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Selection of Islamic banking in a multicultural context: the role of gender and religion

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Selection of Islamic Banking in a Multicultural Context: The Role of Gender and Religion

Abstract

Purpose – As the popularity of Islamic banking and financial instruments continues to rise globally, a recurring empirical question is what specifically makes consumers choose Islamic banking. This paper investigates the determinants of bank type selection, especially in culturally diverse settings where the Islamic banking sector is well-established. It further examines whether consumers' gender/religion influences their choices. One intuitive prediction is that Muslim consumers opt for Islamic banking products as "ethical" due to conviction-related reasons. However, reality is not necessarily straightforward.

Design/methodology/approach – We used structural equation modeling (SEM) to examine data collected from a survey questionnaire of 790 respondents in an emerging market setting. Further analysis was made based on gender and religion to remove related bias.

Findings – Results suggest that overall consumer awareness significantly affects the selection of Islamic banking products. The positive effect of awareness is more significant for Muslim consumers relative to non-Muslims. Interestingly, social stimuli and bank attributes have an insignificant effect on the banking choices of both Muslims and non-Muslims. The results suggest that Islamic banks' marketing managers should adopt differentiated strategies for men and women, focusing on the core benefits of the service or personal interactions with consumers, respectively, along with a focus on different aspects of personal service for each gender. Awareness should be enhanced by adopting informative and effective marketing strategies to attract and retain consumers in the competitive bank environment. Islamic banks should pay attention to the religious effect without considering it as the sole variable motivating potential customers. They should design segmented and customized marketing strategies based on gender-religion market segmentation to suit different groups' needs.

Originality/value - The findings fill a gap in the literature and provide Islamic bankers with insights to help design and articulate their business strategies to appeal to consumers in a multicultural context. Examining an integral part of gender and religion mitigates biased estimates due to the omission of variables. The study contributes to the existing literature on customer preferences for Islamic banks with a relatively large, new data set.

Keywords:

Banks, consumer selection, Islamic banking, emerging markets, structural equation modeling (SEM), market segmentation

JEL Classification: M31, C83, G21, L84

1. Introduction

Recent years have seen increases in the popularity of Islamic banking and finance (IBF) in both Muslim and non-Muslim countries. Islamic banks (IBs) differ from conventional banks as they have to conduct their operations consistent with Islamic (Sharia) principles. This study is motivated by the rapid global growth of IBF, which has affected world economic activities and wealth creation. IBF is viewed as an "ethical" alternative to conventional banking as it promotes financial inclusion, equitable risk sharing, social justice, and fair distribution of wealth (Gilani, 2015; Beese, 2018). While consumers are keen to achieve wealth creation, they strive to engage in ethical investment decisions and invest in socially responsible financial instruments (Elmelki and Ben Arab, 2009). The "ethical" identity associated with IBs attracts consumers as the banks' business philosophy is derived from religious principles (Haniffa and Hudaib, 2007).

It might be claimed that Muslim consumers select Islamic financial products/services solely for belief-related reasons (Hamid and Othman, 2009). However, Muslims and non-Muslims choose Islamic banking and investments for profitability, resilience, risk-sharing, and ethical reasons (Beck *et al.*, 2013; Zaki *et al.*, 2014; Abou-El-Sood and El-Ansary, 2017; Pappas *et al.*, 2017). Islamic banking emphasizes the welfare of the community and provides financial solutions to a broad client base. Therefore, IBs are continually trying to win over clients (Dusuki and Abdullah, 2007).

From an ethical perspective, the interest rate, *Riba*, creates an excessive burden on borrowers. Hence, Islamic banks are viewed as more ethical than conventional banks. IBs do not charge interest, do not invest in illicit or ethically questionable industries, back transactions with "real" assets, do not engage in speculation, and are committed to profit and risk-sharing (Abou-El-Sood and El-Ansary, 2017). Hence, Islamic financial products/services promote ethical values and social responsibility (Sairally, 2007; Schoon, 2009) and are keen on equitable resources (Siddiqui, 1985).

The banking industry is entirely customer-oriented, which involves high and regular customer contact (Taleghani *et al.*, 2011). In this context, it is essential to understand customer preferences (Hadi and Muwazir, 2020). Consequently, many studies have examined the subject of selection criteria in specific banking services (Anderson *et al.*, 1976; Boyd *et al.*, 1994; Devlin and Gerrard, 2005; Gait and Worthington, 2008). The literature on bank selection criteria has revealed many features that significantly impact customers' decision-making processes. The most common factors in bank selection include the rate of return, availability of automated teller machines (ATMs), fast and efficient services, reputation and image of the bank, friendliness of bank employees, internal marketing strategies to employees, and location of bank or branches (Erol and El-Bdour, 1989; Metawa and Almosawi, 1998; Dusuki and Abdullah, 2007; Boyd *et al.*, 1994; Abdullah *et al.*, 2012; Abbas *et al.*, 2018a). Besides, the type of bank (either Islamic or conventional) and socio-demographic variables are also essential factors selection criteria (Metawa and Almosawi, 1998; Abdullah *et al.*, 2012). The degree of importance attached to various selection factors vary and cannot be generalized across different cultures, geographic areas, and populations (Hadi and Muwazir, 2020).

The literature examining the factors that influence consumers' decisions to choose Islamic banks is still developing (Sayani and Miniaoui, 2013; Shome *et al.*, 2018). Rashid and Hassan (2009) highlighted factors like convenience, corporate and counter service efficiency, competence in processing transactions, management team experience, quality of financial advice, speed of document dispensation, and management's awareness of customers' business. According to Mariadas and Murthy (2017), consumers' levels of product awareness influence their selection of Islamic banking services. Bodibe *et al.* (2016) indicated that product awareness, community influence, and social norms positively correlate with consumers' attitudes towards IBs.

Few studies have investigated whether Muslim consumers patronize IBs (Ullah and Kunho, 2012; Abduh and Ramjaun, 2015; Souiden and Rani, 2015) or whether religious attitudes/motives affect consumers' purchase (and continued use) of Islamic products/services (Kamiyama and Kashiwagi, 2019). Further analysis is required to explore the factors influencing consumers' selection of bank type and identify the role played by religion and gender, among other demographics, in determining the choice to use IBs (Bodibe *et al.*, 2016; Warsame and Ireri, 2018; Kaakeh *et al.*, 2019; Bananuka *et al.*, 2019).

Gender is regarded as a binary construct that reflects biological and sociological factors and affects decision-making processes (Haque *et al.*, 2007b). It is a crucial factor to consider when developing marketing strategies (Nicovich *et al.*, 2005). Understanding the motivations, expectations, and desires of men and women can also provide a foundation for better consumer services (Haque *et al.*, 2007a). Therefore, financial institutions must consider these factors when designing demographic-specific marketing strategies. Many studies have revealed the influence of gender on customers' banking selection criteria but have highlighted conflicting conclusions (Mokhlis, 2009). Some have argued that the decision-making power, abilities, and skills of men are different from women (Abbas *et al.*, 2018b). Others have highlighted that men pay more attention to cost-benefit and monetary advantage as bank selection criteria (Karjaluo *et al.*, 2010; Yu, 2012). Some studies indicate that cost issues remain important for both genders when selecting a bank (Hedayatnia and Eshghi, 2011). Some scholars claim that gender has no impact on selection criteria (Almossawi, 2001; Plank *et al.*, 1994). The studies on bank selection criteria from the perspective of gender are mostly limited to conventional banking (Hasan *et al.*, 2012). Moreover, religiosity, religious norms, and attitudes have been found to matter for customers' valuation of bank asset investments (Chourou, 2018) and their selection of IBs (Usman *et al.*, 2015). However, no study in the authors' knowledge has investigated all criteria for selecting Islamic banks together (i.e., bank attributes, social stimuli, and awareness) from both gender and religious perspectives.

According to Warsame and Ireri (2018), Kaakeh *et al.* (2019), Bananuka *et al.* (2019), an in-depth analysis is needed to explore the determinants of consumers' selections of bank type and identify whether religion and gender, among other demographics, influence their decision. Thus, this study attempts to pay greater attention to the criteria influencing people's decision to use an Islamic bank, including bank attributes, social stimuli, and awareness. These criteria could be affected by religion and could affect the decision-making of males and females differently. The addition of religiosity and gender to the model of bank selection criteria is a unique contribution of this study to the literature on consumer decision-making concerning

banking services. The ultimate purpose of this study is to examine the impact of bank attributes, consumer awareness, and social stimuli on the selection decision and the moderating effect of gender and religion on consumer decisions.

This paper investigates the determinants of Islamic banking selection and how gender and religion affect the selection decision in an emerging market context. The study employs structural equation modeling (SEM) to analyze data collected via survey questionnaires obtained from a sample of 790 respondents in the United Arab Emirates (UAE). We examine the impact of bank attributes, consumer awareness, and social stimuli on the selection decision and the moderating effects of gender and religion on consumer decisions. This study provides unique results and insightful findings and contributes to the area of consumer selection of banking services. We investigate the UAE because it has attained and maintained a global position as a leading Islamic financial hub. In its global Islamic banking competitiveness report, Ernst and Young (EY) reported that Gulf Cooperation Council (GCC) countries contribute to more than one-third of the global growth in Islamic banking assets. The UAE has more than 15% of global participation in Islamic banking assets. The report forecast that the banking assets of the UAE's IBs would cross US \$250 billion in 2020 (EY, 2016). The UAE has witnessed rapid growth in various economic sectors and exhibited sustained resilience during the financial crisis of 2007 and the oil price drop in 2014.

Consequently, financial institutions based in the UAE strive to gain a competitive advantage and excel in providing high-quality, tailored financial products and services to their customers. The UAE has a dual banking system, Islamic and conventional, and both are equally well-established. According to KPMG's June 2019 listing of GCC banks' results, the UAE is the largest GCC country in terms of bank assets, reaching a total of US\$ 623.8 billion, and had the largest percentage increase (7.9%) compared to the previous year (KPMG, 2019). The UAE is also one of the few countries that has stand-alone regulations for Islamic banks¹. This setting gives Islamic banks more opportunities for competition with conventional banks². One unique characteristic of our empirical setting is that, although Islam is the official religion in the UAE, the country comprises diverse nationalities, religions, and backgrounds³. This is because it includes many expatriates from different cultures who have settled in the country for work and investment-related purposes.

The current study contributes to the scholarly literature and informs policymaking in several ways. Firstly, it contributes to narrowing a gap in prior literature by examining how sociological factors, gender, and religion mediate the association between determinants of bank selection and the decision to select Islamic banking. Making gender and religion integral parts of the study mitigates against the risk of inaccurate conclusions that could

¹ Islamic banking operations are governed by Sharia principles and Federal Islamic Banks Law No. 6 of 1985 regarding Islamic banks, financial institutions, and investment companies.

² <https://www.centralbank.ae/en/laws-and-regulations/legislation>

³ According to CIA World Factbook statistics in 2019, the UAE's population of 9.7 million consists of 11.6% nationals and almost 88.4% immigrants and expatriates. In the UAE, 76% of the population is Muslim, 9% Christian, 10% Hindu and Buddhist, and approximately 5% other religions. The average male-to-female ratio for the population is 2.64.

stem from the omission of variables. Prior studies in emerging market settings have investigated gender and religion as independent factors, mutually exclusive to other bank-specific factors (e.g., Awan and Khuram, 2011; Mansour, 2019). However, to mimic the socio-economic reality, we do not treat these sociological factors as stand-alone relative to other factors. Secondly, the study aids Islamic bank managers, bank marketers, and other practitioners to identify the factors that significantly affect consumers' decisions to select Islamic banking. This critical information is essential in formulating relevant marketing strategies to attract customers, and this attraction will ultimately lead to profitability. Understanding market segmentation for the Islamic banking industry is only possible if bank managers can access accurate information about their prospective customers (Hadi and Muwazir, 2020). Thirdly, this study's results will help IBs to create better marketing strategies and financial products/services that cater to different consumers' needs.

We have divided the rest of this paper into four sections. In section two, we review the literature and develop hypotheses. In section three, we discuss our research methodology and design. Section four is an analysis of our findings. Finally, in section five, we conclude this paper by discussing the findings' implications and suggesting avenues for further research in this area.

2. Literature Review and Hypotheses Development

A consumer's attitude toward a product or service is influenced by the degree to which the image of that product or service matches with the consumer's self-concept (Sirgy *et al.*, 1992; Wang and Heitmeyer, 2005). The consumer decision-making model involves identifying their needs, searching for knowledge and information, evaluating alternatives, and purchasing/post-purchase evaluations (Hawkins *et al.*, 2004; Blackwell *et al.*, 2006; Schiffman and Kanuk, 2007; Saini *et al.*, 2011). Consumer behavior and decisions are affected by a combination of environmental factors. These include culture, social context, and family. Additionally, specific individual factors, such as personality, values, attitudes, motivation, and lifestyle, have been shown to have a profound effect on consumer decisions (Vrontis and Thrassou, 2007).

Understanding consumers' product and service preferences is crucial to attracting clientele and surviving in a highly dynamic business environment (Kotler, 2000; Tsai *et al.*, 2011). The dual banking system in the UAE constitutes a significant motive for banks to understand the specific criteria used by various consumers when selecting Islamic or conventional banking services. Prior studies on the determinants of bank selection show that this is a developing area of study. They have been geographically focused, with their results reflecting the specific environments that they have examined (Al-Tamimi *et al.*, 2009; Katircioglu *et al.*, 2011; Hedayatnia and Eshghi, 2011; Maiyaki, 2011; Sayani and Miniaoui, 2013; Shome *et al.*, 2018).

The first stream of research merely focused on bank attributes and the quality of services provided. One of the significant motives for consumers to choose a particular bank has been the expected profits or returns gained from investing/depositing money in that institution (Al-Ajmi *et al.*, 2009; Kasri and Kassim, 2009). According to economic theory, consumers are driven by profit maximization incentives. This theory is supported by research findings, which suggest that consumers respond to incentives when making their financial decisions (Mankiw, 2020). Although generating profits is a core incentive to banking customers in general, in the context of IBs, this mainly takes the form of profit/loss sharing (Hati *et al.*, 2020). Hence,

consumers of IBs' financial products are influenced by factors other than profit when choosing and remaining loyal to their banks (Fianto *et al.*, 2020; Javed *et al.*, 2020; Raza *et al.*, 2020). They may not be affected directly by the traditional economic theory of profit maximization (Haron and Ahmad, 2000; Sukmana and Yusof, 2005).

Al-Tamimi *et al.* (2009) found that consumers prefer Islamic banks as they associate them with positive religious attributes. However, consumers were not necessarily satisfied with the quality of service provided. Jahiruddin and Haque (2009) showed that convenience is most valued by consumers, followed by economic, promotional, and influential factors. Katircioglu *et al.* (2011) found convenience to be the most important determinant of bank selection. Maiyaki (2011) revealed that the size of a bank's assets and network of branches were vital determinants of customers' selection decisions. The former factor indicates customers' need for safety and avoidance of uncertainty, and the latter emphasizes convenience. Another variation in geographically focused studies concerns social influences, i.e., the key role of recommendations and the influence of friends, family, and social connections in the bank selection process.

The second stream of research has considered the sociological attributes of consumers in isolation from bank attributes, social stimuli, or their prior awareness of banking services. Sayani and Miniaoui (2013) concluded that bank reputation and consumers' expectations of profit from deposits are insignificant influences on bank selection, while religious preferences are significant when selecting bank type. Shome *et al.* (2018) found that the choice to use an Islamic bank is influenced by consumer expectations regarding the conformity of the bank's operations with *Sharia* principles. For a sample of university students, demographic variables were found to be insignificant in the bank selection process. It should be noted that Tan and Chua (1993) concluded that cultural values and social interactions are vital factors in consumers' decisions to select a particular bank. Hence, factors such as gender and religious background should not be examined in isolation from other factors affecting consumer decisions. Accordingly, prior results are misleading and incomplete in terms of their ability to provide bank managers with better insights on how to design and market banking services to specific groups of consumers. An empirical investigation is needed to examine the moderating effect of gender and religion on the other determinants of the bank selection process.

2.1. Consumer awareness

Consumer awareness in this context refers to what consumers know about a specific financial product/service. An individual's level of consumer awareness is determined by both the information he/she receives and her/his education, which enables the processing of this information. Islamic banks, and Islamic windows operated by conventional banks, have introduced various Islamic financial instruments. However, the specific details of these financial instruments are not necessarily known to most consumers, even when they are Muslims, as this requires specialized knowledge. Moreover, this lack of awareness has led to major rifts concerning these products/services, as similar products/services may be accepted by one individual while being rejected by another (Cheteni, 2014). Awareness is one of the most critical factors shaping consumer behavior (Metawa and Almossawi, 1998) and influencing the use of Islamic retail banking services (Thambiah *et al.*, 2012).

Gerrard and Cunningham (1997) found that non-Muslims were utterly unaware of Islamic finance, while Muslims demonstrated only a little more knowledge. Although most Muslims were aware of the fundamental concepts of Islamic finance, they were unfamiliar with the specific details of Islamic financial instruments. Interestingly, Khattak and Rehman (2010) confirmed that awareness levels on Islamic products/services were suitable for general products, such as current accounts and time deposit accounts. However, most consumers were unaware of other Islamic financial instruments.⁴ According to Hamid and Nordin (2001), consumers exhibit an appropriate degree of awareness of Islamic banking. However, they have poor knowledge of specific Islamic financial instruments and the significant differences that distinguish these from the services provided by conventional banks.

2.2. Bank attributes

Bank attributes are a significant factor in bank selection. Consumers' willingness to select IBs is related to their attitudes toward various attributes attached to Islamic banking. These include the IB's compliance with Islamic *Sharia* principles (Haron *et al.*, 1994; Metawa and Al-Mossawi, 1998; Ahmad and Haron, 2002), bank location, length of relationship with consumers, quality of service, attractiveness of financial instruments, the IB's prospects (Kaufman, 1967; Dusuki and Abdullah, 2007; Mokhlis *et al.*, 2008; Ahmed *et al.*, 2010; Abduh and Omar 2012), low services charges (Al-Hunnayan and Al-Mutairi, 2016), the efficiency of bank communication with consumers (Bashir, 2017), safety of funds (Aregbeyen, 2011), speed of service, ease of obtaining loans, higher returns on deposits (Aliero *et al.*, 2018), efficiency, lower bank charges, availability of ATMs, the extent of the branch network (Saini *et al.*, 2011), and confidence in the IB (Haque *et al.*, 2009).

2.3. Social stimuli

Social stimuli are an integral part of consumers' decision-making processes (Meijer *et al.*, 2015). They play an imperative role in determining banking preferences among consumer groups (Sayani *et al.*, 2017). According to the extant social-psychology literature, social stimuli affect human behavior in various ways. They influence the way individuals view the world, which ultimately affects their behavior (Manstead, 1997). Friends and relatives significantly influence consumers' acceptance of Islamic banking (Metawa and Almossawi, 1998; Abbas *et al.*, 2003; Marimuthu *et al.*, 2010). Similarly, the name of a bank, its social images, and the friendliness/efficiency of its staff significantly affect consumers' bank selection decisions (Ahmad and Haroon, 2002; Saad, 2012).

2.4. Gender-based selection decisions

The decision-making process is often complex, requiring the decision-maker to make inferences and evaluations, and it is affected by various factors. Social-psychology and socio-economic research suggest that the decision-making process differs for individuals according to their characteristics. For instance, men and women make financial decisions differently (Stendardi *et al.*, 2006). According to Graham *et al.* (2002), differences in male and female financial decision-making strategies are attributable to different styles of information

⁴ Popular Islamic financial instruments include *Murabaha* (cost-plus financing), *Musharaka* (joint venture partnership), *Mudaraba* (profit-sharing financing), *Ijara* (leasing), and others (Abou-El-Sood and El-Ansary, 2017).

processing, which can be explained by the “selectivity model” proposed by Meyers-Levy (1989). According to which, men and women select different clues from the environment when processing information. For example, men process a smaller range of clues than women because they are highly selective in their information processing and use simplified heuristics that serve as proxies for more comprehensive information processing. In contrast, women comprehensively process information by considering a broader range of apparent and subtle clues. Women attempt to comprehend as many clues as possible by engaging in comprehensive, itemized analysis of all available information (Darley and Smith, 1995).

Prior literature stated that the distinguishing characteristics of men and women form the basis of their decisions; differences in the decision-making process have been attributed to perceptions of the roles adopted by men and women. Steinmetz *et al.* (2016) observed that, in most cases, men are traditionally more involved in managing family business affairs relative to women. In contrast, women tend to be more focused on taking care of family members rather than thinking of material success and progress (Pasha-Zaidi, 2015). Such traditions have limited the involvement of women in socio-economic affairs and financial decision-making. Accordingly, some researchers have described females as being more risk-averse (Tran and Corner, 2016). Men developed as hunters and women as gatherers and primary caregivers. Thus, women needed to be more experiential, relational, expressive, and caring, while for men, independence, competency, task orientation, and instrumentality were the essential traits for survival (Buss, 1990; Shackelford *et al.*, 2005).

When making decisions, women care more about the relational aspects because they are more communal and socially-oriented. Conversely, men care more about the core aspects of the service as they are more material and goal-oriented (Iacobucci and Ostrom, 1993). Moreover, women care about the quality of the experience in their interactions with service providers, and men focus more on product/service quality concerning issues such as variety, availability, warranty, and brand name (Babakus and Yavas, 2008). As higher prices offset the value created by all other core attributes and decrease a consumer's surplus (Enav and Daphna, 2018), men mall shoppers are more price-sensitive than women (Sohail, 2015). In the banking industry, costs and commissions are more significant factors in men's decisions (Karjaluo *et al.*, 2010; Yu, 2012).

2.5. Theory of planned behavior

Various theoretical approaches have been established to explain consumers' behavior. In this study, we draw from the theory of planned behavior (TPB), which states that individuals/consumers' rational and general tendency is to maximize utility perception in return for minimum effort (Narteh, 2016). In other words, consumers are motivated to identify a bank's benefits and its attributes before using any of its services.

This study discusses the factors that influence men's and women's behavioral approaches when selecting banking services. In this context, the TPB provides a useful conceptual framework. The TPB is an expectancy-value model that explains the relationship between attitude and behavior in predicting consumers' particular preferences or buying approaches (Ajzen, 1985). According to Sayani *et al.* (2017), the TPB helps identify the various parameters that influence a consumer's decision to act in a specific way or show a particular behavioral approach. There are six extensions of the TPB in support

of the theory. These are belief salience, past behavior, perceived behavioral control against self-efficacy, affective beliefs, self-identity, and moral norms (Shome *et al.*, 2018). Self-identity comes from social stimuli and awareness. The relationship between the TPB and the selection of banking services is linked by credit attitude and affective reactions. Attitudes are the salient internal behavioral beliefs reflected in external behavior through selection decisions in favor of some attributes or someone.

Similarly, the selection of banking services is related to credit attitude, which is associated with banks' services to their clients. Credit attitude can be explained from the perspective of affective reactions that consumers show for products and spontaneous impacts. The banking services selection procedure is also a part of behavior that reflects an individual's perceived control over selection attributes. Attitudinal behavior is determined by the social and faith beliefs in which a person grows, and it shapes their selection-making criteria concerning banking services. Self-identity is an extension of TPB that magnifies the impact of an actor's salient part in reflecting a specific behavior. It acts as a parameter in bank selection as consumers look for those banking services that are congruent with their self-image. It becomes convenient for consumers to avail the services of those banks (ElMassah, 2020).

2.6. Effect of gender differences on the selection of banking services

In accordance with the hunter-gatherer theory, unique gender-based preferences are evolutionary in origin (Ltifi *et al.*, 2016). Sociological factors and the psychodynamic approach also determine these preferences. Following the evolutionary concept of hunter-gatherer theory, women are naturally more relational, expressive, and contextual. On the contrary, men are more independent and prefer to stress their competency, task orientation, and instrumentality (Sayani *et al.*, 2017).

Male and female consumers show different behavior in their preferences and usage of banks, banking channels, and banking products (Almossawi, 2001; Srivatsa and Srinivasan, 2008). Understanding these differences is critical for a bank's success (Mokhlis, 2009). According to Ajzen (2015), gender-based selection decisions explain the criteria used by female consumers when choosing banking services. Female consumers make more effort than their male counterparts to comprehensively analyze products and information (Scales, 2017). In the context of consumer selection of bank type, we conjecture the first hypothesis:

H_{1a}: The selection of Islamic banking is different for men and women based on their awareness.

Bank attributes, *BA*, are considered as the primary factor determining consumer selection. These attributes include bank reputation, the presence of financial counseling, the proximity of branches, availability of nearby parking spaces, quality of services, security and safety, technologically modern environment, and the competence and friendliness of bank staff (Laroche *et al.*, 1986; ElMassah, 2019). Women are more concerned about the friendliness of staff than men (Oliveira *et al.*, 2014). Men are more interested in quick service and convenience of location while women place greater emphasis on financial benefits, such as interest on savings accounts and the availability of current accounts (Boyd *et al.*, 1994). Similarly, Omer (2008) argued that male consumers are interested in the safety of funds, efficient service, and transaction speeds.

As mentioned before, higher prices decrease a consumer's surplus, and men are more sensitive to price. Thus, cost and other functional considerations are more important for men than women (Friedmann and Lowengart, 2016). Likewise, men place greater importance on “appearances” than women do (Gerrard and Cunningham, 2001). As per Srivatsa and Srinivasan (2008), male bank customers prefer the safety and convenience of electronic channels, branch banking, and the value of a loan product. In contrast, women focused on channel convenience and savings, favoring internet banking and seeking value from credit card usage.

Female bank customers are interested in the speed of transaction. According to Aregbeyen (2011), women rank banks based on minimum waiting times; time might be more important to women who still spend more time than men on children and family care. That also makes closeness to the home or workplace and parking facilities necessary factors for women when choosing their bank (Friedmann and Lowengart, 2016). Women also have less favorable attitudes toward technology and show a higher level of computer phobia and anxiety (Lee *et al.*, 2010). In contrast, men place more importance on innovation and e-banking offerings (Metasebiay and Tesfaye, 2017).

Evolutionary theory explains gender differences in terms of the importance consumers place on various aspects of banking services. The hunter-gatherer theory of Silverman and Eals (1990) argued that gender-specific characteristics are evolutionary in origin. Evolutionary theory identified the roles of men as hunters and women as gatherers as the source of gender differences in the decision-making process. These attributes lead to real differences in choices and outcomes when men and women evaluate banking options (Friedmann and Lowengart, 2016).

Evolutionary theory also shows that women's self-image is based on “self-in-relation,” i.e., women generally have a stronger need for social interactions and give more importance to the formation and maintenance of relationships. In contrast, men typically have an independent self-construal, whereas women usually have an interdependent self-construal. Additionally, women are more likely than men to express concern about, and responsibility for, the well-being of others and less likely than men to support materialism and competition (Friedmann and Lowengart, 2016). Accordingly, we conjecture the following hypothesis:

H_{1b}: The selection of Islamic banking is different for men and women based on bank attributes.

Social stimuli, *SS*, are the social pressures imposed by specific influential people or groups like family members, friends, and work colleagues (ElMassah, 2019). Such social pressure are among the crucial factors affecting consumers' bank selection decisions (Mokhlis, 2010). Much of the literature reported that female consumers are influenced more by people and recommendations from acquaintances and experiential attributes (Friedmann, 2016).

Omar and Orakwe (2006) found that females considered recommendations from relatives/friends as one of the most critical factors for their bank selection. In contrast, males considered the safety of funds, efficient service, and transaction speed as the most

important determinants of their bank selection. Similarly, Suki (2016) reported that females put more emphasis on social network influences than do their male counterparts. The following hypothesis is expressed as:

H_{1c}: The selection of Islamic banking is different for men and women based on social stimuli.

It can be concluded from the previous literature review that women are more relational and men more instrumental (Aregbeyen, 2011). Men are more selective processors and do not engage in comprehensive processing of the available details before making a decision. In contrast, women go through more comprehensive processes that assimilate all available information before making decisions. According to Pasha-Zaidi (2015), these differences are also evident in the process of selecting bank types; the services and facilities provided by the banks play an essential role in determining consumers' selection decisions.

It has been argued that religion plays a significant role in consumer behavior (Bonne *et al.*, 2009). Nevertheless, the nature of this role regarding banking selection remains under investigated. Shome *et al.* (2018) argued that consumers' expectations of the conformity of a bank's operations with Islamic principles affect their choice of Islamic banking. Behavioral theories have been used to explain and predict the effect of religion on consumers' choices. Prior studies using the TPB showed that every religious group had a different perception and intention for choosing a service or consuming a product (Rocheleau, 2005; Ho *et al.*, 2008; Bonne *et al.*, 2009). Hence, we find a need to investigate how religion affects consumers' selection of Islamic banking. Accordingly, the following hypothesis is expressed as:

H₂: Religion affects the association between selection determinants on the one hand and the selection decision of Islamic banking on the other hand.

3. Methodology

3.1. Research design

This study adopts the theory of planned behavior and evolutionary theory to investigate the potential differences in determinants of selecting bank types based on gender and religion. The study utilizes a sequential mixed method; we collected both qualitative and quantitative data—the qualitative data through interviews followed by quantitative data from survey questionnaires. We considered the sequential mixed method technique to be a more potent way to understand contradictions between qualitative results and quantitative findings. Mixing statistical models provides a clearer understanding of the problem and produces more detailed evidence, through which researchers obtain both breadth and depth (Ivankova *et al.*, 2006).

We relied on partial least squares (PLS) path modeling and structural equation modeling (SEM) to analyze complex relationships between latent variables, where the theoretical explanation was scarce (Chin, 1998). The structural framework design is presented in Figure 1, where BA, A, and SS are the independent variables denoting *Bank Attributes*, *Awareness*, and *Social Stimuli*, respectively. Consumer selection of bank type is the dependent variable.

3.2. Instruments and data collection

To identify the determinants that consumers would consider when choosing a bank service, we used a three-stage data collection process. In the first stage, we conducted semi-structured interviews with consumers who have used Islamic and conventional banks. This was

supplemented by a thorough literature review, which provided us with insights into the major determinants of bank selection decisions. We collected qualitative data through interviews from selected respondents to answer the research questions. A purposive sampling technique was used to select the interviewees. According to Dworkin (2012), between 5-10 participants are necessary for data collection through interviews. Hence, we selected five respondents to interview; all were audio-recorded with the permission of interviewees. The interviewees consisted of three males and two females. All of whom have had accounts in IBs and conventional banks. Two of the respondents were below 35 years old, while three were above 35 years old. All of the respondents worked in either banking or academia⁵. Commonly, after in-depth interviews, large quantities of qualitative data will be available for analysis. However, it is mandatory to sort qualitative data into manageable themes to make meaningful inferences. The development of themes is also a necessary condition for thematic analysis. Thematic analysis identifies, analyzes, and reports patterns (themes) in the data (Clarke *et al.*, 2015). As suggested by Thomas (2006), we used an inductive approach to code interview data under a color-coding system; we gave different colors to the emerging themes to identify patterns in the data. In the interviewing stage, consumers expressed that, when they were younger, they solely selected IBs for religion-based reasons, regardless of their knowledge of the financial instruments provided and how they differed from those offered by conventional banks. Later in their lives, some of the interviewees kept their IB accounts after becoming more educated about the products/services that such banks provide. Others kept their IB accounts or switched to conventional banks on account of social pressure, image considerations, and other reasons that were unrelated to religion but rather to the services provided by banks. According to the interviewees, the major factors influencing their bank type selection decisions were quality of services, variety of services, security, and safety. They also expressed that they were affected by family and friends' recommendations and the images created by advertisements and social media. Finally, their awareness of Islamic banking products/services contributed to their decisions when choosing either IBs or conventional banks.

Based on thematic analysis, we identified three main factors (themes) determining the bank selection decision. They are awareness (A), bank attributes (BA), and social stimuli (SS). A means consumers' awareness and knowledge of the concepts of Islamic banking and finance and the Islamic financial instruments provided. BA covers the dimensions of transaction costs, consumer services, technology/innovation, and ATM and branch networks. SS focuses on the influence of friends and family on consumers' decisions. Profit motive might be another important determinant of bank selection. However, the past study of Sayani and Miniaoui (2013) found that expectation of profit on deposits is not a determinant of Islamic bank selection. Moreover, the studies of Awan and Bukhari (2011) and Hasan *et al.* (2012) also found that the profit motive is not a significant factor in the selection of Islamic banking.

In the second stage, we constructed a structured survey questionnaire, guided by the responses we got from interviewees and informed by our review of prior research. The first

⁵ With MSc/Ph.D. degrees in finance and economics.

section of the survey questionnaire had questions covering consumer awareness, bank attributes, social stimuli, and consumer bank selection. Participants were asked to rank their responses on a 5-point Likert scale, where one represented the lowest rating and five the highest. The second section of the survey had questions on demographics, i.e., gender, age, income, education, and religion. According to Jagiollian (2017), a pilot study is an essential aspect of data collection as it ensures that the data collection tools are valid and reliable. According to Alberts and Vellino (2013), a pilot study can be relevant if it comprises about 4-10 members of the target population. Therefore, we sent out pilot questionnaires to 5 respondents and arranged for reviews of the content validity of the questions and scales by academics in marketing, behavioral economics, and statistics. We implemented some modifications based on their recommendations. We conducted the reliability analysis through Cronbach alphas, which measure internal consistency by establishing if several items within a scale measure a similar construct. The results revealed that the Cronbach alpha values for all study constructs were higher than 0.70, which confirmed excellent reliability (Hair *et al.*, 2010). Based on reliable results, we collected further data. Table 10 presents the constructs and their related measurement items.

The final stage included sending out the survey questionnaires to participants. The data collection process was not easy, as participants were usually sensitive to provide information, which could be attributed to social desirability and cultural reasons. We screened completed questionnaires for errors, including incomplete or missing responses. Overall, the final sample after treating the data included 790 respondents out of 794 collected survey questionnaires.

3.3. Data analysis

The study adopted structural equation modeling (SEM) for quantitative data analysis. Both PLS-SEM and covariance-based SEM (CB-SEM) were conducted using SmartPLS and AMOS. The motive behind using both PLS and CB-SEM was to achieve robust results. Both methods are complementary rather than competitive, as PLS is suitable for composite-based models, while CB-SEM estimates factor-based models efficiently (Henseler *et al.*, 2014). SEM-based models were more appropriate in this case than regression models because the study is theory testing (Ringle *et al.*, 2015). The nature of the consumer banking choice decision (as shown in Figure 1) consists of various latent constructs that can be further measured by multiple factors. The analysis encompassed three statistical techniques (multiple regression, PLS path analysis, and factor analysis) as our purpose was to perform confirmatory, instead of exploratory, analysis. We employed SEM to specify the data's validity to support the theoretical model. The methodology started with an evaluation of the measurement model and the structural model, followed by running second-order confirmatory factor analysis (CFA). We examined each dimension in terms of its p-value, t-statistics, R², and path coefficient significance as per the standard evaluation criteria of the SEM set. We employed the predominant approach to multi-group analysis (Keil *et al.*, 2000).⁶

4. Findings

4.1. Descriptive statistics

⁶ We applied an un-paired samples t-test to the group-specific model parameters using the standard deviations of the estimates resulting from bootstrapping.

The sample contained 790 respondents, 362 males (45.8%) and 428 females (54.2%). 28.9% of the respondents were Emiratis, 35.1 % were Arab expatriates, and 36 % were non-Arab expatriates. Moreover, 78.6% of the respondents were Muslims, while the remainder were non-Muslims. The majority of respondents were well educated, approximately 58.4% of respondents were university graduates, and 21.6% held a post-graduate degree. Of the total sample, 18.6 % had finished high school education. The remaining percentage of respondents had not completed their high school education. In terms of income distribution, 29.7% of the sample received an income of more than US \$6,261.74 per year, 17.5% of the sample earned between US \$4,355 and US \$6,261.74, 21.3% earned between US \$2,178 and US \$4,683.74, and the remaining 31.5% received an annual income less than US \$2,178.

We split the sample data based on gender and religion to neutralize any related bias. The percentage of non-Muslim females to the total sample was 11.2%, whereas non-Muslim males represented 10.2% of the total sample. The percentage of Muslim females was 43.0%, while Muslim males represented 35.6% of the total sample. Table 1 provides a summary of these descriptive statistics.

4.2. Validity and reliability

We applied factor analysis and confirmatory factor analysis (CFA) to assess validity.⁷ We conducted a second-order factor analysis and deleted all items having factor loadings less than 0.4⁸ (Tabachnick and Fidell, 2007). Figure 2 shows the factor loadings after deleting the unloaded items. The composite reliability (CR) of the constructs was computed for the independent and dependent variables to determine internal consistency and the ability to measure the latent constructs (Fornell and Larcker, 1981; Hair *et al.*, 2010). The results are presented in Table 2. Following Fornell and Larcker (1981), the composite reliability of all variables was greater than or equal to 0.7, with the exception of the social stimuli variable which had a composite reliability of 0.643. But Hair *et al.*, (2010) argued that as long as a model is a good fit there is no need to delete items or variables from it. CFA was performed to measure construct validity, as it confirms whether the model fits correctly with its current variables (Hair *et al.*, 2010). The outputs are as shown in Figure 3 and Table 3.

4.3. Model fit analysis

To assess the model fit, it is necessary to look at the value of the normed chi-square index (CMIN/Df), the ratio of absolute fit index (RMSEA, RMR), and an incremental fit index (CFI, GFI, NFI; respectively). Results shown in Table 3 indicate that all the ratios of fit indices were in an acceptable range (CMIN/Df=3, RMSEA, RMR=0.07, CFI=0.89, GFI=0.87, NFI=0.84) as recommended by Baumgartner and Homburg (1996), Holmes-Smith (2001), and Hair *et al.*, (2010). Thus, the model is a good fit, and its variables pass the composite reliability test.

⁷ Validity here means both convergent and discriminant validity.

⁸ SS4 had factor loadings slightly less than 0.4; the study retained it as per Hair *et al.* (2010, p.676).

4.4. Structural equation model for Muslims and multi-group analysis based on gender

Table 4 shows the significance of coefficients for the variables path in affecting Muslim consumers' bank selection. As shown in the table, *A* was the highest significant variable among all variables influencing Muslims' selection of Islamic banking (path coefficient loading is 0.858). *BA* and *SS* had an insignificant effect ($p\text{-value} > 0.05$) on Muslim consumers' selection of Islamic banks. This may be because religion has a more decisive influence on Muslim consumers' decisions regarding Islamic banking (relative to the influence of bank attributes or social stimuli). Furthermore, these findings are consistent with Al-Tamimi *et al.* (2009), who reported that consumers prefer Islamic banks due to their religious attributes. These results are for the overall sample of Muslim consumers. Therefore, we disentangled the gender effect to examine whether the results were any different among different subgroups. The majority of past studies established the significant effect of *BA* and *SS* on consumers' bank choices. However, in this case, the results might be the opposite because of the differences between Islamic and conventional banking (Ahmad and Luo, 2010; Masruki *et al.*, 2011; Khediri *et al.*, 2015).

To determine the effect of the independent variables (*A*, *BA*, and *SS*) on Muslim males' and females' selection of IBs, we performed a multi-group analysis. Splitting data ensures that the results are free from gender bias. Table 5 shows interesting results; consumer awareness persisted in having significant loadings, and it had a significant positive effect on the selection decisions of IBs, regardless of gender. However, the variable had a higher impact on Muslim males' selection of Islamic banks relative to its effect on their female counterparts. *BA* had a significant positive effect on Muslim females relative to Muslim males. The effect of *SS* on Muslim males is slightly significantly different compared to females at the 10% level.

4.5. Structural equation model for non-Muslims and multi-group analysis based on gender

Table 6 shows the significance of the variables' path coefficients in affecting non-Muslims' bank selection. As shown in the table, awareness was the only variable that had a significant effect on non-Muslims' selection of Islamic banks for the overall sample. *A* increased non-Muslims' selection of Islamic Banks. In contrast, *BA* and *SS* did not affect the selection decisions of the overall non-Muslim sample. Hence, we performed further tests to disentangle the results based on gender. Table 7 provides gender-based results. It shows that the effect of *A* for non-Muslim males' selection of Islamic banking was significantly higher than for non-Muslim females' selection of Islamic banking. *SS* had a significantly negative effect on non-Muslim males' selection of Islamic banking.

Regarding the effect of religion, the effect of *A* on non-Muslims' selection of IBs was higher than the effect on Muslims' selection of IBs. This result has implications for the importance of informative messages about Islamic financial instruments delivered through advertising and marketing campaigns directed to non-Muslim potential consumers.

Table 8 provides further results. Panel A shows that the variability in the awareness (*A*) factor was not significantly different between male and female respondents. For bank attributes (*BA*) and social stimuli (*SS*), the *t*-statistics of the difference between sample means were not statistically significant at conventional levels. On the other hand, there was a significant difference in variability of *SS* as apparent by the *p*-value of 0.024. The significance of

differences between sample means is better investigated for the total sample and across gender when we use religion as the differentiating factor between subsamples.

Panel B shows significant differences between means for *A* and *SS* (p -value = 0.000 and 0.002, respectively). This result shows that the selection of Islamic banking was different between Muslim and non-Muslim consumers based on their awareness of Islamic products and social stimuli. On the other hand, the *BA* factor did not affect Muslims and non-Muslims' bank selection decisions differently (p -value = 0.593). The negative t -statistic of *SS* (-3.095) shows that Muslims' Islamic banking selection decisions tend to be less affected by social stimuli relative to non-Muslims' decisions. This could be explained by the stereotype threat hypothesis (STH), where non-Muslim consumers may find themselves in a situational predicament where they do not want to conform to a stereotype placed on their group (Steele and Aronson, 1995). Awareness of Islamic products affected the selection decisions of Muslim consumers more than it affected the choices of non-Muslims (t -statistic = 10.632). Overall, the results show that the selection of Islamic banking was more evident across Muslim and non-Muslim consumers based on their awareness of products/services provided and social stimuli.

The results shown in Table 9 provide robustness to our analysis when using multi-group analysis (MGA) tests. Based on sample gender, there were no significant differences between all independent variables and customer choices of banking type for females relative to male customers (as apparent in Panel A). Unreported further results of the Welch-Satterthwait test showed that there was a slightly significant difference between female and male customers regarding the factor of customer service and their evaluation of *BA*. Hence, female customers highly valued customer services when judging bank attributes before selecting the banking type.

Panel B of Table 9 provides MGA results based on religion. It is evident that only social stimuli were significantly different between Muslims and non-Muslims in selecting the banking type (p -value=0.098). Unreported results of the Welch-Satterthwait test show a slightly significant difference between Muslims and non-Muslims within the factor of customer services, which is within the *BA* variable, and their evaluation of bank attributes. Consequently, Muslim customers highly valued customer services when judging bank attributes as part of their selection of banking type.

5. Summary and Conclusion

This study investigated the determinants of Islamic banking selection and how gender and religion affect selection decisions in the UAE, a setting characterized by cultural diversity and well-established IBF. It employed SEM to analyze data collected via survey questionnaires to examine the impact of bank attributes, consumer awareness, and social stimuli on the selection decision, as well as the moderating impact of gender and religion on consumer decisions. Through this, we attempted to add to the prior literature and better reflect socio-economic reality by not treating gender/religion as stand-alone factors in isolation from other variables.

Male and female consumers show different behavior in their preferences of banks, banking channels, and bank product usage (Almossawi, 2001; Srivatsa and Srinivasan,

2008). Understanding these differences is critical for a bank's success (Mokhlis, 2009). Hence, this study discussed the factors that influence the behavioral approaches of men and women and their psychology in adopting certain banking options. We extended the analysis to examine how these factors influence bank type selection for various religious groups. The factors considered were "awareness", "bank attributes", and "social stimuli".

The overall model results indicated that awareness has a significant effect on men and women's selection of IBs for both Muslims and non-Muslims. Awareness increases Muslims and non-Muslims' selection of IB. However, the impact of awareness is higher on non-Muslim than Muslim consumers. The results reflect, therefore, the significant role of religion in choosing IB, as religion plays a role in how the selection is affected by awareness. Therefore, IBs are recommended to deal with Muslims and non-Muslims differently with sensitivity to awareness while designing their marketing strategy.

Additionally, awareness affects men and women's selections of IBs positively. The effect of awareness is more significant for Muslim consumers relative to non-Muslims. Nonetheless, the effect is not significantly different between males and females. This result, although inconsistent with Scales (2017), can be attributed to two potential reasons: the lack of awareness, a-posteriori, of both males and females and the narrowing gap between males and females resulting from country-wide gender-equality policies, which, according to Fitch Solutions, have changed the whole scene for service providers.⁹

There is a lack of knowledge about Islamic products/services, even among Muslims, which forms a challenging detriment to IBs (Bello and Mika'ilu, 2014). Moreover, people choose what suits their needs based on knowledge and understanding of the financial instrument and what it entails (ElMassah and Alsayed, 2013). This lack of knowledge and misconceptions concerning IBs' principles discourage people, especially non-Muslims, from choosing IBs, as they erroneously perceive that IBs are made exclusively for Muslims (ElMassah, 2019). It is recommended that IBs should create awareness of their products to offset the stereotyping threat effect, attract a broader consumer base, and ensure that people do not choose IBs solely for religious considerations.

"Bank attributes" showed a positive effect on the bank selection decisions of all consumers regardless of gender or religion. Prior literature found that females prefer utilitarian orientations. Hence, their preference for IBs was significantly influenced by the usefulness of bank attributes and services provided. This finding was confirmed by our multi-group analysis of indirect effect, where the bank attribute of "customer services" was marginally significantly different for female customers relative to male customers and for Muslim customers relative to non-Muslim customers. Accordingly, IB managers should design differentiated marketing strategies for consumers by focusing more on the content of bank attributes. Interestingly, "social stimuli" loaded more significantly for non-Muslim consumers relative to Muslims. This result is inconsistent with prior literature (Goh and Sun, 2014; Shome *et al.*, 2018), which found that Muslim males put a high value on social status. Hence, their preference for IBs was significantly influenced by self-expressiveness motives. Additionally, we found that "awareness" and "social stimuli" affect consumers' decisions when choosing Islamic

⁹ See <https://www.fitchsolutions.com/retail-consumer/uaes-declining-gender-gap-offers-new-consumer-opportunities-23-12-2019> [Accessed December 30, 2019].

products/services. Since non-Muslims lack basic awareness of Islamic financial products, the results seem logical as they are more sensitive to SS as valuable over and above the A that they lack, especially in the absence of effective marketing strategies that spread the required A.

Many empirical studies have examined the attitudes of consumers towards Islamic banks in a multicultural context. They found that the religious aspect does not play the primary role in IB adaption (Haque *et al.*, 2009; Ramadan, 2013; Al-Hunnayan and Al-Mutairi, 2016). However, our study reports the essential role of religion in decision making for bank type selection, which aligns with Naser *et al.* (1999) and Ahmad and Haron (2002). Reflecting on the results, gender alone, regardless of religion, is not significant enough to explain differences among consumer decisions in the UAE banking context.

6. Implications

6.1. Theoretical implications

This research has provided many theoretical, methodological, academic, and practical implications based on an in-depth literature analysis and the empirical evidence gathered by this research. This study has broadened the limited understanding of Islamic banking selection criteria and their linkages with customer choice in theoretical implications. It is challenging to understand customers' preferences toward a particular bank because bank selection criteria can be different for every person (Hadi and Muwazir, 2020). Therefore, this study has directed attention toward selection criteria (bank attributes, social stimuli, and awareness) by exploring the relationship between these criteria and customers' banking choices. Earlier studies highlighted either only some influential factors of customer bank selection (Shome *et al.*, 2018) or each factor separately, e.g., gender (Friedmann and Lowengart, 2016), ethnicity (Hadi and Muwazir, 2020), religion (Ahmad, 2008), and bank attributes (Awan and Bukhari, 2011; Abbas *et al.*, 2019; Hasan *et al.*, 2012). This study is significantly different, as it uses all possible and relevant factors, which could act as selection criteria for Islamic banks. The study also examined the moderating effect of gender and religion between bank selection criteria and customer choice of bank. Thus, it added abundant literature on variables including gender, religion, bank attributes, social stimuli, awareness, and customer choice and contributed significantly to the body of knowledge by providing significant implications. In particular, this study extends the knowledge in the existing literature on customers' behavior within multicultural and multi-religious societies by accepting the assumption that gender and religion do influence human behavior and how people perceive issues such as Islamic bank selection factors.

6.2. Methodological and academic implications

The methodical contribution of this study stems from the testing and development of the construct for each variable. A questionnaire survey was developed by responses gathered from interviews. The consideration of making generalized construct items and scales for bank selection criteria has not been made by prior research because most of them adopted the scales provided in different studies. Our research is empirical, and future researchers can also use the measurement scale developed by this study. The banking educational/training institutes can use the results of this research as a study guideline for

training programs for banking personnel (Ronsivalle *et al.*, 2007) focusing on appropriate customer targeting. Similarly, researchers can use our results as a reference when discussing the IB selection criteria that are most significant for people from different genders/religions.

6.3. Practical implications

This study is unique in its content and has many practical implications. Managers can direct their attention toward understanding the importance of gender or religion in selecting Islamic banks. This research is critical for further developing the Islamic banking industry in the UAE, taking account of the impact of gender and religion. The results concluded by this research improve the understanding of IBs' customers based on gender and religion. Accordingly, the bank marketing team can build a closer relationship with its clients and subsequently enhance their satisfaction and loyalty. It is critical to highlight the effect of behavior across diverse religious, cultural, and ethnic groups on Islamic banking (Hadi and Muwazir, 2020), especially in a market moving toward more significant religious, ethnic, and gender diversity. Multicultural and religiously diverse societies, such as the UAE, have always strived to create a sense of belonging or strong bonding. Religious groups tend to be more bonded on account of their beliefs, and people from such groups can help their religion while making a buying decision. Therefore, the managers of banks should know that membership of a religious group has an effect on people's decisions and actions. Similarly, knowing the difference between men's and women's decision-making or choices can also help managers or bank marketers develop effective segmentation strategies. Thus, this study's findings have implications for Islamic bank managers who wish to attract new consumers or retain existing ones. The results suggest that IB marketing managers should adopt differentiated strategies for men and women, focusing on the core benefits of the service or personal interactions with consumers respectively, along with a focus on different aspects of personal service for each gender.

Empirical studies indicated that the amount of information consumers have about IB influences their intention to use it. Therefore, awareness needs to be enhanced by adopting informative and effective marketing strategies to attract and retain consumers in a competitive banking environment. IBs should pay attention to the religious effect without considering it as the sole variable motivating potential consumers. Alternatively, they should design segmented and customized marketing strategies based on gender-religion market segmentation to suit different groups' needs.

7. Limitations and Future Research

One of the limitations of our study is that we conducted our empirical analysis on data gathered from only one emirate, Abu Dhabi, the UAE's capital. This might partially limit the generalizability of the results. However, the overall results provide insight into an emerging capital market and a leading financial hub for IBs. Another limitation of our study is that it does not explicitly emphasize the profit motive of IBs' consumers as a determinant of bank type selection. "Bank attributes" indirectly included an element of higher returns on deposits as an attractive attribute desired by depositors. Further research efforts need to incorporate a more in-depth analysis of consumers' profit motives, given the unique model of profit/loss sharing adopted by IBs, and whether and how gender/religion affect consumers' profit-oriented choices differently. Moreover, we have not examined differences in consumers' risk attitudes

and how they affect their choices of bank type. Future research efforts could investigate the effect of consumers' attitudes toward risk on the selection of bank type, as measured by their revealed risk preferences. Finally, we have not examined other determinants that might affect bank selection including consumers' ethnic background. Future research may find it interesting to focus on demographic factors in multi-cultural communities, especially factors associated with expatriates' acculturation in culturally diverse settings.

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Figure 1: Design for consumer's selection of bank

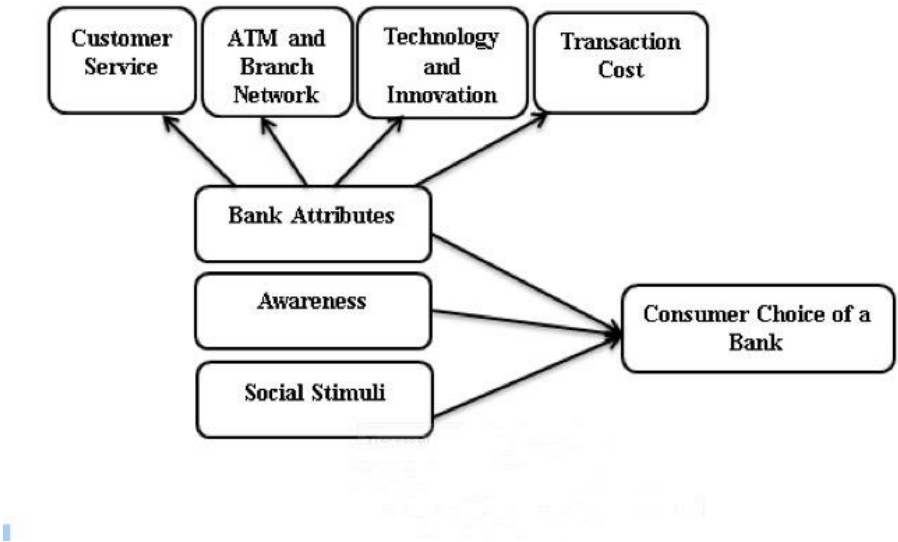


Figure 2: Factor Analysis

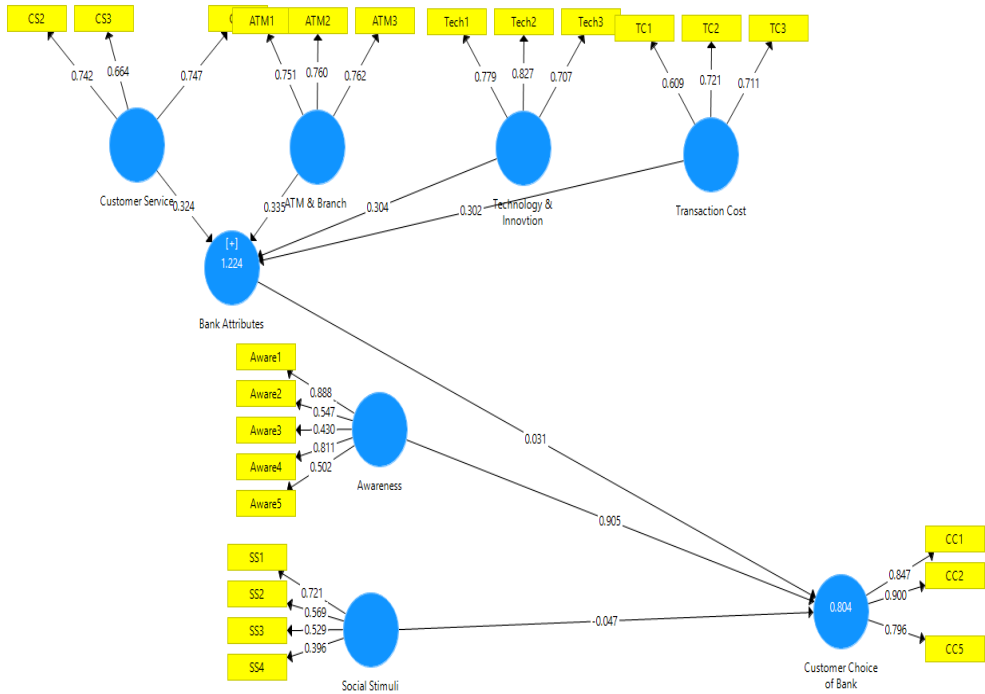


Figure 3: Confirmatory Factor Analysis and Model Fit

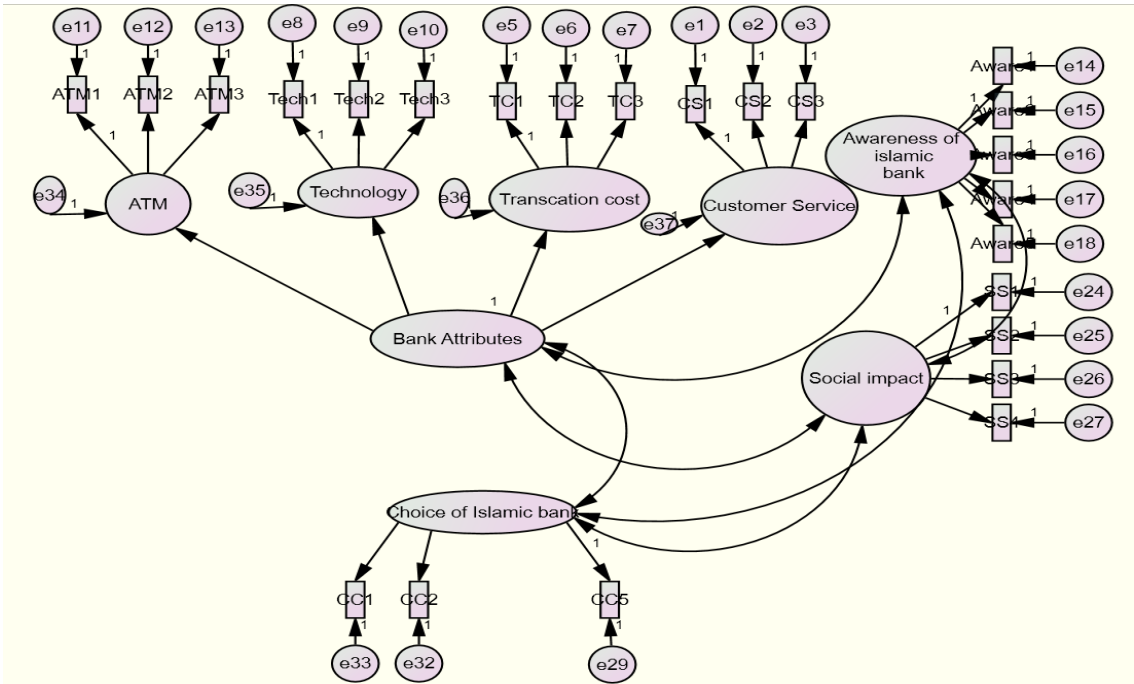


Table 1: Descriptive statistics

Variable	Description	Frequency	(%)
Gender	Male	362	45.1%
	Female	428	53.9%
Age	Between 20-27 years	261	33.0%
	Between 28-35 years	218	27.6%
	Between 36-43 years	179	22.7%
	Between 44-51 years	98	12.4%
	52 and above	34	4.3%
Education	Less than high school	11	1.4%
	High school	151	19.1%
	University graduate	458	58.0%
	Postgraduate or equivalent	170	21.5%
Religion	Islam	621	78.6%
	Christianity	144	18.2%
	Hinduism	25	3.2%
Nationality	Emiratis	228	28.9%
	Arabs	277	35.1%
	Non-Arab expats	285	36.0%
Monthly Income	Less than AED 8,000	251	31.8%
	Between AED 8,000 to AED 15,000	168	21.3%
	Between AED 16,000 to AED 23,000	139	17.6%
	More than AED 26,000	232	29.4%
Relation with Islamic Bank	Existing customer	468	59.2%
	Past customer	48	6.1%
	No relation	274	34.7%

Table 2: Composite Reliability

Variables	Composite Reliability
Awareness	0.782

Bank Attributes	0.889
Social Stimuli	0.643
Consumer Selection of Bank	0.885

Table 3: Model Fit

	CMIN/Df	GFI	CFI	NFI	RMSEA	RMR
Ratios	3.081	0.873	0.886	0.842	0.071	0.078

Table 4: Structural Equation Model for Muslims

	Path Coefficients	p- values
Awareness -> Consumer Selection of Bank	0.858	0.000
Bank Attributes -> Consumer Selection of Bank	0.049	0.231
Social Stimuli -> Consumer Selection of Bank	-0.007	0.872

Table 5: Multi-group Analysis for Muslims Consumers (Males & Females)

	Path Coefficients (Muslim Female)	p- Values ≤0.05	Path Coefficients (Muslim Male)	p-values ≤0.05
Awareness -> Consumer Selection of Bank	0.691	0.000	0.703	0.000
Bank Attributes -> Consumer Selection of Bank	0.095	0.023	0.052	0.267
Social Stimuli -> Consumer Selection of Bank	0.034	0.408	0.071	0.076

Table 6: Structural Equation Model for Non-Muslims

	Path Coefficients	p- values
Awareness -> Consumer Selection of Bank	0.960	0.000
Bank Attributes -> Consumer Selection of Bank	0.018	0.842
Social Stimuli -> Consumer Selection of Bank	-0.132	0.314

Table 7: Non-Muslims MGA (Male & Female)

Path Coefficients	p-Values	Path Coefficients	p-Values
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	(Non-Muslim Female)		(Non-Muslim Male)	
Awareness -> Consumer Selection of Bank	0.727	0.000	0.743	0.000
Bank Attributes -> Consumer Selection of Bank	0.063	0.452	0.108	0.143
Social Stimuli - > Consumer Selection of Bank	0.147	0.070	-0.102	0.284

Table 8: Independent Samples Tests

Panel A: t-test – Gender

			Levene's Test for Equality of Variances		t-test for Equality of Means - Gender						
			F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
										Lower	Upper
A	Equal assumed	variances	0.104	0.747	0.007	777	0.995	0.0005	0.0704	-0.1378	0.1388
	Equal assumed	variances not			0.007	776.931	0.995	0.0005	0.0696	-0.1362	0.1372
BA	Equal assumed	variances	0.298	0.585	1.120	777	0.263	0.0428	0.0382	-0.0322	0.1177
	Equal assumed	variances not			1.135	776.900	0.257	0.0428	0.0377	-0.0312	0.1167
SS	Equal assumed	variances	5.099	0.024	-1.137	777	0.256	-0.0664	0.0584	-0.1809	0.0482
	Equal assumed	variances not			-1.126	719.978	0.261	-0.0664	0.0589	-0.1821	0.0494

Panel B: t-test – Religion

	Levene's Test for Equality of Variances		t-test for Equality of Means - Religion							
	F	Sig.	T	df	Sig. (2- tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
								Lower	Upper	
A Equal variances assumed	1.908	0.168	10.632	777	0.000	0.84813	0.07977	0.69154	1.00472	
			10.764	270.566	0.000	0.84813	0.07879	0.69300	1.00325	
BA Equal variances assumed	0.567	0.452	0.535	777	0.593	0.02477	0.04627	-0.06607	0.11560	
			0.511	250.659	0.609	0.02477	0.04842	-0.07061	0.12014	
SS Equal variances assumed	0.471	0.493	-3.095	777	0.002	- 0.21779	0.07036	-0.35591	-0.07966	
			-3.138	271.055	0.002	- 0.21779	0.06941	-0.35444	-0.08113	

Table 9: PLS Multi-group analysis**Panel A: MGA – Gender**

	Path Coefficients-diff (Female - Male)	p-Value (Female vs Male)
<i>A</i>	0.089	0.933
<i>BA</i>	0.015	0.387
<i>SS</i>	0.034	0.252

Panel B: MGA – Religion

	Path Coefficients-diff (Muslim – Non-Muslim)	p-Value (Muslim vs Non- Muslim)
<i>A</i>	0.130	0.961
<i>BA</i>	0.080	0.132
<i>SS</i>	0.086	0.098

Table 10: Measurement Scales**Constructs and related items****Customer Service**

Efficiency of call center is important to choose a bank.

Professionalism of front desk-staff is important to attract new customers.

Bilingual proficiency of staff is important to convince new customers.

Is it important that the bank I am selecting has a segregated women's section?

ATM & Branch Network

I like a bank which has large network of ATMs.

I prefer a bank that has a branch located nearby my house or my work.

I like bank with branches in shopping malls and flexible operating hours.

Technology & Innovation

I prefer a bank which offers innovative services through mobile application.

I like a bank which provides total security for online transactions.

I like to save time and money by using online banking.

Transaction Cost

Bank with reasonable charges for overseas transactions is my first choice.

I like a bank where credit card transactions have additional benefits like airmiles etc.

I prefer a bank with cost effective services for daily banking needs.

Awareness

Islamic bank is first name comes to my mind when I think of a bank.

I am familiar with the concepts of *Musharakah*, *Mudarabah* and *Murabaha* etc.

Islamic banking is very popular in the UAE.

I believe that an Islamic bank is more ethical than conventional bank

I understand the concept of profit & loss sharing in Islamic banking.

Social Stimuli

I will take advice from friends and colleagues before I choose a bank.

I consider the opinions of existing bank customers before I select a bank.

I consider TV/radio advertisements when selecting a bank.

I take opinions from social media to choose the best bank as per my needs.

I collect information from the bank's website before I choose a bank.

Risk Behavior

The financial stability of a bank is important when choosing a bank.

A bank with long-term investment options is my first choice.

I will choose Islamic banking only if it is more profitable.

I do not trust local Islamic banks and prefer multinational banks only.

I cannot choose Islamic banking since it has only recently started.

Consumer Choice of Bank

Islamic banking is always my first choice.

I recommend Islamic banking to my family and friends.

I always choose conventional banking rather than Islamic banking.

I will choose Islamic banking if it caters to my financial requirements.

I always choose Islamic banking products for all my financial needs.
