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The Psychological Behaviour of People in the Selection of Islamic Banks

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Abstract

Purpose: The purpose of this study is to estimate the acceptance level of people regarding the Islamic banking system in Pakistan. Secondly it is also important to evaluate that up to what level and what factors significantly affect the decision of Pakistani people while choosing to business with Islamic banks. The relation of total five independent variables (religiosity, cost factor, service quality, bank reputation and social influence) was checked with the dependent variable (bank selection criteria). The social cognitive theory was used as the base theory in this study. Methodology: The quantitative methodology was used to collect the data through a self-administrated questionnaire. A total sample of 400 people was taken who were dealing with different conventional as well as with the Islamic banks currently in the branches of Lahore region. The correlation was applied to find the relationship between the independent and dependent variable. The multiple regressions were applied to check the impact of these factors on the bank selection criteria. Findings: The findings indicate that there is a significant relationship between the dependent and the independent variables used in this study. The service quality is considered the most important factor by the people if they want to deal with the Islamic banks along with the bank reputation and the cost factor. While religiosity and the social influence has not a indigenous impact on the people while selecting the Islamic banks for business. Recommendations: The Islamic banks need to create awareness among the people regarding its products and services. There must be clarity regarding the Shariah compliant principles which they follow during their working. So that those customers can also be attracted who want to follow the Islamic principles in their business and investment.

Keywords: Religiosity; cost factors; service quality; social influence; shariah compliance; Islamic banks.

INTRODUCTION

Islamic banking has been an arising incorporation to the conventional banking system all over the world over past two decades and the competition is increasing gradually not only with the conventional banks but also with Islamic banks as the number of Islamic banks continues to increase. There are more than 265 Islamic banks working in 40 countries of the world having total

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worth of their assets more than US $265 billion (Hassan, 2007). The underlying purpose and successful achievement under the guidance of Islamic principles is more crucial then the increase in the number of Islamic banks. There is a need of profit optimization leading to profit maximization although the establishment of Islamic banking system is based upon Shariah principles. The point of reflection is whether these stakeholders are working with Islamic banks for monetary benefits or because of Islamic beliefs and values that are the base of these Islamic institutions.

Pakistan is a country comprising population of 96% Muslims. Teaching of Quran and Sunnah of Prophet Muhammad (SAW) are the supreme code of conduct for them. In 2002 Islamic banking was started in private sector and Meezan Bank Ltd is considered as the pioneer of Islamic banking in Pakistan. Number of other full-fledged Islamic banks is four with the contribution of their assets estimated at 3% in the total banking sectors assets of Pakistan (Hassan, 2007).

Religiosity

Religiosity is defined as the feelings, acts, and experiences of individual. Religiosity was found to be one of the important elements in the selection of Islamic banks for the purpose of purchase of products and also for investment. Islamic banks work under the strict guidance of Shariah principles which prohibits dealing in Riba or interest.

Cost Factors

Gerrad and Cunningham (2000) pricing makes a wider meaning in the banking industry that includes fees charged by banks for their services They prefer to deal with that bank which provides the best services at the lowest cost.

Service Quality

Service quality has been estimated by (Othman & Owen, 2002) by measuring the difference between customer expectations with a service. Investment in time and money is required in order to achieve the competitive success through improved quality of services meeting the needs of the customers.

Bank Reputation

The reputation of bank is related to the transaction security and stability of its financial performance. Bank reputation is one of the important attribute in the decision for the selection of banks because customers will be worried whether the banks are financially secure or not. According to findings majority of the customers were satisfied with the bank's image and its level of confidentiality.

Social Influence

The social factors have a significant influence on the people regarding the selection of banks. Family is the most important group which has strong influence on the mind of consumers. Study shows sometime it is very easy for the banks to keep the account of those students whose family has already been dealing with that banks for certain time period.

Bank Selection criteria

Bank selection criteria mainly focus on the customer's perception for the banks with its competitors on the basis of different attributes and variables. As Islamic banks work on the principle of profit and loss they can flourish the competitive advantage around those elements which are revealed from different customer's surveys. These elements include: cost of services, image of bank, behavior of bank employees, convenient location, recommendation of family and friends, long working hours, service quality and availability of ATMs.

Social Cognitive Theory

Social cognitive theory is based upon the psychological behavior of individual and group of people. This theory has been used in this study to better understand the behaviors of people in the selection of Islamic banks. The variables of social cognitive theory will not be studied in this research but it will be discussed after the results that whether the internal factors are more significant or the external factors because more impact in the decision for the selection of Islamic banks.

Theoretical Framework

Following is the theoretical framework for this research indicating the Islamic bank selection criteria as dependent variable while the religiosity, cost factor, service quality, bank reputation and social influence as the independent variables.
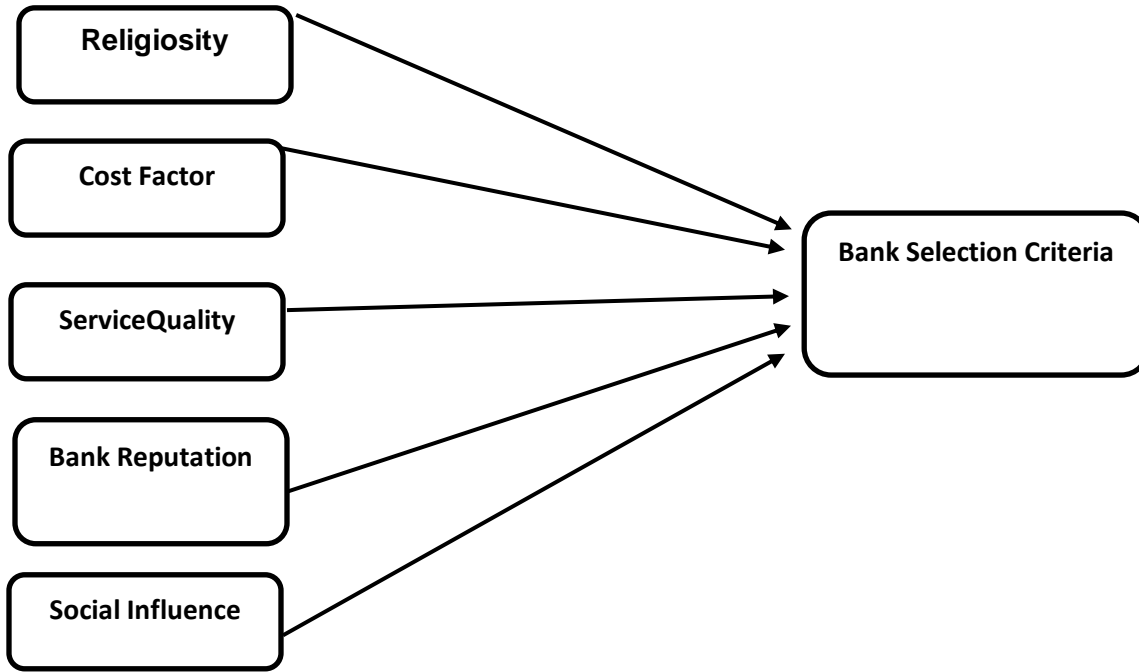
Independent Variables

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┌─────────────────────┐
│    Religiosity      │──────────┐
└─────────────────────┘          │
                                 │
┌─────────────────────┐          ▼
│    Cost Factor      │──────►┌─────────────────────┐
└─────────────────────┘       │                     │
                              │ Bank Selection      │
┌─────────────────────┐       │ Criteria            │
│   ServiceQuality    │──────►│                     │
└─────────────────────┘       └─────────────────────┘
                                 ▲
┌─────────────────────┐          │
│  Bank Reputation    │──────────┤
└─────────────────────┘          │
                                 │
┌─────────────────────┐          │
│  Social Influence   │──────────┘
└─────────────────────┘
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Figure 1. Theoretical Framework

LITERATURE REVIEW

Religiosity

It was found to be one of the important elements in the selection of Islamic banks for the purpose of purchase of products and also for investment in Bahrain (Metawa & Almossoawi, 1998). It was concluded that customer's optimistic perception regarding the products and services of the Islamic banks lead to customer satisfaction. The result in a study by Okumus (2005) indicates that selection criteria by the customers of Islamic banks in Turkey are significantly religious based that is followed by the friendliness of staff. The speed of completing the transaction was ranked third. The rate of return was not supported by the respondents and ranked at the last. According to Osman (2009) compliance to Islamic principles is the most influential element contributes to the criteria in the selection of Islamic banks that offer different Islamic products and services for the customers in the market.

The CARTER model was used based upon six variables i.e. Compliance, Assurance, Reliability, Tangibles, Empathy and Responsiveness. Another study was made by Bley and Kuehn (2004) in which the knowledge regarding the financial aspects of conventional and Islamic banks was surveyed by taking the sample of business students in United Arab Emirates (Sharjah). The major finding was that the preference is given to Islamic banks by Muslims students because of religious motivation. Religious beliefs are the most significant factor in the selection of Islamic banks following the factors of bank reputation, service quality and quick response by the employees of bank (Imtiaz, Murtaza, Abaas and Hayat, 2013).

Cost Factor

A study was made in Bahrain by Al Ajami, Abo Hussain& Al-Saleh (2009) by taking the sample of three different kinds of customers; those who deal with conventional banks, people who deal only with Islamic banks and those who deal with both conventional and Islamic banks. It was concluded that cost of product and service was regarded as one of the important element along with quality of customer service, friendly

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and competent personnel and meeting the needs of customers for the products and services. Competitiveness of bank's interest rate is one of the most influential elements for the customer satisfaction and for increasing the rate of customer retention in banking along with quality of service, bank's ambience and customer's judgment about the bank personnel (Levesque and McDougall, 1996). Ta and Har (2000) studied the selection criteria for the banks from the undergraduate students of Singapore by using Analytical Hierarchy Process.

This process was classified into marketing mix determinants of four Ps. The product dimension includes overall product and service quality along with availability of banking facilities. The price dimension involves service charges, high rate of interest on profit accounts and low interest rate on loan accounts. The place dimension includes the convenient location and promotion dimension involve the recommendation from family, friends and peers. The findings of study concluded that students gave more emphasis to pricing strategy as compared to other three dimensions. Service quality, cost and pricing factor, friendliness of staff, responsiveness of bank, convenient location and new banking methods are the major determinants of customer retention and satisfaction (Hedayatnia, Eshghi&Avenue, 2011). Pricing factors and the interest on savings remained the major criteria for bank's selection (Javalagi, 1989).

Service Quality

A study was conducted by Haque *et al.,* (2009) to analyze the customer's perception about Islamic banking system. Logistic model was applied in the study to explore the relationship among the variables related to the perception of customers. It was confirmed from the analysis that high level of service quality greatly supports to increase the customer satisfaction in the selection and dealing with Islamic banks in Malaysia. Customers are very much focused on the quality of services which are being offered by the banks that can be perceived as one of the important motives considered in the selection of banks in Australia (Kaynak & Whiteley, 1999).

Investment in time and money is required in order to achieve the competitive success through improved quality of services meeting the needs of the customers. According to Frimpong (1999) bank customers look for the efficient services and high rate of interest while opening a bank account). Corporal efficiency (faster transaction and efficient managers), Compliance with

Islamic principles, Convenience of location, Core banking (uniform service in all branches), Cost benefits (lower service charges) and confidence in bank management are the most important variables to be used as determinants of bank's selection (Rashid, 2009). It was also suggested that Islamic banks should not depend solely on the religiosity rather they should enhance their service quality by providing latest innovative training to their staff (Echchabi&Olaniyi, 2012).

Bank Reputation

Customers become positively attached with service provider on the basis of three foundations which are the credibility of bank, the interpersonal considerations and affinity between the customer and the values of the bank. These factors largely help in higher retention rate of customers and profitability of banks (Aldlaigan & Buttle, 2005). Mokhlis, Mat and Salleh (2008) surveyed the undergraduate students of Malaysia to find out the significant factors considered by them to select any bank. The respondents gave more preference to security of funds in the selection of bank because according to them the banks which are reputed due to more security of funds are more trust worthy, (Edris & Almahmeed, 1997).

The sample of 500 cases was selected from the population of business firms in the commercial, service and industrial sector. This sample was further divided into 3 sub samples of large medium and small firms. The financial managers of medium and large firms and the owners of small firms were chosen to be the target respondents for the survey. It was concluded that most of the business firms in Kuwait deal with commercial banks rather than the Islamic banks. People give more importance to bank reputation and image, interest on saving accounts and interest charged on loan (Boyd *et al.*, 1994). The research was made in India by Rao and Sharma (2010) to study the bank selection criteria of MBA students. The reputation of bank in term of the reliability of its financial strength was indicated to be the most influential element for the students while choosing any bank. According to them transaction with a reputed bank make them feel secured financially as compare to other banks. It is also expected that bank with good reputation is in a better position to provide efficient banking services.

Social Influence

Bank selection decision was based upon five major

determinants which included recommendation of friends, reputation of bank, service charges on accounts, courteous personals and availability of credit (Anderson *et al.,* 1976). Lewis (1982) examined the behavior of college students while selecting the bank for dealing. The finding of the study shows that parental advice and convenient location were the most prominent factors which were considered by the students in the selection of banks. The recommendation by the family and friends was ranked at the top important factor considered in the selection criteria for the banks (Tan & Chua, 1986). Another analysis was made to identify the factors which are influential for the customers in the acceptance of Islamic home financing in Malaysia. Theory of Planned Behavior was used as the baseline theory.

The ordered probit model was used to study the effect of attitude, subjective norms (third party influence), perceived control and Islamicity of products offered by the Islamic banks. It was concluded that all these factors have a positive influence on the customers in the acceptance of Islamic home financing products (Amin, Rahman, & Razak, 2014). A study was made in Ethiopia by Tehulu and Wondmagegn (2014) in which recommendation of family and friends were perceived as one of the insignificant element for the customers in the selection of the bank. Same results regarding the least important motive of recommendation of family and friends was concluded by the customers of Islamic as well as the conventional banks when the study was made in Bahrain by Ajmi, Hussain and Al Saleh (2009).

Bank Selection Criteria

Several determinants play a vital role in the bank selection processes which are highlighted by researchers across the globe. These determinants include: quality of service, bank reputation, friendliness of staff, location of bank, price of products and services, recommendation of family and friends, availability of ATM services, rate of return, availability of credit and hour of operations (Dusuki and Abdullah, 2007; Kaynak and Harar, 2004).

The relative significance of these determinants varies from one country to another depending upon the difference in the culture, type of institution and demographic characteristics of the respondents like gender, age, income, marital status and occupation. Due to special nature of Islamic banks, it is expected that those variables which are perceived important for the customers of conventional banks may not play a crucial role for the customers of the Islamic banks in the selection process. It is found in many studies the selection criteria of the conventional banks are different from the Islamic banks. For the selection of Islamic banks religious factor plays a very influential role which is not considered by the customers of conventional banks (Metawa & Almossawi, 1998).

The economic scenario is changing continuously and this has compelled the banks into determining the factors which are considered by the people in the bank selection process (Boyd, 1994). As Islamic banks work on the principle of profit and loss they can flourish the competitive advantage around those elements which are revealed from different customer's surveys. These elements include: cost of services, image of bank, behavior of bank employees, convenient location, recommendation of family and friends, long working hours, service quality and availability of ATMs. Overall customer satisfaction is affected by the criteria upon which they select any bank for dealing. After understanding the customer's bank selection criteria Islamic banks are in a better position to tailor the marketing strategies so that more customers can be attracted and old customers can be retained.

MATERIALS AND METHODS

The selection of appropriate research methodology is an integral part of research. This gives a It helps the researcher to develop the tools for research like the conduct of interviews, surveys and observation to collect the primary data.

Population of Study

The population is the group of people, things of interest and events having some common characteristics which the researcher wants to investigate. The population in this study is all those people who are dealing with any bank whether they are conventional or the Islamic banks.

Sample/ Sampling Technique

Sample is defined as the subset of the population which is drawn to represent the population. On the basis of non-probability sampling, the sample was selected through convenience sampling. The advantage of using this sampling is that the data can be collected economically and quickly. The selected banks were Habib Bank Limited, MCB Bank, United Bank, Allied

Bank, Meezan Bank, Bank of Punjab, Bank al Habib and National Bank. On the basis of convenience sampling, 400 customers of the bank were selected for the responses through questionnaire in order to examine their views regarding the selection of Islamic banks.

Research Design

The research design forms the overall structure of research work. In this study the researcher has used the descriptive research design. This research design is used to collect the data through structured questionnaires in order to find out the characteristics of the population. So this study is descriptive in nature as it aims to examine the Islamic bank selection criteria among the people.

Research Approach

Two approaches are used in the research study. The deductive approach is used when there is high level of control in the procedure of data, while the inductive approach is helpful when the small sample size in involved in the study. For the testing of hypotheses, the deductive approach has been used in this research by the researcher.

Time Horizon

Two kinds of time horizon are adopted in the research. Cross sectional and the longitudinal time horizon. As in this study data is collected within four weeks so cross sectional time horizon is used.

Unit of Analysis

The unit of analysis is defined as the major entity that is being studied in the research. The unit of analysis can be an individual, groups or the social organizations etc. in this study the unit of analysis is the bank customers of Lahore region.

Tools of Data Collection

Two sources are used in the research for the data collection. The structured interviews, discussion and questionnaires are used when the data is collected from the primary source. In secondary data sources, the data is collected through websites, books and financial statements. The primary data source is used is this research because the data is collected from the respondents through structured questionnaires.

Response Rate

For the purpose of collecting the data, 400 questionnaires were distributed to the customers of the different banks. 366 questionnaires were returned dully filled by the customers and the response rate was 91.5%.

RESULTS

Table 1 Sample Characteristics depicts that this study consisted of 48.9% male and 51.1% female, females were a dominant identity with respect to questionnaires response.69.4% respondents are in the age category for 18-29 years, 16.4% of respondents belonged to the second category of age, 9.8% respondents fall into the third age. While only 4.4% people responded from the last age category. So this can be seen that most young people responded to the questionnaire for this research.

In the Occupation of the customers who are the respondents for the data collection that 57.1% respondents were from the category of students, Employees responded to the questionnaire constituting 27.6%. 5.5% and 7.7% respectively participated in the research which is the housewives and the people who are running their own business. The respondents from the last category are only 2.2% which are retired from their jobs.33.6% respondent's deal with Habib bank, 12% respondents' deals with MCB have filled the questionnaire. 10.9% and 10.7% people deal with Allied Bank and Meezan Bank respectively. In the last category, 6.6% customers of National Bank have filled the questionnaire for the research.

Table 1. Sample Characteristics

Factors	Frequency	Percentage
Gender		
Male	179	48.9
Female	187	51.1
Age		
18-29	254	69.4
30-39	60	16.4
40-49	36	9.8
50 and more	16	4.4
Occupation		
Student	209	57.1
Employee	101	27.6
House Wife	20	5.5
Self-Business	28	7.7
Other	8	2.2
Household Income		
PKR 20000-29000	93	25.4
PKR 30000-39000PKR	75	20.5
PKR 40000-49000PKR	86	23.5
PKR 50000-59000PKR	50	13.7
PKR 60000 or above	62	16.9
Dealing with Banks		
Habib Bank	123	33.6
MCB	44	12.0
United Bank	41	11.2
Allied Bank	40	10.9
Mezan Bank	39	10.7
Bank Al Habib	27	7.4
Bank of Punjab	28	7.7
National Bank	24	6.6

Normality Analysis

Table 2 Normality Test depicts that the value of skewness and kurtosis lies within the acceptable range indicating that the data is normally distributed.

Table 2. Normality Test

Variables	Skewness	Kurtosis
Religiosity	-.992	-.032
Cost Factor	-.612	-.418
Service Quality	-1.065	.803
Reputation	-1.043	2.378
Social Influence	-.494	.078
Bank Selection	-.370	-.507

Reliability Analysis

Table 3 Reliability Test depicts that the value of Cronbach Alpha is 0.83 which is positive and within the standardized range. The result of data is acceptable, so this can be said that internal consistency reliability of items used in the questionnaire gives good support to the previous literature regarding this research.

Table 3. Reliability Test

Cronbach's Alpha	No. of Items
.831	26

Correlational Analysis

As shown in Table 4 Correlations between variables, the values of the Pearson coefficient that there is a negative correlation of -0.150 exists between religiosity and bank selection. A weak negative correlation of -0.126 exists between the cost factor and the bank selection criteria. While the service quality has 0.296, bank reputation has 0.250 and the social influence has 0.222 strong positive correlations with the bank selection criteria. The significance value shows that there is an indigenous relation between a bank selection (dependent variable) and religiosity, cost, service quality, bank reputation and social influence (independent variables) because all the independent variables have p-value less than 0.05 so all the alternate hypotheses are accepted.

Table 4. Correlations between variables

Variables	Statistics	Religiosity	Cost	Service Quality	Bank Reputation	Social Influence	Bank Selection
Religiosity	Correlation P-value	1					
Cost Factor	Correlation P-value	.673** .000	1				
Service Quality	Correlation P-value	.227** .000	.310** .000	1			
Bank Reputation	Correlation P-value	.053 .316	.145** .005	.020 .698	1		
Social Influence	Correlation P-value	-.204** .000	-.20** .000	-.002 .967	.398 .000	1	
Bank Selection	Correlation P-value	-.150** .004	-.126* .016	.296** .000	.250** .000	.222** .000	1

Regression Analysis

To understand the extent of an impact of each independent variable on the dependent variable, regression analysis is applied over given data. A bank selection criterion is taken as a response variable, whereas religiosity, cost factors, service quality, bank reputation and social influence are used as predictors.

Table 5. Summary of the Regression Model depicts that the multiple correlation coefficient (R), using religiosity, social influence, cost factors, bank reputation and service quality predictors simultaneously, is 0.47 and Adjusted R square is 0.21, meaning that 21% of the variance in bank selection criteria can be predicted from the combination of religiosity, cost factors, service quality, bank reputation and social influence. Regression analysis shows that 22% change independent variable is due to the independent variables while the remaining 78% is the unexplained variability.

Table 5. Summary of the Regression Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.478[a]	.228	.218	.90802

Table 6: Analysis of the variance of regression model depicts that F=21.295 and is statistically significant. This indicates that the predictors combine together to predict bank selection criteria. Also, the model is considered to be a good fit if the P-value falls between 0% to 5%. In Table 4.12 the P-value of .000 which means that the relationship between dependent and Independent variable is highly significant hence the model is a good fit.

Table 6. Analysis of the variance of regression model

Model	Sum of Squares	d.f	Mean Square	F	P-value
Regression	87.787	5	17.557	21.295	.000[a]
Residual	296.821	360	.825		
Total	384.608	365			

As shown in Table.7 Regression Coefficients of variables signifies Regression coefficients i.e. Beta (β) of religiosity with bank selection criteria is -0.089 with P-value 0.106 which shows no significant effect of religiosity on bank selection criteria. Regression coefficients i.e. Beta (β) of cost with bank selection is -.186 with P-value 0.003 which shows a negative and significant effect on bank selection criteria. A regression coefficient i.e. Beta (β) of service quality and bank selection is 0.421 and bank reputation and bank selection are0.349 with P-value .000 which shows a positive and significant effect on bank selection criteria. Regression coefficients i.e. Beta (β) of social influence and bank selection criteria is 0.067 with P-value 0.246 which shows no significant effect of social influence on bank selection criteria.

Table 7. Regression Coefficients of variables

Model	Unstandardized Coefficients		Standardized Coefficients	T	P-Value
	B	Std. Error	Beta		
(Constant)	1.498	.349		4.291	.000
Religiosity	-.089	.055	-.102	-1.621	.106
Cost	-.186	.062	-.199	-3.013	.003
Service	.421	.055	.376	7.681	.000
Reputation	.349	.072	.252	4.825	.000
Social Influence	.067	.058	.062	1.163	.246
Reputation	1.498	.349	-.102	4.291	.000

The regression equation is $X=\alpha+\beta_1 Y_1+\beta_2 Y_2+\beta_3 Y_3+\beta_4 Y_4+\beta_5 Y_5+e_i$

Whereas;

X= Bank Selection Criteria, Y1=Religiosity, Y2= Cost Factor, Y3=Service Quality, Y4=Bank Reputation, Y5=Social Influence

$X = 1.49 - 0.089\ Y_1 - 0.186\ Y_2 +0.421 Y_3 +0.349 Y_4 +0.067 Y_5 + e_i$…………………….Eq.1

Eq.1 shows that bank selection criterion is expected to decrease by -0.089 if religiosity increases by one unit. A bank selection criterion is expected to decrease by -0.186 if cost increases by one unit. If service quality increases by one unit a bank selection criterion are expected to increase by 0.421. Bank selection criteria are expected to increase by 0.349 if bank reputation increases by one unit. If the social influence increases by one unit a bank selection criterion are expected to increase by .067. The standard errors of the regression coefficients are fairly small, which indicate that

coefficients have been estimated fairly precisely.

DISCUSSION AND CONCLUSION

The multiple regression test results shows that service quality is the most important factor which is considered by the people while selecting the Islamic bank for dealing and this is supporting the result given by Haque *et al.,* (2009). This is because of the fact that people will only like to deal with that bank which has wide range of customize services according to the changing needs of the people. The second important factor which affects the selection criteria for Islamic bank is the bank reputation as customers feel safe when they deal with any reputed bank because in this way a certain level of confidence is developed between the bank and the customer. Same results were drawn by (Naser *et al.,* 1999).

The cost factor is also negatively affecting the bank selection criteria. As the competition between the banks for winning and retaining the customers are getting fierce. So this is the factor which greatly impact on the people when they have to deal with banks so they can easily switch to other bank if existing bank is charging high prices for their products and services. This phenomenon was also highlighted by Kader (1994) in his study. The insignificant and least impact on the bank selection criteria was due to the social influence this may be due to the fact that people are now more aware so they themselves want to know about the banks with whom they are going to deal rather than the suggestion and influence of their parents, friends and colleagues. This was also explained by Ajmi, Hussain and Al Saleh (2009) in his research.

The religiosity has also less impacts with insignificant relation upon the bank selection criteria because when more people have knowledge of Islam they don't want to deal with the Islamic banks because they are of the views that Islamic banks are just working in the same why as that of conventional banks by only changing the names of the products and services they are offering. This was also drawn by (Okumus, 2005). The Pearson Correlation test was applied to test the hypothesis made in this study. The first hypothesis is accepted because result shows that there is significant negative relation between bank selection and religiosity. This is because of the reason that people don't want to deal with the Islamic banks because they have the views that they are just the windows of conventional banks which are working in the name of Islamic banks. This was also confirmed from the previous study made by

(Haron, 1994). Islamic banks are also required to provide awareness regarding its products and services so that confusion of people can be cleared. The second hypothesis was also accepted as there is significant relation between these two variables. The same results were drawn from the previous study made by (Roman & Anca, 2012).

The service quality and bank selection have positive relation. (Erol & El-Bdour, 1989) drew the same results that service quality is the important factor presumed by the people in the selection of Islamic banks. The banks continuously thrive to improve their services so that existing customers can be retained while new customers can be attracted. The forth hypothesis was also accepted as there is a significant positive relation between bank selection and the reputation of bank. The more reputed a bank is the more there is a chance that public will deal with that bank. Boyd *et al.,* (1994) also concluded in his study that bank reputation and image is primarily kept in mind while people have to deal with the Islamic banks. The last hypothesis was also accepted because there is positive relation between bank selection and the social influence. This was supported by the results of the research conducted by (Ta & Har, 2000) that social influence is one of the important factor which effect the decision of people in the election of banks from which people have to deal. As the competition between banks regarding attracting the new customers and retaining the old customers is getting intense day by day. So it is very important that Islamic banks should know about the preference of the factors which are presumed important while dealing with the Islamic banks.

The level of awareness needs to be raised among the people regarding the working of Islamic banks because it is perceived that Islamic banks do not work under the Shariah principles. The research was conducted to find out the factors which are considered important while dealing with the Islamic banks. The bank selection criteria were the dependent variable and religiosity, cost factor, service quality, bank reputation and social influence were the independent variable. These variables were also the determinants of social cognitive theory. It was drawn from the results that service quality is the most important factor for the Islamic bank selection criteria along with bank reputation and the cost factors. Religiosity and the social influence are insignificant factors in this regard. While all the hypotheses are accepted after applying the correlation test showing that there is a significant relation between dependent and the independent variables. The study also provide direction to the management of Islamic

banks to bring clarity in their working and the products & services they offer so that misconception of people can be removed that Islamic banks are the windows of conventional banks.

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