


CUSTOMER SELECTION CRITERIA: ISLAMIC BANKS IN SOUTH AFRICA

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ARTICLE INFO	<u>ABSTRACT</u>
<p>Article history:</p> <p>Received 14 April 2023</p> <p>Accepted 13 July 2023</p>	<p>Purpose: The purpose of this study is to investigate the selection criteria of customers in South Africa and to examine these criteria with respect to gender.</p> <p>Theoretical framework: This study is conducted taking into an account an Islamic worldview that is guided by <i>Sharia</i> (Islamic law).</p>
<p>Keywords:</p> <p>Islamic Banking; Selection Criteria; Gender; South Africa.</p> <div data-bbox="169 909 480 1160" style="text-align: center;">  </div>	<p>Design/Methodology/Approach: A quantitative approach to data analysis was used to meet the purpose of the study. The location of the study is South Africa. The population of interest were customers at Islamic banks who identified as being Muslim. An online survey was used to collect data based non-probability sampling techniques. The final sample used for data analysis consisted of 163 valid responses from Muslims throughout South Africa. Data was analyzed based on mean analysis and an independent sample t-test.</p> <p>Findings: The results indicate that “religious reasons only”, “Islamic reputation and image” the “economic and financial reputation” and having an “involvement in the community” are the selection criteria considered to be most important by both males and females. The criteria least considered by respondents when selecting an Islamic bank relates to “wide range of facilities offered”, “friend use this type of bank” and “higher rates of return offered”. The results also suggest that there are no significant differences in the selection criteria of customers based on gender when choosing an Islamic bank.</p> <p>Research, Practical & Social implications: These results can be used by management of Islamic banks in South Africa in designing policies and launching campaigns to attract new customers and retain existing customers.</p> <p>Originality/Value: This is the first study to consider the role of gender as it relates to the selection criteria of customers at Islamic banks in South Africa.</p> <p>Doi: https://doi.org/10.26668/businessreview/2023.v8i7.2387</p>

CRITÉRIOS DE SELEÇÃO DE CLIENTES: BANCOS ISLÂMICOS NA ÁFRICA DO SUL

RESUMO

Objetivo: O objetivo deste estudo é investigar os critérios de seleção de clientes na África do Sul e examinar esses critérios com relação ao gênero.

Estrutura teórica: Este estudo é conduzido tendo em conta uma visão de mundo islâmica que é guiada pela Sharia (lei islâmica).

Conceção/Methodologia/Abordagem: Utilizou-se uma abordagem quantitativa à análise de dados para atender ao objetivo do estudo. O local do estudo é a África do Sul. A população de interesse eram clientes em bancos islâmicos que se identificavam como muçulmanos. Um inquérito online foi utilizado para recolher dados com base em técnicas de amostragem não probabilística. A amostra final utilizada para análise de dados consistiu em 163 respostas válidas de muçulmanos em toda a África do Sul. Os dados foram analisados com base na análise média e no teste t de amostra independente.

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Resultados: Os resultados indicam que "razões religiosas", "reputação e imagem islâmica", "reputação económica e financeira" e "envolvimento na comunidade" são os critérios de seleção considerados mais importantes por homens e mulheres. Os critérios menos considerados pelos entrevistados ao selecionar um banco islâmico se relacionam com "ampla gama de facilidades oferecidas", "amigo usar este tipo de banco" e "maiores taxas de retorno oferecidas". Os resultados também sugerem que não há diferenças significativas nos critérios de seleção de clientes com base no género ao escolher um banco islâmico.

Pesquisa, Implicações práticas e sociais: Esses resultados podem ser usados pela gerência de bancos islâmicos na África do Sul na conceção de políticas e lançamento de campanhas para atrair novos clientes e reter os clientes existentes.

Originalidade/Valor: Este é o primeiro estudo a considerar o papel do género, pois se relaciona com os critérios de seleção de clientes em bancos islâmicos na África do Sul.

Palavras-chave: Banca Islâmica, Critérios de Seleção, Género, África do Sul.

CRITERIOS DE SELECCIÓN DE CLIENTES: BANCOS ISLÁMICOS EN SUDÁFRICA

RESUMEN

Objetivo: El objetivo de este estudio es investigar los criterios de selección de los clientes en Sudáfrica y examinar estos criterios con respecto al género.

Estructura teórica: Este estudio se realiza teniendo en cuenta una visión del mundo islámico guiada por la ley Sharia.

Diseño/Metodología/Enfoque: Se utilizó un enfoque cuantitativo del análisis de datos para cumplir el objetivo del estudio. El lugar del estudio es Sudáfrica. La población de interés era clientes de bancos islámicos que se identificaban como musulmanes. Se utilizó una encuesta en línea para reunir datos basados en técnicas de muestreo no probables. La muestra final utilizada para el análisis de datos consistió en 163 respuestas válidas de musulmanes de toda Sudáfrica. Los datos se analizaron sobre la base del análisis medio y del ensayo t de la muestra independiente.

Resultados: Los resultados indican que las "razones religiosas", la "reputación y la imagen islámicas", la "reputación económica y financiera" y la "participación de la comunidad" son los criterios de selección considerados más importantes por hombres y mujeres. Los criterios menos considerados por los encuestados al seleccionar un banco islámico se refieren a "una amplia gama de servicios ofrecidos", "amigos para utilizar este tipo de banco" y "mayores tasas de rendimiento ofrecidos". Los resultados también sugieren que no hay diferencias significativas en los criterios de selección de género al elegir un banco islámico.

Investigación, implicaciones prácticas y sociales: Estos resultados pueden ser utilizados por la administración de bancos islámicos en Sudáfrica para diseñar políticas y lanzar campañas para atraer nuevos clientes y retener a los clientes existentes.

Originalidad/Valor: Este es el primer estudio en considerar el papel del género, en relación con los criterios para seleccionar clientes en bancos islámicos de Sudáfrica.

Palabras clave: Banca Islámica, Criterios de Selección, Género, Sudáfrica.

INTRODUCTION

The global Islamic finance industry is estimated to be worth USD 3.06 trillion in 2021, of this the global Islamic banking sector is estimated to be worth USD 2.10 trillion (IFSB, 2022). There is an increase in demand for Islamic banking globally, which has among other reasons improved the profitability of the Islamic banking industry (IFSB, 2022). In Africa, Islamic banking assets are valued at USD 58.2 billion thus accounting for only 2.1 percent of global assets with South Africa having a 0.1 percent share (IFSB, 2022). Despite the African region accounting for the lowest share of Islamic banking assets, it is the region with the highest growth rates due to an increasing awareness amongst consumers and untapped markets in the

region (IFSB, 2022). Further to this, non-Muslim majority states in Africa, are developing strong markets to cater for Islamic banking which is fuelling the growth in the region (Onyango, 2022). Gilani (2015) sheds light on the previous points as Muslims and non-Muslims alike are attracted to Islamic banking either for its *Sharia* (Islamic law) compliance or ethical banking principles. However, Puteri et al., (2022), opines that the greatest demand and influx of new customers to Islamic banks will be from Muslim groups who are religiously inclined. Thus, the way a bank brands itself can create and maintain long standing relationships with customers (Alatyat et al., 2023).

How a customer selects a bank has been a long-standing question (Iqbal et al., 2018). Several researchers have considered this question as it relates to Islamic banking (Basheer et al., 2018; Butt et al., 2018; Goksu & Becic, 2012). These studies report that customers place importance on several criteria ranging from religious to non-religious reasons when choosing an Islamic bank. Shamsudheen et al., (2021), clarifies this, and states that customers initially supported Islamic banks because of religion, however as the industry grows, customers are placing emphasis on other aspects such as service quality, the range of products and services and the level of corporate social responsibility (Awan & Bukhari, 2011; Ergec et al., 2016; Kadir et al., 2023; Lajuni et al., 2017). Thus, the truism that Muslims are motivated to support Islamic banks on religious grounds is in question (Iqbal et al., 2018).

In South Africa, there is a need to understand customers to grow the Islamic banking industry (Clark, 2023). The Islamic banking deposits and advances in South Africa were valued at USD 2 billion and USD 824 million respectively (Onyango, 2022). There is a modest but growing body of literature on Islamic banking in South Africa (Moosa, 2022a; Moosa, 2022b; Moosa, 2023, Moosa & Kashiramka, 2022). Studies have considered how customers select an Islamic bank however, the findings are not consistent. For example, Moosa (2022c) found that Islamic banks who comply with *Sharia* requirements is a significant predictor for Muslim customers when selecting an Islamic bank. Ackermann and Jacobs (2008) report similar findings, none the less, the study by Saini et al., (2011), reported that customers placed more importance on non-religious criteria when choosing an Islamic bank. Further to this, studies have not gone deeper by considering customer selection criteria based on gender, despite a few studies (see; ElMassah & Abou-El-Sood, 2022; Ltifi et al., 2016) conducted outside South Africa. Considering the gap identified, the purpose of this study is to investigate the selection criteria of customers in South Africa and to examine these criteria with respect to gender. As this study, is the first to consider gender and differences in selection criteria of customers, the

results are expected to have both theoretical and managerial implications, particularly with respect to developing the Islamic banking industry in South Africa. The remainder of this paper includes a review of the literature and the methodology followed to achieve the purpose of the study. Then, the results are presented and discussed after which conclusions are drawn about the study.

LITERATURE REVIEW

A good understanding of the Islamic worldview is indispensable as Islamic is the second largest religion worldwide (Hackett & Mcclendon, 2017, Boutayeba et al., 2014). The worldview of Islam is derived from the *Sharia* (Islamic law) and is God ordained (Hasan, 2016). *Sharia* can be defined as a collection of legal rulings developed by jurists based on their interpretation of Islam's primary sources: the Quran and Sunnah (Balz, 2008). This worldview relies on both revelation and reason to encourage economic activity to enhance the social, spiritual, and material well-being of individuals and society (Zia & Nasir-Ud-Din, 2016; Aydin, 2015). A proper knowledge and understanding of this worldview are indispensable for academics and business leaders as Islam is the second largest religion today, accounting for more than twenty percent of the world's population (Hackett & Mcclendon, 2017; Boutayeba et al., 2014; Elfakhani & Zafar, 2013; Kazi & Halabi, 2006).

Business conducted within a *Sharia* framework should remove any forms of corruption and unfairness in economic activity (Daly & Frikha, 2016). The *Sharia* framework allows for a wide range of business activities that must adhere to the following principles:

Interest-Free Transactions

This is the most widely known principle of Islamic economics (Visser, 2009). In Islam, the charging of interest is forbidden as money is not viewed as a commodity; rather, it is seen as a medium of exchange having no intrinsic value. Others, such as Visser (2009), state that interest is not the price of money but rather the price of credit, however, this is not the position taken in Islamic economics. Money must be put to productive use and exposed to risk before a legitimate profit, which is a bounty from God, can be earned (Zia & Nasir-Ud-Din, 2016; Mansour et al., 2015; Akacem & Gilliam, 2002).

Risk Sharing Through Profit and Loss

This principle promotes a partnership-based relationship between lenders and borrowers, and ensures greater equity, as both parties share the profits or losses of the venture in which funds were invested (Daly & Frikha, 2016). In this way, lenders are more concerned with the viability of the business venture and the ability of the borrower to turn a profit (Kettell, 2011). Partnership contracts, such as *mudarabah* (silent partnership) and *musharakah* (joint partnership) are used by Islamic banks to facilitate risk sharing through profit and loss (Yanikkaya & Pabuccu, 2017). These contracts are advantageous (Tlemsani, 2010) as they serve stakeholder interests by promoting value creation (Ismail et al., 2014).

Removal of Gharar

The literal meaning of *gharar* encompasses words such as uncertainty, deception, insufficient knowledge, danger, fraud, excessive risk, hazard, peril, speculation, and gambling (Aldohni, 2015; Lahsasna, 2014; Kettell, 2011; Warde, 2010; Algaoud & Lewis, 2007). Business transactions entered into must be free of *gharar* to remove any potential for conflicts and arguments arising between contracting parties (Lahsasna, 2014). The seller must be able to sell goods that can be delivered immediately, while the buyer must be able to inspect the goods before purchase, thus trading in futures for items yet to be obtained is not allowed (Alam et al., 2017:6; Venardos, 2006). The principal concern with such transactions is that one or both contracting parties may suffer injustice or exploitation due to the uncertain nature of the transaction (Jamaldeen, 2012; Kettell, 2010). Risk in normal trading conditions is a key ingredient in the *Sharia* to earning a permissible profit, but when *gharar* is a clear feature to a transaction, that transaction is void (Daly & Frikha, 2016; Warde, 2010; Nathan & Pierce, 2009).

Transactions Linked to the Real Economy

Transactions must occur within the real sector of the economy, implying that amounts financed relate to productive enterprises that are either asset-based or asset-backed (Mansour et al., 2015; Ariff, 2014; Hanif, 2011; Pollard & Samers, 2007; Sairally, 2007; Kahf, 1999).

Trade Restricted to Permissible Industries

Economic well-being is encouraged in Islam; the pursuit thereof can only occur within industries that are permitted by *Sharia*. Thus, investing in, or trading in industries, for example

alcohol, prostitution, illegal drugs, pork, armaments, pornography, tobacco, and gambling is not allowed as it is deemed socially and morally harmful (Kettell, 2011; Nathan & Pierce, 2009; Algaoud & Lewis, 2007).

Islamic Bank Vis-à-vis Conventional Banking

Islamic banking is committed to applying *Sharia* which is not a requirement in conventional banking (Chapra, 1986; Echchabi & Aziz, 2014). While the risks faced by both Islamic and conventional banks are similar (Ramabulana & Moosa, 2022), non-compliance with the *Sharia* is a unique risk for the Islamic bank. An Islamic bank is a profit-making entity that collects funds from depositors and invests them into profitable ventures in the same way as conventional banking; however, the two systems are not similar (Cham, 2018; Kamarulzaman & Madun, 2013; Hefner, 2006), as evidenced by the different types of contracts used in each business (Kontot et al., 2016). These contracts facilitate a buyer-seller, trader-investor, and partnership relationship between the Islamic bank and its customers, while conventional banks have a debtor-creditor relationship with their customers (Khan, 2017).

Operationally, Islamic banks have outperformed conventional banks in terms of profitability, efficiency, risk, and liquidity management, whereas conventional banks had better asset quality (Khan et al., 2017). In the study performed by Bitar et al., (2017), they found that Islamic banks have higher capitalisation, liquidity, and profitability when compared to conventional banks, but their earning were more volatile. They also found that for Islamic banks, higher levels of capital resulted in volatile returns, but for conventional banks, a higher level of liquidity negatively swayed profitability. Ghauri and Qambar (2012) observed that Islamic banks outperformed conventional banks in terms of margin and spread but had higher operational costs and weaker risk management practices. The results of Yanikkaya and Pabuccu (2017) is contrary to the above, as they found that Islamic banks performed worse than their conventional counterparts in terms of efficiency and profitability.

Islamic banks are seen more as competition to conventional banks, as opposed to a unique financial intermediation function, because of inter-industry rivalry and small differences between the two, especially for financial risk (Jawadi et al., 2016; Maulan et al., 2016). Islamic banks are also more likely to fund viable and profitable business ventures despite a lack of collateral, as compared to conventional banks, due to the profit sharing contracts that the Islamic bank engages in and are thus viewed as more financially inclusive (Warsame & Ileri, 2018; Ariff, 1988).

Empirical Studies on Selection Criteria of Islamic Banks

Iqbal et al., (2018), argued in their study, that an Islamic framework is already embedded within a Muslim client, thus in Bangladesh non-religious based factors play a more important role when choosing an Islamic bank. The outcomes of the study supported their main argument as appealing to the religious sensitivities of clients was not a stand-alone factor anymore. Non-religious based factors, for example, the commitment of a bank including the compassion of employees were found to be important determinants when selecting an Islamic bank.

Close to the foregoing study, studies conducted in Egypt and Pakistan found that respondents placed greater emphasis on non-religious factors such as quality of service, prior experience of family members and product range, while religious based factors were of less importance when selecting an Islamic bank (Awan & Bukhari, 2011; Hegazy 1995). In the United Kingdom, Mansour et al., (2010) used quantitative techniques to determine the decision-making process of both Muslim and non-Muslims clients alike at Islamic banks. Their findings line up with the previous mentioned authors as low-service charges was found to be the factor of most importance when choosing a bank, however in this study, the second most important factor related to the religious compliance of the bank's operations. This finding is also reflected in the research by Ltifi et al., (2016) as customers in Tunisia placed importance on both non-religious and religious factors when choosing an Islamic bank. While these studies report that non-religious based factors take precedence over religious factors, other studies in the literature indicate the important role of religion when choosing an Islamic bank.

An earlier study by Metawa and Almosawi (1998) investigated the behaviour of Islamic banking customers in Bahrain and reported that religion was the predominant reason for customers choosing an Islamic bank. Later studies conducted in Bahrain and Malaysia, for example, authors such as Abdul Hadi, and Muwazir (2021); Al-Ajmi et al., (2009) and Dusuki and Abdullah (2007), report that religion was the most important factor when choosing an Islamic bank, however, non-religious factors were also considered. The preceding studies make the case for the importance of religion as a key factor when choosing an Islamic bank, however other factors of lesser importance are also taken into consideration. However, in Pakistan, Abdul Rehman and Masood (2012) sought to understand the selection criteria of customers patronizing Islamic banks. The outcome of their research showed that customers place an equal importance on both religious and non-religious based factors when choosing an Islamic bank. This results of this study, places religious and non-religious factors on the same footing when customer decide to use an Islamic bank.

Interestingly the study by Echchabi and Olaniyi (2012) used both quantitative and qualitative techniques to determine the preferences of Malaysian customers when considering Islamic banks. The outcome of the quantitative analysis revealed that non-religious factors were given importance however, the findings from the qualitative study showed that customers patronise the Islamic bank for primarily religious reasons. The contradiction of these findings can be attributed to the data collection techniques and indicates potential response bias, particularly when qualitative techniques were used as participants may have felt the need to provide religiously acceptable answers.

Further to this, different stakeholders may choose Islamic banks for different reasons. For instance, Shamsudheen et al., (2021) reports that in the United Arab Emirates, retail customers and Islamic bank practitioners selected Islamic banking for religious reasons however, institutional customers selected Islamic banks after considering factors such as cost, affordability, and favourable rates and returns.

To sum up, the findings in the literature regarding the selection criteria of customers is not concrete. Customers, either place emphasis on religious factors or non-religious factors. Some customers give equal importance to both factors while other studies indicate that different types of customers place importance on different factors. Further, the selection criteria among customers located within the same country is not consistent, thus investigating selection criteria within a South African context to understand the criteria customers give importance too, will add further clarity to this debate.

Derivation of Research Hypothesis

The work by Amin et al., (2009) conducted in Malaysia, identified customers along three clusters based on factors such as gender among others. Cluster one related to mostly males who choose Islamic banks based on the type of service provisions provided. Cluster two also comprised a majority of males, however they selected Islamic banks primarily for religious reasons. Cluster three was more female dominant and members of this cluster placed emphasis on pricing as a major factor. The findings of this study, indicates that selection criteria of customers may differ based on gender. Conversely, Hamid and Masood (2011) analysed the selection criteria customers along gender lines in Pakistan and reports that religion is the most important factor for both males and females when selecting home financing products. The authors found that factors such as profit, fast and efficient services, pricing, and the flexibility of terms attached to products were also of importance to both genders. What's more, Ltifi et

al., (2016) found that in Tunisia, gender moderates the relationship between selection criteria and factors such as trust, service quality and religion. ElMassah and Abou-El-Sood (2022) opine that marketing strategies based on gender should be used to attract customers towards Islamic banking. Considering the premise and results of the foregoing literature, the following null hypothesis is developed for this study:

H1: There is no significant difference in the selection criteria of customers when choosing an Islamic bank based on gender.

METHODOLOGY

A positivist paradigm framed this study, hence a quantitative approach to data analysis was used to meet the purpose of the study. The location of the study is South Africa, which has one fully fledged Islamic bank and several Islamic windows at conventional banks who offer Islamic banking products. The population of interest were customers at Islamic banks who identified as being Muslim. An online survey was used to collect data based non-probability sampling techniques. The final sample used for data analysis consisted of 163 valid responses from Muslims throughout South Africa.

The demographic results of respondents are presented in table 1. The results show that an almost equal number of males (n=81) and females (n=82) participated in the study. Respondents fell between 26 to 40 years (42 percent) or they fell between 41 to 55 years (46 percent). A majority (92 percent) of respondents were employed while 53 percent earned more than R20 000 monthly income and 47 percent earned less than R20 000. It is important to note that the only demographic variable, that being gender, was used for further data analysis to meet the purpose of the study.

Table 1 - Demographic Details of Respondents

Demographic variable	Item	Frequency	Percent
Gender	Male	81	50
	Female	82	50
Age	18 – 40 years	89	54
	41 – and older	74	46
Employed	Yes	150	92
	No	13	8
Monthly Income	Less than R20 000	77	47
	More than R20 000	86	53

Source: Prepared by the authors (2023)

The online survey collected data related to either the demographic data of respondents or data relating to the selection criteria that was given importance by respondents. A four-point

Likert scale ranging from Strongly Disagree, Disagree, Agree and Strongly Agree was used to measure respondents' choices to selection criteria. The selection criteria for customers when choosing an Islamic bank (based on 10 items) was adapted from previous studies on the subject, namely Echchabi and Olaniyi, (2012); Iqbal et al., (2018) and Rehman and Masood, (2012) and are listed below:

1. Religious reasons only.
2. Pricing of products.
3. Family use this type of bank.
4. Friends use this type of banking.
5. Higher rates of return offered.
6. Wide range of facilities offered by the bank.
7. Economic and financial reputation of the bank.
8. Islamic reputation and image of the bank.
9. Involvement in the community.
10. Environmental practices and impact.

The data collected from respondents was analysed using a variety of statistical techniques on STATA software. Firstly, descriptive statistics was used which included the frequency and percentage analysis regarding the demographic profile of respondents. We also used a mean analysis to rank the various selection criteria of respondents from most important to least important. The data was also analysed using inferential statistics which included an independent sample t-test to study the differences between selection criteria and gender. The t-test is used to determine if the mean result between two groups is significantly different from zero (Kim, 2015). The choice of data analysis in this study is supported in the literature as it was employed in the works of Amin (2008) and Hamid and Masood (2011) when considering selection criteria in the Pakistani and Malaysian context.

RESULTS AND DISCUSSION

This section presents the results of the study to draw conclusions on the selection criteria of Muslims customers of Islamic banks in South Africa and thereafter to examine these criteria with respect to gender. A few statistical techniques are used such as mean analysis to rank the selection criteria and an independent sample t-test to examine the differences between genders. Thereafter, the results are discussed considering the extant literature and the implications for theory and practice are elaborated.

Selection Criteria Using Mean Analysis

In Table 2, the criteria given most importance by respondents when selecting an Islamic bank is “religious reasons”. The second most important selection criteria are the “Islamic reputation and image” of the Islamic bank. The third and fourth most important selection criteria relates to the “economic and financial reputation” and the “involvement in the community” by the Islamic bank. The three least important criteria as indicated by respondents relates to “wide range of facilities offered”, “friends using this type of bank” and finally the Islamic bank offering “higher rates of return”.

Table 2 - Descriptive Statistics and Ranking of Selection Criteria

Selection Criteria	Min	Max	Mean	SD	Ranking
Religious reasons only.	1	4	3.42	0.647	1
Islamic reputation and image.	1	4	2.80	0.818	2
Economic and financial reputation.	1	4	2.71	0.829	3
Involvement in the community.	1	4	2.50	0.819	4
Environmental practice and impact.	1	4	2.45	0.802	5
Pricing of products.	1	4	2.37	0.839	6
Family use this type of bank.	1	4	2.27	0.847	7
Wide range of facilities offered.	1	4	2.22	0.794	8
Friends use this type of bank.	1	4	2.13	0.774	9
Higher rates of return offered.	1	4	2.01	0.741	10

Source: Prepared by the authors (2023)

Selection Criteria and Gender using an Independent t-Test

In table 3, the selection criteria are ranked according to mean results for male and female categories and the values of the t-test and the statistical significance at a 5 percent level are provided. The results show that for both males and females, the most important selection criteria when choosing an Islamic bank relates to “religious reasons” and the “Islamic reputation and Image” of the Islamic bank. The third most important selection criteria differ between the genders as male indicated that “economic and financial reputation” is an important criterion while females indicated that they prefer “Involvement in the community” by the Islamic bank. The least important selection criteria among both genders include “wide range of facilities offered”, “friends use this type of bank” and “higher rates of return offered”. Furthermore, when considering the results from the t-test, there are no significant differences on the selection criteria between males and females. Thus, the null hypothesis develop for this study is supported.

Table 3 - Selection Criteria and Gender

Selection criteria	Male		Female		t-test	
	Mean	Rank	Mean	Rank	T	P ≤ 0.05
Religious reasons only.	3.51	1	3.34	1	1.412	0.160
Pricing of products.	2.31	6	2.43	6	-0.818	0.415
Family use this type of bank.	2.27	7	2.27	7	0.025	0.980
Friends use this type of bank.	2.10	9	2.17	9	-0.697	0.487
Higher rates of return offered.	1.90	10	2.11	10	-1.531	0.128
Wide range of facilities offered.	2.23	8	2.21	8	0.219	0.827
Economic and financial reputation.	2.68	3	2.74	4	-0.405	0.686
Islamic reputation and image.	2.73	2	2.87	2	-0.889	0.375
Involvement in the community.	2.43	4	2.56	3	-0.911	0.364
Environmental practice and impact.	2.43	5	2.46	5	-0.152	0.880

Source: Prepared by the authors (2023)

The analysis of results showed that the two most important criteria when selecting an Islamic bank in South Africa is related to “religious” criteria and the “Islamic reputation and image” of the Islamic bank. These results were also consistent when compared against the responses provided by both males and females in the study. These results also provide evidence that religious motivations take precedence in the South African context when customers choose an Islamic bank. However, non-religious criteria are also given importance, as males indicated that they consider the “economic and financial reputation” of the Islamic bank while females consider if the Islamic bank has “involvement in the community” as part of their selection criteria. Thus, while religious motivations take precedence for customers, non-religious criteria are also considered when Muslim customers select an Islamic bank in South Africa. The result of this study conforms with the results in previous studies conducted in Bahrain and Malaysia (Abdul Hadi, & Muwazir 2021; Dusuki & Abdullah, 2007).

Then the results of the independent sample t-test revealed that there are no differences in the selection criteria between males and females in South Africa. These results are also supported in the work of Amin (2009) who found that in the Malaysian context, “*Sharia*” or religious criteria were insignificant when compared using gender. However, Hamid and Masood (2011) reports results that contradict the findings of this study and the previously mentioned study as they report that there is a significant difference in religious criteria between males and females in the Malaysian context. These results contribute to a theoretical understanding of the selection criteria among males and females when choosing an Islamic bank and furthermore, these results can be used by management of Islamic banks in South Africa in designing policies and launching campaigns to attract new customers and retain existing customers.

CONCLUSION

The purpose of this study was to investigate the selection criteria of Muslim customers in South Africa and to examine selection criteria with respect to gender. Consequently, the results of this study contribute to a greater understanding of customer preference as it relates to Islamic banking in South Africa. The results indicate that “religious reasons only”, “Islamic reputation and image” the “economic and financial reputation” and having an “involvement in the community” are the selection criteria considered to be most important by both males and females. The criteria least considered by respondents when selecting an Islamic bank relates to “wide range of facilities offered”, “friend use this type of bank” and “higher rates of return offered”. The results also suggest that there are no significant differences in the selection criteria of customers when choosing an Islamic bank based on gender.

The results must be considered considering the limitations attached to the study. Firstly, the study did not include all variables attached to selection criteria, thus future studies can include a larger variety of selection criteria. Secondly, the study only included Muslims respondents, thus future studies should also incorporate non-Muslim respondents. Lastly, this study did not include other demographic variables such as age, education, employment, and monthly income, thus future studies can expand on the results of this study by including these additional variables.

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