in the marketing due to independent variable.

Keywords: Islamic Bank, Religious Norms, Service Quality, Customer Satisfaction.

TABLE OF CONTENTS

Abstract	vi
CHAPTER 1	3
INTRODUCTION	3
1.1 Introduction	3
1.2 Background	5
1.3 Problem Statement	7
1.4 Research Objectives	7
1.5 Research Questions	7
1.6 Significance of the Study	7
1.7 Scope of the Research	8
1.8 Organization of the Thesis	8
CHAPTER 2	9
LITERATURE REVIEW	9
2.1 Religious Influences	9
2.2 Shariah Compliance of Islamic Banks	11
2.3 Awareness of Islamic banking products.....	12
2.4 Research Hypotheses.....	14
2.5 Conceptual Framework	15
CHAPTER 3	16
Research Methodology	16
3.1 Research Methodology.....	16
3.2 Research Design	16
3.3 Research Approach.....	16
3.4 Sample Size & Sampling Technique.....	17
3.5 Research Instrument.....	17
3.6 Data Collection.....	17
3.7 Data Analyses Method	18
3.8 Research Variables.....	18
CHAPTER 4	19

Data Analysis19

 4.1 Demographic Analysis19

 4.1.1 Gender..... 19

 4.1.2 Age..... 20

 4.1.3 Religion..... 21

 4.1.4 Years of Experience 22

 4.2 Reliability Testing23

 4.3 Regression Testing23

 4.4 Hypothesis Assessment25

CHAPTER 526

Discussion26

 5.1 Discussion26

 5.1.1 Hypothesis 1 Discussion — Religious motives effect consumers’ behavior of an Islamic bank..... 26

 5.1.2 Hypothesis 2 Discussion - Recommendation from family and friends effects consumers’ behavior of an Islamic bank. 27

 5.1.3 Hypothesis 3 Discussion - High profit and low service charges effect consumers’ behavior of an Islamic bank 27

 5.1.4 Hypothesis 4 Discussion - Quality of services effect consumers’ behavior of an Islamic bank..... 28

 5.1.5 Hypothesis 5 Discussion - Response/behavior of the bank staff effects consumers’ behavior of an Islamic bank. Responsive Attitude of Staff. 29

CHAPTER 630

Recommendations and Conclusion.....30

 6.1 Conclusion.....30

 6.2 Recommendations and Suggestions30

References.....32

APPENDIX.....34