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Determinants of Islamic Bank's Selection Criteria in Developing Economy

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Abstract: The purpose of this study is to examine the determinants of the selection criteria of Islamic banks in the developing market of Pakistan. The dependent variable is the bank's selection criteria and other explanatory factors include consumer demographics, attitude and preferences. The data collection method used in this study is qualitative and based on a questionnaire from consumers using banking services in Pakistan. Alpha test, structural equation model SEM and linear model are used as tools for analyzing the data. The results of the study show that all factors have a positive significant association with the bank selection criteria of consumers in Pakistan. We found that location and availability of ATMs, behavior of bank staff, efficiency of services and low service fees have a positive impact on bank selection decisions. Taken together, these results suggest that banking service choices are strongly influenced by consumer demographics, attitudes, and preferences. Therefore, bank management must pay attention to these factors to improve customer satisfaction and expand the customer base. The study is limited to the less developed market of Pakistan with different culture and values of Pakistan and its consumer selection criteria. The study has implications for students, consumers, researchers and policy makers in the banking sector. In the future, the study can be expanded by adding moderating or mediating factor influences.

Keywords: Consumers Preferences, attitude, Islamic Bank Selection, Demographic Factors

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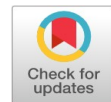
INTRODUCTION

This research focused on examining the criteria for selecting Islamic banks in Pakistan, particularly consumer bank selection behavior, factors influencing bank selection decisions, and how customer preferences and attitudes influence the marketing of Islamic banking. It is undoubtedly religion that attracts customers, but factors need to be identified to further strengthen Islamic banks' marketing, as Riba alone may not be able to maintain its position in the long term. Research on the selection criteria for Islamic banks has been less researched in the developing markets.

Banking industry plays a key role in the development of every economy. Considering that, main components of global financial system are the product of Islamic banking evolution. During Global Financial Crisis (GFC) 2007-08, Islamic banking facilitated the development and growth of every nation (Baber, 2018). Nevertheless, it remained a debate that Islamic banking is not efficiently fulfilling the requirements of the customers and there is need of dynamic, resilient and competitive Islamic banking system (Yumna, 2019).

The connection between Islamic banking, marketing and consumers is gaining popularity day by day (Sandikci, 2011). The halal market value of $2.3 trillion per year is important evidence of support for the relationship (Khan, 2014; Jam et al., 2010). As the Halal market evolves, new marketing trends are being developed to allow companies to design their functions in accordance with Islamic guidelines. To cater to the needs of Muslim consumers, the companies operate in all sectors including hospitality, banking, groceries and cosmetics. In addition, banks perform

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a variety of tasks to support customers in the form of products and services (Burki, 2010). The importance of the role of banks in developing and strengthening the economy is undeniable (Hanif et al., 2012) and they are a very important part of the financial system as intermediaries (Ali, 2013; Meesuwan, 2022).

The history of Islamic banking began on a limited scale in Egypt in 1963 (Usman, 2012). Today, this Islamic banking system is rapidly replacing traditional banks (Abu-Alkheil et al., 2012). Islamic banks operate according to the rules of Sharia, the principles of Islam, and do not charge any interest as this is considered haram in Islam (Durmu, 2012). Furthermore, Islamic banking is not limited to Muslim countries but has spread its wings to non-Muslim countries as well (Dusuki, 2007). Therefore, it is no longer a negligible part (Ariff, 1988) and it has been growing at a rate of 2 to 15 percent (Agerwal, 2009). In parallel, they also perform the functions and provide all the services provided by traditional banks (Khan et al., 2010). However, Islamic banks operate differently from traditional banks as their activities are conducted in accordance with Islamic law and Sharia rules (Moussawi & Obeid, 2011). Accordingly, all prohibited activities (interest, alcohol, gambling, pornography, etc.) of Sharia are prohibited in Islamic banking (Abdul-majid, 2010). Above all, interest is paramount and serves to ensure the use of money for productive activities (Duran, 2012).

Customer preference when choosing the banking sector is extremely important as the banking sector is based on high customer contact and is considered to be a customer-centric sector (Taleghani, 2011). We have found evidence in the literature for selection criteria related to banking services (Devlin & Gerrard, 2005; Gait & Worthington, 2008). There are a variety of factors that influence consumers' bank choices. For example, bank location, bank reputation, staff behavior, ATM availability and rate of return on investments (deposits) (Dusuki, 2007; Dusuki & Abdullah, 2007; Abdullah et al., 2012). However, the relative importance of each of the above factors depends on the social characteristics of the population and the type of bank, i.e., H. Islamic or conventional (Metawa, 1998; Razalli & Hasnan, 2017).

Therefore, due to different socio-demographic characteristics and culture, it is not possible to generalize about the importance of different factors. The study examined Islamic banking systems in Pakistan, specifically the influence of customer attitudes, perceptions and demographics on the selection criteria of Islamic banks. Demographics include age, gender, income and education. The problem is discussed in the next section. The study has some social and economic benefits, which include consumer preferences for Islamic Bank products and services. Likewise, it is important for Islamic Bank investors to assess the cultural and demographic differences among Islamic Bank consumers. The study is relevant for managers and other stakeholders to examine the customer preferences existing in the market, especially in relation to the Islamic concept and values. The study is also useful for academic purposes and other researchers to examine the culture and consumer preferences of less developed markets.

Recent insights from Hoque (2022) from Bangladesh examining bank selection criteria in light of cultural and demographic differences of local consumers. For example, this study tends to focus on the developing market of Pakistan, as the differences in cultural values, demographics, consumer preferences, and the degree of importance of the determinants are wide-ranging and cannot be generalized due to the differences in culture, geography, and population. To fill this gap, the study mainly focused on following research questions and goals. Firstly, the attitude of consumers towards the choice of Islamic banks will be examined. Second, to examine the consumer demographics that impact consumer banking choices. Finally, the influence of consumer preferences on bank selection behavior was examined.

LITERATURE REVIEW

An extensive literature in this area has focused on comparing conventional and Islamic banks (ElMassah & Abou-El-Sood, 2021; Al-Shammari & Mili 2021; Usman & Khan, 2012; Hanif et al., 2012). ElMassah and Abou-El-Sood (2021) conducted a study to analyze the impact of religion and gender on bank selection. To analyze the data, they used a structural education model. Their results showed that customer awareness has a significant impact on bank selection and this effect is stronger in Muslim countries. Al-Shammari and Mili (2021) examined the determinants of bank selection criteria in the Kingdom of Bahrain using a fuzzy analysis hierarchy approach. Their results showed that banks' pricing strategies have the greatest impact compared to bank facilities. Interest rate, deposit interest and transaction costs are more important for the customer. Another study found that there are several factors that play a role in bank selection, such as quality of service, compliance with Sharia law and trust

(Ltifi, Hikkerova, Aliouat, & Gharbi, 2016; Mahmood et al., 2020). The reputation of the bank also plays a very important role when choosing a bank. However, the location of ATMs and branches is less relevant when choosing a bank (Srouji, Ab Halim, Lubis, & Hamdallah, 2015; Wasim Jan, 2020).

Abedniya and Zaeim (2011) conducted research in Malaysia to examine the difference between consumer perceptions and expectations of empathy, safety, responsiveness, tangibility and reliability for the quality of Islamic banking services. For this purpose, they collected data by means of online and personal surveys. The data were analyzed using regression analysis and the results suggested that there is a difference between expectation and perception. Another study by Abu-alkheli (2012) examined the performance of Islamic banks in the UK. They collected data from 40 banks and analyzed it using data envelope analysis. The results showed poor performance and inefficiency by Islamic banks.

Tara (2014) conducted a comparative analysis of Islamic and conventional banks in Pakistan using data from 2006-2009. Analysis of the data's financial metrics revealed that Islamic banks, while new to the region, are just as profitable as traditional banks. For example, many other researchers conducted this comparative research; Awan (2009); Hanif et al. (2012) and Usman and Khan (2012). Awan (2009) demonstrated that Islamic banks generate more profits compared to traditional banks. Hanif et al. (2012) analyzed data from 5 Islamic and 22 conventional banks. The results indicate that conventional banks have good profitability and liquidity, and Islamic banks have better risk management and solvency. Usman and Khan (2012) found that Islamic banks are more profitable and liquid compared to traditional banks. Only a few researchers examined the customer satisfaction of Islamic banks, e.g., Khattak and Rehman (2010) found that customers of Islamic banks are less satisfied than those of traditional banks. A lack of knowledge about Islamic banking products as well as the low efficiency of existing products were the main factors.

Hoque (2012) examined the bank selection criteria for consumers of the Bangladeshi market. The study covered literacy, Islamic finance, and the ethical reputation for Islamic Bank products and services. Study also added moderator attitude. The results of this study show that the correlation between some explanatory factors and the choice of Islamic Bank services is of great importance. For example, the moderating factor also has a significant connection with the services and products of the Islamic banks. In contrast, Islamic financial literacy shows no correlation with Islamic consumer bank selection criteria in Bangladesh. It is stated that most consumers in the Bangladeshi market have no knowledge of Islamic finance. They focus on reputation, cultural values, etc.

Finally, reputation has a significant impact on the selection of Islamic banks. Another group of researchers also studied consumer bank selection criteria in the United Arab Emirates. For example, Kaakeh et al. (2013) examined the impact of customer attitudes on the selection criteria of Islamic banks with moderating effects. The study found that recruitment has important and crucial factors that affect the selection criteria of consumer banks in UAE. Garg (2014) examined the determinants of service quality in Islamic banks and found that reliability, security, responsiveness, tangibility and empathy contribute to service quality for both Islamic and conventional banks. Umrani (2018) observed a strong correlation between service quality and consumer satisfaction in Islamic banks. In conclusion, while a great deal of work has been found in the field of Islamic banking, arguments on customer satisfaction are scarce (Thambiah et al., 2011; Khan & Asghar, 2012; Subhani et al., 2012). Research by Gerrard and Cunningham (1997) found that in Singapore, Muslims and non-Muslims have different attitudes towards Islamic banks. Likewise, another study by Haque (2010) claimed that men and women behave differently in Islamic banking in Malaysia. Another comparative study conducted in Malaysia by Thambiah et al. was carried out. (2011) between urban and rural regions and found that perceived complexity, observability, awareness and uncertainty are distinct concepts. In Pakistan, there is a positive attitude towards choosing an Islamic bank and consumers prefer Islamic banking products and services over traditional banks (Asghar, 2012).

Thaker (2021) examined the social media factors affecting subscription to Islamic banking products by collecting data from 360 participants. Their results explained that interaction, information, relevance, perception, and motivation are the main determinants of customer intent regarding bank choice. Likewise, Yildiz (2014) conducted research on Islamic marketing trends when choosing a bank in Turkey. They found that Islamic law and principles have a stronger impact on customers' bank choices than any other factor. Butt and Aftab (2013) conducted a study to use a questionnaire to determine attitudes towards halal banking in Pakistan. The analysis of the answers showed that the perception of electronic/online services is positively influenced by halal banking.

Theory

Theoretical support is provided by the theory of planned behavior, a modified form of the rational action theory (Ajzen & Fishbein, 1975). Researchers used the theory of planned behavior to develop a model to study the effects of different human behaviors (Ajzen, 2001). However, the later theory is used to study voluntarily controlled human behavior. In a recent study, the theory of planned behavior is used to identify the relationship between customer attitudes and perceptions in Islamic bank selection. This theory has also been used by few other researchers. For example, a study conducted by Amin, Rahman, Razak, and Rizal (2017) in Malaysia examining consumer attitudes towards Islamic home finance. Similarly, Husain and Rahman (2016) also used this theory to examine the acceptability of Islamic insurance. Jamal, Ramlan, Karim, and Osman (2015) used this theory to develop a model to study the impact of saving habits and attitudes on financial literacy.
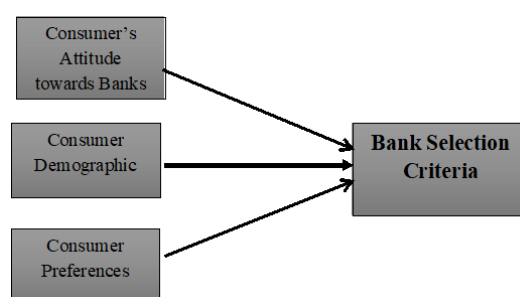
Conceptual Framework

Figure 1: Conceptual Framework

Hypothesis of the Study

- There is significant relationship between consumer's attitude and Islamic banks selection.
- There is significant difference between the consumer's demographics and Islamic banks selection criteria.
- There is significant relationship between consumer's preferences among Islamic and conventional banks.

RESEARCH METHODOLOGY

This section briefly presents the target population, survey instrument, sampling design and data collection method.

The design of this research is qualitative and all consumers of Islamic banking in Pakistan are considered as the target audience of the study. The primary data used in this study were collected using a structured questionnaire developed by Yildiz and Topal (2014). We used a 5-point Likert scale because it was considered more appropriate and understandable. The adopted questionnaire consists of three sections: Section 1, which explains the demographic information of the respondents. There are seven questions in this section that measure gender, age, occupation, experience, monthly income, and education. Section 2 explains respondents' attitudes towards Islamic banking. In this section, each consumer is asked 11 questions to determine the consumer's attitude towards Islamic banking. Section 3 is the final part, which explains respondents' bank selection criteria.

The study used a stratified random sampling technique and the sample is selected according to a predetermined plan and some specific criteria. A sample of 200 respondents was asked to participate in completing the questionnaire. Out of 200 respondents; Only 90 respondents completed the questionnaire. The purpose of the study and the questions were explained to the respondents before they were given the questionnaire, so they could easily fill in the questionnaire. In this study, the data were collected using structured questionnaires and then analyzed using descriptive statistics, factor analysis, reliability analysis, SEM, correlation and regression analysis. For this purpose, SPSS-21 and AMOS software are used as a data analysis tool to generate the results.

Variables

Bank selection criteria (dependent variable): To prove the claim of ethical financial service providers, Islamic banks should offer quality services to their consumers (Wilson, 2002). Regardless of price competition, they must

focus on ethical principles (Ezeh & Nkamnebe, 2019). Various studies have explored the dimensions of customer attitudes towards choosing an Islamic bank. Religion is one of the main factors, along with all other factors has great influence on the lives and decisions of its followers (McCullough & Willoughby, 2009), especially in Arab countries (Sayani & Miniaoui 2013; Abu Alsoud & Abdallah, 2013; Subhani et al., 2012; Rehman & Masood 2012). have also shown that customers also prefer Islamic banks because of their image Banks that strictly adhere to Sharia principles while maintaining client confidentiality have a positive image (Rashid et al., 2009; Al-Tamimi et al., 2009.) They also claimed that corporal efficiency and service quality were the most important factors, along with Sharia principles. Also in Pakistan, high profits and low service fees, together with service quality and religious motives, were the biggest influence in consumers' bank choice (Subhani et al ., 2012).

Consumers attitude towards banks: Many studies have examined the influence of attitude and intention on the selection of Islamic banking services (Hoque, 2020). Financial competence, bank reputation and ethical principles shape the decision and attitude of customers when choosing Islamic banks (Muflih, 2021). Few studies have argued that customer attitudes are linked to the intention to choose Islamic banking services and that these attitudes are further influenced by the level of satisfaction with these services (Maryam, Ahmad, Aslam, & Farooq, 2021; Awan & Bukhari, 2011). Likewise, Selamat and Abdul-Kadir (2012) argued that the choice of Islamic bank for financial transactions depends on customer attitudes. The literature has supported the mediating role of customer attitudes between Islamic values, literacy, ethics, reputation and intention to use Islamic products (Suhartanto, Gan, Sarah & Setiawan, 2019). Another study examined the mediating role of customer attitudes on customer perceptions and intent to use Islamic banking services (Mindra, Bananuka, Kaawaase, Namaganda, & Teko, 2022). Furthermore, it has been found that financial literacy is also directly related to customer attitudes towards using Islamic banking services and products (Junaidi, 2021).

Consumers demographic: There are empirical arguments regarding the influence of personal considerations such as age, gender, occupation, personality, lifestyle and economic circumstances on the choice of Islamic banking services. Consumer knowledge, compatibility, risk perception and satisfaction are important determinants of consumer intent to choose an Islamic bank (Mahdzan et al., 2017; Mariadas & Murthy, 2017; Mbawuni & Nimako, 2017). Similarly, Hamzah et al. (2015) showed that accessibility and service quality factors have a greater influence. Few studies have argued that the perceived benefit of Islamic banking services plays a key role in financial service provider selection (Mahdzan et al., 2017; Mbawuni & Nimako, 2017). Islamic lifestyle (Kaabachi & Obeid, 2016; Janah et al., 2020), perceived benefits and risk analysis (Thaker et al., 2019), and customer awareness (Ali & Puah, 2017) are also important driving factors.

Consumers preferences: With the spread of Islamic banking in the communities, emotional factors gained popularity and proved to be important factors in the introduction of Islamic banking services. Emotional factors include psychological factors and personal considerations within the context of Islam. The previous literature has empirically supported these arguments. In Muslim countries, religious commitments and subjective norms play a key role in determining the criteria for the selection and adoption of Islamic banking (Lajuni et al., 2017; Bananuka et al., 2019; Maryam et al., 2019). Certain other factors such as behavioral beliefs (Aziz & Afaq, 2018) and lack of understanding of religion (Mahdzan et al., 2017; Mbawuni & Nimako, 2017; Hassan et al., 2020) also shaped decision-making. However, in non-Muslim or Muslim minority countries, psychological factors have a stronger impact on the adoption of Islamic banking services. Customers prefer Islamic banking services when they believe the services will meet their needs.

RESULTS AND ANALYSIS

Reliability of the Data

Table 1: Reliability of the Data

Variables	Cronbach's Alpha	No. of Items
DG	0.88	10
ATT	0.76	10
CP	0.73	5
BSC	0.86	5

Alpha test is used to check the reliability of each factor. As shown in above results the Alpha value of demographics factor is 0.88 it is greater than 60%. It is indicating the reliability in data. Similarly, attitude Cronbach's Alpha is 0.76 customers preferences is 0.73 and Bank selection criteria is 0.86. It is summarized that the Cronbach's Alpha for all factors in model shown greater than 60%. In short reliability for the determinants of bank selection criteria is highest. No issue of data in any factor. Furthmore, the details for descriptive summary results are as follows.

Descriptive Summary

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CA	95	15.00	46.00	37.1474	6.77914
CD	95	5.00	24.00	18.4316	3.01292
CP	95	6.00	25.00	19.3158	3.69376
BSC	95	56.00	141.00	110.7895	14.70772
Valid N	(listwise) 95				

Descriptive summary is used to check the behavior of data. As shown is results the mean value of demographic factor is 18.43 and its minimum, maximum values are 5.00 and 24.00 respectively. The standard deviation is 3.01. The mean shows the central tendency and standard deviations shows the risk in factor. The standard deviation is low it means factor is low risky. Similarly, the mean value of consumers attitude is 37.15, standard deviation is 6.77. Minimum and maximum values are 15.00 and 46.00 respectively. The standard deviation indicates low risk in factor. Furthermore, the mean value of bank selection criteria is 110.78 and its standard deviation is 14.71. It indicates low risk in factor. The minimum and maximum values are 56.00 and 141.00.

Correlation Matrix

Table 3: Correlations

		CA	CD	CP
CA	Pearson Correlation	1	.611**	.450**
	Sig. (2-tailed)		.000	.000
	N	95	95	95
CD	Pearson Correlation	.611**	1	.154
	Sig. (2-tailed)		.000	.136
	N	95	95	95
CP	Pearson Correlation	.450**	.154	1
	Sig. (2-tailed)		.000	.136
	N	95	95	95

**. Correlation is significant at the 0.01 level (2-tailed).

Correlation matrix is used to check the correlation among independent factors. The standard value of this test is 70%. If any value exceeds by 70% it shows the issue of multicollinearity in data. As shows in above table there is no single value greater than 70%. It is stated that there is no issue of multicollinearity exist in data. As shown the correlation between demographic and consumers attitude is 61%. It is also less than 70%. Similarly, all other independent factor correlates with less than 70% to each other's. It is summarized that no issue of multicollinearity exist between any factors.

Model Summary

Table 4: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.904[a]	.818	.812	6.37680	1.631

a. Predictors: (Constant), CP, CD, CA

b. Dependent Variable: BSC

Model summary is used to check the fitness of model. In Model summary the value of R is 0.904 value of R square is 0.818 and the value of adjusted R square is 0.812. Model summary is basically used to check the fitness of model. In the model there is R, R square adjusted R square. R is the relationship between the observed and predicted value of dependent variable similarly R square shows the variance in dependent variable that can be explained by independent variables. It means how independent factor have power to explain the dependent.

ANOVA test

Table 5: ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16633.402	3	5544.467	136.350	.000[a]
	Residual	3700.387	91	40.664		
	Total	20333.789	94			

a. Predictors: (Constant), CP, CD, CA

b. Dependent Variable: BSC

ANOVA shows that if the overall p-value is significant then the regression is possible on that data. The probability of ANOVA is significant because it is less than 5% and the .000. It indicate that the regression on this model or this data set is possible.

Regression Analysis

OLS regression is used to check the cause and affects relationship between variables. It measure the magnitude and direction of relationship. Whether the variables have positive or negative influence. Secondly, the p-value shows that the variable is significant or insignificant. If the probability is less than 5% it stated the factor has significant relationship with DV. In contrast if the probability is more than 5% it means the insignificant or no relationship between independent variable and Dependent variable. The results are given below.

Table 6: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	18.842	4.979		3.784	.000	8.951	28.732
	CA	1.068	.138	.492	7.758	.000	.794	1.341
	CD	1.064	.280	.218	3.801	.000	.508	1.620
	CP	1.692	.202	.425	8.358	.000	1.290	2.094

a. Dependent Variable: BSC

Above results shows the cause and effects relationship between independent variables to dependent variable i.e., the demographic factors attitude and consumers preferences included as independent variables and bank selection criteria is dependent variable. The coefficient for consumer attitude have significant positive impact on bank selection criteria ($\beta = 0.492$, $p < 0.000$). The results are in coherence with the research of Selamat and Abdul-Kadir (2012) they also found out positive association between consumer attitude and bank selection criteria. Similarly, the coefficient for demographics also maintained significant positive relationship with bank selection criteria ($\beta = 0.218$ and $p < 0.000$). It indicates that the demographics factors has significant positive effect on the selection of the Islamic banking products and services in context of Pakistan. The results are in coherence with the findings of

Mahdzan et al. (2017). Finally, the consumers preferences show $\beta = 0.425$ with $p < 0.000$. It indicates that there is positive significant relationship between consumer's preferences and bank selections criteria. In Muslim countries religious obligations and subjective norms plays a key role in determining the criteria for the selection and adoption of Islamic banking (Lajuni et al., 2017; Bananuka et al., 2019; Maryam et al., 2019). So our results are in line with the findings of the above mentioned researches.
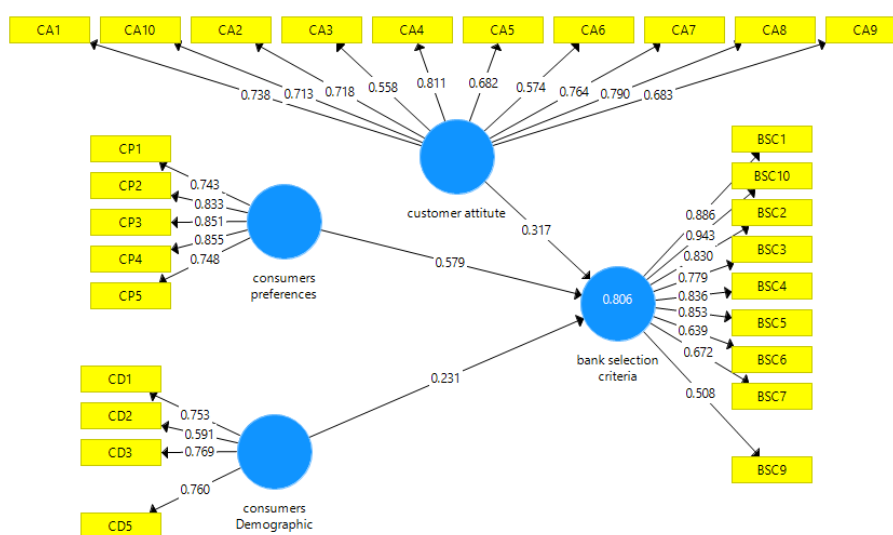
SEM By Using Smart-PLS

Figure 2: SEM By Using Smart-PLS

Structural Equation Model (SEM) is basically used to check whether the observed variables are contributing toward latent variable or unobserved variables or not. We have four latent variables bank selection criteria, consumer demographics, customer preferences and customer attitude. Bank selection criteria is our dependent variable whereas others are explanatory variables. We have used items to measure the latent variable. For example, consumer demographics is measured by using five items. Similarly, another latent variable customer attitude is measured by using ten items. Values above 0.5 are acceptable. The factors having value less than 0.5 are deleted from the model. For example, in consumer demographics CD4 has been deleted due to value less than 0.5. Similarly, the factor BSC8 was also removed due to same reason. The values of all the items and latent variables is above than 0.5 so the model is considered best fit.

DISCUSSION

The first aim of the study was to analyze the influence of consumer attitudes on bank selection decisions. We found that there is a significant positive correlation between consumer attitudes and bank selection criteria. It shows that number of branches, profits from banking products, interest-free loans, etc. have a positive impact on bank selection decision in Pakistan. The customer prefers a bank based on the number of branches, because the more branches, the more accessible it is. In addition, profits also play a crucial role in bank selection decisions. Consumers usually prefer the bank that pays high profits, but in the case of Islamic banks, Muslims follow Islamic rules and regulations and can choose an Islamic bank even if it makes little or no profits. In addition, the behavior of bank employees also plays a very important role. If they are friendly and display friendly, ethical behavior, it will make the customer feel more comfortable with that bank. The second objective of the study was to examine the impact of consumer demographics on bank selection criteria. The study shows that the demographic factor has a positive and significant influence on the bank's selection criteria. This means that age, gender, education and income all have a positive influence on bank selection decisions. These demographics influence every decision-making, including the decision to choose an Islamic bank. The influence of Islamic rules and Sharia increases with age. Therefore, older people are more inclined to choose Islamic banking services as they are considered Halal. Educational level and income also influence bank selection. The third aim of the study was to examine the influence

of customer preferences on bank selection criteria. Consumer preferences also carry a positive and significant coefficient. ATM availability and location, staff behavior, and bank rules and regulations also have a significant impact on customer decision-making. Some people prefer a bank with more ATMs, while others prefer efficient services and low service fees. The behavior of the employees and the banking environment also has a major influence on the bank decision. The bank's friendlier employees attract more customers. The Islamic bank is also favored as it does not invest in haram business-like alcoholism. For Muslims, the haram business is considered forbidden. This is another important factor to motivate consumers to choose Islamic banks.

CONCLUSION

The importance of the banking sector is undeniable due to its vital role in the economy. Recently, Islamic banking has replaced conventional banking. Islamic banking products are preferred by consumers who adhere to Islamic rules. It is therefore a very important decision and this study examined the factors that contribute to this decision making. The research was conducted using questionnaires and the responses were then analyzed using various statistical tools. Analyzing the responses regarding customer attitudes, it was found that attitudes were positively associated with the bank's selection criteria. Customers prefer Islamic banking products and services in Pakistan. As Muslims, Islamic rule and Islamic clients influence every decision and is also the most important factor in bank selection. This result is similar in almost all Muslim countries (Malaysia, Turkey and Pakistan). They trust Islamic banks and keep their money even if the Islamic bank doesn't pay any profits. The selection criteria vary from person to person. Depending on the location of the ATM, few people prefer banking services, others may prefer low fees. Therefore, in this study, we analyzed some important factors and extracted these factors from the literature. We found that location and availability of ATMs, behavior of bank staff, efficiency of services and low service fees have a positive impact on bank selection decisions. These results are consistent with research by Yildiz et al. (2014), Subhani et al. (2012) and Queresh et al. (2012). Taken together, these results suggest that banking service choices are strongly influenced by consumer demographics, attitudes, and preferences. Therefore, bank management must pay attention to these factors in order to improve customer satisfaction and increase the customer base. This course of study is also inexorable for students; Students can use this study and also continue to work on this research and bring in new facts and possibly bring in something new that contributes to the above explanatory factors. Researchers can also use this different perspective to analyze and learn about consumer preferences. Bank management can use this research to improve their deposits and grow their business. You may be able to better understand customer behavior and develop policies to address the gray areas. The study is limited to the developing country of Pakistan with its culture and norms for bank selection. Furthermore, the study is limited to the number of sample sizes and this study is limited to consumer preferences when choosing banks, especially Islamic banks. This study can be continued in the future by adding more variables to the study and the other option is to target various other hypermarkets the sample size can also be increased.

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