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Uncover the reasons behind customers' choice of Thailand Islamic banks

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Abstract

Most religions in Thailand are Buddhists. However, Thailand has four provinces, most of which are Malays or Muslims. This study was motivated by the demographic background and curiosity about Islamic banking services in Thailand. This study examines customer knowledge of products and service facilities in Islamic banking, why customers choose Islamic banks, and why customers use both types of bank (Islamic and conventional banking). This study was a field research using a survey technique to collect data. The population in Thailand is an Islamic bank. The data analysis technique used descriptive statistics with frequency distribution. The study results found that many Islamic bank customers still need to learn about Islamic bank products, such as musyarakah products, mudharabah products, ijarah products, and rahn services. Customers choose Islamic banks primarily for religious reasons, while ease of access to more branches is the main reason for using Islamic and conventional banks. Customers expressed satisfaction with the services provided by Islamic banks, particularly the name and image of the bank, the friendliness and skills of its employees, the confidentiality of customer data, and the variety of facilities offered by the bank. Banks need to improve their services and add touchpoints so that Muslim customers can use Islamic banks and leave conventional banks. In addition, banks are advised to continue educating consumers to understand the importance of Islamic banking, according to Sharia.

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Introduction

Satisfaction is the primary goal of a service. Customer satisfaction is determined by customer perceptions of Islamic banks' performance in meeting customers' expectations regarding various aspects of the services they have received. Customer satisfaction is subjective, so customer evaluations regarding the level of satisfaction will vary; it can be in the form of dissatisfaction, satisfaction, and feeling very satisfied. All depend on the ability of Islamic banks to meet their customers' desires and needs. Functioning as an intermediary institution, the Islamic banking sector must gain public trust as a financial institution with good credibility. Thus, Islamic banking must have competitors to create a good image for its market share. Therefore, Islamic banks should be sensitive to customer satisfaction. Islamic banks must maintain customer satisfaction in the midst of competitive dynamics with competitive conventional banking. Islamic bank customer satisfaction is realised by maximising pleasant experiences and minimising the unpleasant experiences felt by customers. Customer satisfaction impacts the creation of obstacles, switching costs, and customer loyalty (Bakhri, 2021). Thailand is a non-Islamic country that introduced Islamic-based banking in 1998 and inaugurated its operations in 2002. The Islamic Bank of Thailand is a state-owned financial institution under the Thailand Ministry of Finance and its operations are regulated under the Islamic Banks of Thailand Act BE 2545. The main objective of the Islamic Bank of Thailand at its initial stage was only to provide services to Muslim customers in Thailand; however, over time, this bank was also able to meet the needs of the non-Muslim community.

It is important to understand how Muslims access and use Islamic banks in a non-Islamic country or in an environment in which Islam is not the dominant religion, such as Thailand. This is because Muslims are required to abide by the Shariah principle when it comes to access and use credit. The type of credit services offered by financial institutions and whether they are tailored to meet the needs of Muslims can affect their credit behaviour. The Islamic Bank of Thailand claims to operate according to Islamic principles, recognising forbidden objects and actions according to Islamic canons. Islamic banks also prohibit interest charges, gambling, merchandise hoarding, speculation, corruption, bribery attempts, and trade susceptible to disastrous consequences. Islamic banks prohibit unscrupulous actions, such as embezzlement, businesses that promote immorality, and industries that produce weapons or go against good ethics. The bank meets the thresholds outlined in the Shariah principle, making it convenient for Muslim clients to operate. However, in places where Muslims do not have access to an Islamic bank or other Islamic-compliant services, their credit behaviour in terms of taking up credit and the type of choice may be affected (Thippayana & Thinnam, 2023).

At the inception of this study, it was imperative to conduct an assessment of customers' comprehension of the products and services rendered by Islamic banking. This preliminary evaluation aimed to establish a baseline understanding of customers' knowledge of financial institutions' offerings. This study sought to identify potential gaps in awareness and understanding by gauging the extent of customers' familiarity with the services provided. Ultimately, this would help improve the customer experience and optimise the delivery of services. Islamic banking products are classified as Funding Products, which primarily consist of current accounts, savings accounts, investment accounts, and Islamic bonds (Ascarya, 2013).

This categorisation can be helpful for understanding the diverse range of Islamic banking products available to customers. The Funding Products category is particularly important as it includes products that are fundamental to the operation of Islamic banks and can be used to generate income for the bank and its customers. Therefore, a clear understanding of Islamic banking products and their underlying mechanisms is essential in both business and academic settings. Other Financing Products are investment financing (musyarakah and mudharabah), trade financing (murabahah, salam, and istishna), ijarah and ijarah muntahiya bittamlik, and

qard. The last category is Banking Service Products, such as letters of credit, sharf, rahn, and bank guarantees.

The subsequent discussion focuses on the underlying factors that prompt customers to opt for Islamic banks. It is imperative to note that Islamic banking is a unique financial system guided by the principles of Islamic law, popularly known as Shariah. Customers who choose Islamic banks do so because of the certainty that their financial transactions are conducted in accordance with these principles. Naser et al. (2013) found that these factors include religious reasons only, profitability reasons, religious and profitability reasons, advice from relatives, advice from friends, and the last financial crisis proved it is safer to deal with Islamic banks, effective online services, effective SMS services, bank credibility, confidentiality, location of bank branches, low service charges, bank effectiveness in completing transactions, wide range of facilities offered by the bank, quality of advice offered by the bank's personnel, bank reputation, confidence in the bank's management, confidence in the bank's Sharia Supervisory Committee, social and friendly features of the bank's personnel, and the Islamic bank offers the same facilities offered by a conventional bank, but Islamic banks also observe Sharia Principles.

According to a study by Naser et al. (1999), Islamic bank customers still use conventional banking services because they want access to a wider range of products and services, more branches, and longer operating hours. Kuwaiti customers deal with specific Islamic products, mainly murabaha, and are not interested in any other products offered by Islamic banks.

In a study conducted by Naser et al. (2013), a customer satisfaction survey was conducted to measure the satisfaction level of customers with various service features and the quality of services offered by Islamic banking. This study evaluated several aspects of the services provided, including the advice provided by bank personnel, their proficiency and level of qualification, confidence in the Sharia Supervisory Board Committee and bank management, the cost of services, number of branches and their opening hours, efficiency and speed in completing transactions, customer confidentiality, the range of facilities offered, the bank's name and image, staff sociability and friendliness, suitability of furniture, parking facilities, efficiency in handling problems on the phone, architectural design, internal layout of the bank, advertising of existing and new products, counselling provided, availability of funds, and service charges. This study provides an in-depth analysis of the behaviour exhibited by Muslim customers in Thailand as they engage with Islamic banking institutions.

Literature Review

Islamic Bank versus Conventional Bank

There are eight primary differences between the conventional and Islamic banks. First, conventional banks operate solely on general economic principles, whereas Islamic banks operate based on Shariah principles. Second, conventional banks offer a predetermined interest rate to investors, while Islamic banks operate under the profit-and-loss-sharing concept. This means that investors and management share risk and profit rates are the only indicators in Islamic banks. Third, conventional banks aim to maximise profits without restrictions, while Islamic banks aim to maximise profits subject to Shariah restrictions. Fourth, conventional banks are governed by product terms and conditions, whereas Islamic banks are governed by contracts that determine terms and conditions. Fifth, conventional banks primarily engage in lending and borrowing with compounding interest, whereas Islamic banks participate in partnership businesses. Sixth, conventional banks deal with clients as creditors and debtors, whereas Islamic banks recognise clients as partners, investors, traders, buyers, and sellers. Seventh, conventional banks use fixed interest rates and guarantee deposits, whereas in Islamic banks, the rate of return must be indicative and not guaranteed. Only Wadiah deposit accounts were guaranteed. Finally, conventional banks employ floating rates, while Islamic banks use

fixed profit mark-up (Bai Bithamin Ajil, Murabahah) and floating profit rates (Musharakah, Ijarah) (Thippayana & Thinnam, 2023; Aris et al., 2013).

Islamic Bank in Thailand

Santisart and Pholsorn (2017) conducted a study on Islamic financial institutions and their impact on economic growth in Thailand's three southernmost provinces, Pattani, Narathiwat, and Yala. This study found that a lack of knowledge about Islamic finance and banking was a significant obstacle for both personnel and customers seeking services from Islamic financial institutions.

Noipom (2017) also researched access to finance among Muslim minorities in the southernmost provinces of Thailand. The study shows that Islamic financial institutions offer various financial products to meet customers' needs. However, little information is available on Islamic-compliant financial products. This was because most respondents were not members of Islamic financial institutions and were therefore unaware of the details of their products and services. Similarly, Islamic cooperatives provide services only to their members and keep them updated on information and knowledge regarding their products or services.

Lebdaoui and Chetioui (2020) suggest that organizational and technological practices could enhance customer service quality, leading to improved organizational performance in both conventional and Islamic banking systems. Despite the differences between the two systems, this study confirms the positive impact of organizational and technological practices on organizational performance.

Thippayana and Thinnam (2023) found that most Muslims in Nakhon Si Thammarat did not seek credit from Islamic sources, but rather from conventional banks, general cooperative and saving groups, and non-bank creditors. Most Muslim credit users were conservative and had only one credit contract with one financial institution, minimal remaining debt balances, and punctual debt repayment. The study also revealed that Islamic Cooperatives and Savings groups were the most suitable Islamic source of funds for Shariah-compliant credit. It is recommended that stakeholders in the banking and credit sectors invest more resources in advancing the operations of Islamic cooperatives and savings groups to provide convenient access to financial services and to broaden the scope of Islamic credit to Muslims.

Previous Research about Factors that Influence Customers to Choose Islamic Banks

Customers' selection of Islamic banks has been studied in various contexts, and the factors that influence their decisions have been identified. One study found that Islamic ethics plays a significant role in the choice of Islamic banking, as customers value adherence to Sharia law and the ethical principles of Islamic banking. Convenience is another factor that contributes to customer preferences for Islamic banks, including the accessibility of such banks and the quality of service offered. Additionally, customers' awareness of Islamic banking services, including their knowledge of the various financial products and services offered by Islamic banks, is an essential factor that influences their decision-making process. Overall, a combination of Islamic ethics, convenience, and awareness of Islamic bank services has a significant influence on customers' choices of Islamic banks (Ezeh & Nkamnebe, 2020; Bizri, 2014; Al-Awlaqi, 2023).

Other factors that may influence customers' preferences for Islamic banks include transparency in transactions, the ethical behaviour of employees, low service charges, and the provision of interest-free loans. The availability of interest-free loans is particularly significant when customers determine their preference for Islamic banks. The key drivers that contribute to customers' selection of Islamic banks include service convenience, reliability, level of technology, and adherence to Sharia law. Customers consider the quality of service offered by Islamic banks a critical factor in their decision-making process. Trust is another significant

factor that influences customers' choices of Islamic banks over other banking options. Compliance with the Sharia law is a key driver for customers in selecting Islamic banks. Transparency in transactions and the ethical behaviour of employees are additional factors that play a role in the decision-making process. Low service charges and the provision of interest-free loans are also important factors that influence customer preferences for Islamic banks (Ltifi et al., 2016; Yildiz, 2014).

When selecting an Islamic bank over conventional banking options, customers consider various factors. These include Islamic beliefs and ethics, convenience of services, awareness of Islamic banking options, transparency in transactions, ethical behaviour, low service charges, provision of interest-free loans, ease of use, reliability, level of technology, and adherence to Sharia law. All these factors are crucial in customers' decision-making processes when choosing an Islamic bank (Ltifi et al., 2016; Yildiz, 2014; Ghamri & Shamma, 2022).

Methodology

Research Design

This is a descriptive study with a survey technique used to collect data. The descriptive study design is a study design is structured in the framework of providing a general and systematic overview of scientific information originating from the subject or object of the study. The survey technique collects data by asking questions or statements to respondents, either in oral or written form (Sanusi, 2017).

Population and Sample

The population in this study was Thanakhan Islam Haeng Prathes Thai (Islamic Bank of Thailand) customers in Pattani Province. Then, to determine the number of samples in this study, refer to the calculation from Hair et al. (2011), the number of study indicators multiplied by 5 to 10. Thus, this study uses 23 statement indicators so that the sample calculation for this study is 23 times 5, which equals 115 samples.

Data Collection

The data collection technique used in this study used a questionnaire that was given directly to respondents in the field. A questionnaire is a data collection technique carried out by giving a set of questions or statements to other people who are used as respondents (Suryani and Hendriyadi, 2015). The following indicators were measured using a Likert scale, which is used to measure attitudes, opinions, and perceptions of a person or group related to an event or social phenomenon (Riduwan, 2016).

Data Analysis

Descriptive statistics were used to analyse the questionnaire and provide information about the respondents' backgrounds. Descriptive statistics were also used to identify the mean reasons for dealing with Islamic banks or Islamic and conventional banks. Descriptive statistics were also used to measure the level of respondents' satisfaction with different aspects of Islamic banks. Descriptive statistics describe phenomena or data in the form of tables, graphs, frequencies, averages, or other forms (Suryani and Hendriyadi, 2015).

Results and Discussion

Customer Knowledge on Products and Service Facilities of Islamic Banks

The following table describes customer knowledge of Islamic banking products and service facilities in Pattani Province:

Table 1. Customer Knowledge on Products and Service Facilities of Islamic Banks

No	Products and Services	Not aware of it		Aware and don't use it		Aware and use it	
		f	%	f	%	f	%
1	Checking Account	34	29,6 %	65	56,5 %	16	13,9 %
2	Time Deposits	34	29,6 %	63	54,8 %	18	15,7 %
3	Musyarakah	60	52,2 %	45	39,1 %	10	8,7 %
4	Mudharabah	44	38,3 %	42	36,5 %	29	25,2 %
5	Murabahah	50	43,5 %	50	43,5 %	15	13,0 %
6	Ijarah	62	53,9 %	46	40,0 %	7	6,1 %
7	Letter of Credit (L/C)	58	50,4 %	53	46,1 %	4	3,5 %
8	Buying And Selling Foreign Exchange	42	36,5 %	67	58,3 %	6	5,2 %
9	Rahn	70	60,9 %	43	37,4 %	2	1,7 %
10	Bank Guarantees	57	49,6 %	52	45,2 %	6	5,2 %

Source: Processed Data, 2022

The results showed that most customers in Pattani Province knew about the products and banking service facilities in general which were also offered at the bank, although not many customers used them. However, the majority of Islamic bank customers in Pattani Province still do not know about the specific products and services offered by Islamic banks, such as ijarah products, L/C products, buying and selling foreign exchange, rahn products, and bank guarantees.

Factors that Influence Customers to Choose Islamic Banks

The following table describes the factors by which customers choose Islamic banks in Pattani Province:

Table 2. Factors that Influence Customers to Choose Islamic Banks

No	Value Label	Strongly Agree		Agree		No View		Disagree		Strongly Disagree	
		f	%	f	%	f	%	f	%	f	%
1	Only religious reasons	63	54,8	40	34,8	12	10,4				
2	Just profit reasons	19	16,5	42	36,5	39	33,9	12	10,4	3	2,6
3	Religious reasons and profits	32	27,8	51	44,3	27	23,5	5	4,3		
4	Advice from relatives	11	9,6	55	47,8	33	28,7	14	12,2	2	1,7
5	Advice from friends	9	7,8	53	46,1	37	32,2	14	12,2	2	1,7
6	The recent financial crisis proves that it is safer to deal with Islamic banks	13	11,3	38	33,0	44	38,3	17	14,8	3	2,6
7	Effective online services	17	14,8	59	51,3	33	28,7	6	5,2		
8	Effective SMS services	15	13,0	52	45,2	40	34,8	7	6,1	1	0,9
9	Islamic bank credibility	18	15,7	57	49,6	38	33,0	2	1,7		

No	Value Label	Strongly Agree		Agree		No View		Disagree		Strongly Disagree	
		f	%	f	%	f	%	f	%	f	%
10	Islamic bank secrecy	34	29,6	55	47,8	25	21,7	1	0,9		
11	Islamic bank branch location	17	14,8	56	48,7	36	31,3	5	4,3	1	0,9
12	Low service fees	18	15,7	59	51,3	34	29,6	4	3,5		
13	Effectiveness of Islamic banks in completing transactions	22	19,1	60	52,2	29	25,2	3	2,6	1	0,9
14	Various kinds of facilities offered by Islamic banks	19	16,5	54	47,0	38	33,0	3	2,6	1	0,9
15	Quality of advice provided by Islamic bank employees	18	15,7	62	53,9	31	27,0	2	1,7	2	1,7
16	Reputation of Islamic banks	20	17,4	54	47,0	36	31,3	4	3,5	1	0,9
17	Trust in the management of Islamic banks	27	23,5	60	52,2	26	22,6	1	0,9	1	0,9
18	Trust in the Sharia Supervisory Board	24	20,9	55	47,8	33	28,7	2	1,7	1	0,9
19	Friendliness of Islamic bank staff	33	28,7	64	55,7	13	11,3	1	0,9	4	3,5
20	Islamic banks offer the same facilities as conventional banks but Islamic bank also pay attention the principles	43	37,4	50	43,5	19	16,5	1	0,9	2	1,7

Source: Processed Data, 2022

Customers choose Islamic banks in Pattani Province based on the results of the study for religious reasons, the friendliness of Islamic bank staff, the existence of Sharia principles that are still being considered by Islamic banks, the location of branches of Islamic banks, and trust in Islamic bank management.

Factors Customers Utilize Both Types of Banks

The following table describes the factors that customers use for both types of banks in Pattani Province:

Table 3. Factors Customers Utilize Both Types of Banks

No	Value Label	Strongly Agree		Agree		No View		Disagree		Strongly Disagree	
		f	%	f	%	f	%	f	%	f	%
1	Islamic banks do not offer several facility products as offered by conventional banks	2	1,7	25	21,7	20	17,4	14	12,2	1	0,9
2	Islamic banks do not offer many facility products. As offered by conventional banks	0	0	21	18,3	32	27,8	8	7	1	0,9
3	The limited opening hours of Islamic banks	1	0,9	19	16,5	32	27,8	10	8,7		
4	Opening two accounts provides an opportunity to diversify investment	7	6,1	26	22,6	28	24,3	1	0,9		
5	Both types of banks have limited number of branches, and opening two accounts can provide access to more branches	10	8,7	29	25,2	18	15,7	4	3,5	1	0,9

Source: Processed Data, 2022

Various backgrounds can influence a customer’s decision to have two bank accounts, both in an Islamic bank and a conventional bank. In addition, internal and external factors can influence a person’s decision to choose to use a dualistic bank. The majority of respondents in this study are customers of both types of banks, namely, Islamic banks and conventional banks. Thus, based on the results of this study, opening accounts for both types of banks can provide access for customers to more branches.

Customer Satisfaction with Islamic Banking Services

The following table describes customer satisfaction with Islamic banking services in Pattani Province:

Table 4. Customer Satisfaction with Islamic banking Services

No	Value Label	Very satisfied		Satisfied		No view		Not satisfied		Not satisfied at all		Rank
		f	%	f	%	F	%	f	%	f	%	
1	Advice given by Islamic banking employee	38	33,0	61	53,0	15	13,0	1	0,9			7
2	Islamic banking employee skills	42	36,5	61	53,0	10	8,7	2	1,7			3
3	Islamic banking employee qualification level	41	35,7	58	50,4	16	13,9					6
4	Trust in the Sharia Supervisory Board	37	32,2	56	48,7	21	18,3	1	0,9			11

No	Value Label	Very satisfied		Satisfied		No view		Not satisfied		Not satisfied at all		Rank
		f	%	f	%	F	%	f	%	f	%	
5	Trust in Islamic banking management	29	25,2	67	58,3	16	13,9	3	2,6			9
6	Service fees offered by Islamic banking	35	30,4	61	53,0	16	13,9	3	2,6			8
7	Number of branches from Islamic banking	16	13,9	60	52,2	32	27,8	7	6,1			23
8	Islamic banking opening hours	20	17,4	66	57,4	26	22,6	3	2,6			21
9	Efficiency and speed of Islamic banking in completing transactions	23	20,0	70	60,9	18	15,7	3	2,6	1	0,9	12
10	Customer confidentiality	45	39,1	57	49,6	13	11,3					4
11	Various kinds of facilities offered	35	30,4	66	57,4	13	11,3	1	0,9			5
12	Islamic banking employee friendliness	41	35,7	64	55,7	9	7,8	1	0,9			2
13	Name and image of Islamic banking	56	48,7	51	44,3	7	6,1	1	0,9			1
14	Compliance with Islamic banking furniture	22	19,1	69	60,0	23	20,0	1	0,9			15
15	Parking facilities provided for Islamic banking customers	25	21,7	55	47,8	29	25,2	5	4,3	1	0,9	22
16	Efficiency in handling problems trough telephone service	20	17,4	69	60,0	24	20,9	2	1,7			18
17	Islamic banking architectural design	23	20,0	68	59,1	21	18,3	3	2,6			14
18	Islamic banking internal arrangement design	22	19,1	71	61,7	21	18,3	1	0,9			13
19	Advertising existing products from Islamic banking	24	20,9	64	55,7	26	22,6	1	0,9			19
20	Advertising new products from Islamic banking	21	18,3	67	58,3	25	21,7	2	1,7			20
21	Counseling provided	22	19,1	69	60,0	23	20,0	1	0,9			16
22	Availability of funds	17	14,8	74	64,3	23	20,0	1	0,9			17

No	Value Label	Very satisfied		Satisfied		No view		Not satisfied		Not satisfied at all		Rank
		f	%	f	%	F	%	f	%	f	%	
23	Service fees for checks	25	21,7	70	60,9	20	17,4					10

Source: Processed Data, 2022

Based on the results of the study, it can be seen that there are five indicators of Islamic banking services that have the highest level of customer satisfaction in Pattani Province, namely the name and image of Islamic banking, friendliness of Islamic banking staff, Islamic banking employee skills, confidentiality of Islamic banking customer data, and various kinds of facilities provided offered by Islamic banking.

This section presents data on whether customers understand Islamic banks' products and services. There is no guarantee that customers will understand the meaning of products and services from Islamic banks, even though they have decided to become customers of Islamic banks. The results showed that the majority of Islamic bank customers in Pattani Province knew about the products and banking service facilities in general, although few customers used them. However, most customers still do not know about the specific products and services offered, such as *ijarah* and *rahn* products. The results of this study are in line with those found by [Naser et al. \(2013\)](#) in Kuwait that the majority of Islamic bank customers in Kuwait still do not know about the specific products offered by Islamic banks. Furthermore, in another study conducted by [Khattak and Naveed, \(2010\)](#) it was found that most of the customers of Islamic banks also did not know the specific products and services offered by Islamic banks in Pakistan.

This section presents data on why customers choose to become customers of Islamic banks. There are several reasons for this decision. The main reason customers choose Islamic banks in Pattani Province is based on the results of the study for religious reasons. The other reasons are the friendliness of Islamic bank staff, the existence of Sharia principles that are still being considered by Islamic banks, the location of branches of Islamic banks, and trust in Islamic bank management. [Khattak and Naveed \(2010\)](#) also found that religious reasons are the main factors that lead customers to choose Islamic banks in Pakistan. Meanwhile, in another study conducted by [Naser et al. \(2013\)](#) in Kuwait, one of the main factors that causes customers to choose Islamic banks is trust in Islamic bank management. In their study, [Ilyana, Purna, and Friantoro \(2022\)](#) found that students have high Islamic financial literacy, hopelessness has a negative and insignificant effect, while religiosity and financial satisfaction have a positive and significant effect on Islamic financial literacy. The model has a significant effect on Islamic financial literacy. This study proves that Islamic financial literacy has a positive and significant effect on the intention to use Islamic banks. [Muslichah and Sanusi \(2019\)](#) find that business players' intentions to use Islamic banking products are influenced by religiosity, literacy, and attitude. Meanwhile, the effect of Islamic financial literacy on the intention to use Islamic banking products has a greater influence than the other relationships. Knowledge, especially being financially literate, is very important for increasing the interest of industry players in Islamic products.

Next, this section presents data on the reasons why customers still use conventional bank services, even though they have become customers of Islamic banks. The majority of respondents were customers of both types of banks, namely Islamic banks and conventional banks. Thus, based on the results of this study, opening accounts for both types of banks can provide access for customers to more branches. The results of the study are in line with those found by [Naser et al. \(2013\)](#) in Kuwait, which is one of the main reasons why customers choose

to use both types of banks in Kuwait is due to limitations. Similar to [Mukti and Tulasmi \(2021\)](#), the results show that there are six factors formed from research variables: popularity, relationships with closest people, obligations to a company, profit orientation, religious stimulation, tangibles, reliability, responsiveness, assurance, and empathy. These variables can influence customer use of bank account dualism.

Finally, the results of the study found that most Islamic bank customers felt satisfied with various indicators of services provided by Islamic banks, although some indicators were also found to have a level of satisfaction that was not too high. The name and image of an Islamic bank which is in the first rank, provide satisfaction to Islamic bank customers. The findings of this study indicate that the name and image of an Islamic bank are indicators that have the greatest contribution in causing Islamic bank customers to be satisfied with the services provided. The name and image that have been successfully built can directly provide guarantees and satisfaction to customers. The better the name and image of an Islamic bank, the higher its level of customer satisfaction. This is followed by the friendliness of Islamic bank employees, who are in second place which gives satisfaction to Islamic bank customers. The findings show that the friendliness of Islamic bank employees is the second largest indicator of their contribution to causing Islamic bank customers to be satisfied with the services provided. As an entity engaged in services, the friendly attitude of employees in serving customers is a form of guarantee from the Islamic bank that gives a positive impression on the minds of every customer. The friendly attitude of Islamic bank employees when providing services can satisfy customers. Furthermore, the skills of Islamic bank employees are ranked third as an indicator of satisfaction with Islamic bank customers.

The findings indicate that the skills of Islamic bank employees are the third indicator that contributes greatly to causing Islamic bank customers to be satisfied with the service provided. As an entity engaged in services that compete to provide quality services, the role of reliable and capable employees in serving customers is needed. Human resources play an important role in maintaining service quality and can lead to customer service satisfaction. The next indicator is the confidentiality of Islamic banking customer data which is ranked fourth to provide customers with satisfaction. The customer response shows that the confidentiality of Islamic bank customer data is the fourth indicator that has a major contribution in causing Islamic bank customers to be satisfied with the services provided. Thus, it can be concluded that most customers already have good trust in Islamic banks, because there are no customers who provide dissatisfied responses. Islamic banks' ability to protect personal data and customer transaction information is a form of empathy from Islamic banks that given specifically. This attention can directly strengthen customer confidence in Islamic banks. Finally, the indicator ranks fifth in contributing to the satisfaction of Islamic bank customers in various kinds of facilities offered by Islamic banks. Thus, the findings show that the various kinds of facilities offered by Islamic banks are the fifth indicator, with a major contribution in causing Islamic bank customers to be satisfied with the services provided. Good and complete facilities affect customer perceptions of Islamic banks. Every facility provided can increase customer satisfaction as long as the facility can provide convenience and comfort for customers.

Based on the description above, it can be seen that there are five service indicators from Islamic banks in Pattani Province that make a major contribution to the level of customer satisfaction with the services provided: the name and image of Islamic banks, Islamic bank staff friendliness, Islamic bank employee skills, confidentiality of Islamic bank customer data, and the various facilities offered by Islamic banks. The results of this study are in line with those found by [Naser et al. \(1999\)](#), who also found that Islamic bank customers in Jordan have the highest level of satisfaction with the name and image aspects of Islamic banks, confidentiality of customer data, various facilities offered by Islamic banks, and Islamic bank employee skills.

In another study, [Naser et al. \(2013\)](#) found that Islamic bank customers in Kuwait have a high level of satisfaction with the name and image of Islamic banks and the confidentiality of Islamic bank customer data, in addition to other aspects such as the availability of funds at Islamic banks, trust in the Sharia Supervisory Board, and trust in Islamic bank management. In his study in Brunei Darussalam, [Bashir \(2012\)](#) found that the indirect effects of service and product quality on satisfaction awareness were positive and significant. They also revealed that consumers were aware of Islamic banking products and services to a certain degree, and that the reasons for preferring them were profitability and religious principles. These findings provide the Islamic banking industry with helpful guidelines for formulating suitable promotional policies to attract more banking customers. While [Aisyah, \(2018\)](#) in her study in Indonesia found that Islamic bank service quality in Indonesia impacts customer satisfaction and loyalty.

However, customer satisfaction does not directly or indirectly affect customer loyalty. Thus, customers are still dissatisfied with the services provided by Islamic banks. This study recommends strategies to improve service quality and consumer confidence in the distinction between Islamic banking systems. In addition to [Mariyanti, Edastama, and Shafiai \(2021\)](#), their study found that the seven factors that are used as determinants of satisfaction are four factors that can affect the level of customer satisfaction in Islamic banks: tangibles, employee response, product innovation, and communication skills. The results of this study can help Islamic banks develop more effective and efficient strategies in terms of establishing high levels of customer satisfaction to generate potential customers and higher profits.

Conclusion

In this study, most customers of Islamic banks still did not know about the products offered by Islamic banks. This study also identifies five main indicators that are the reasons customers choose Islamic banks, namely solely for religious reasons, Islamic bank staff friendliness, Islamic banks offering the same facilities as conventional banks, but Islamic banks also pay attention to Sharia principles, the location of Islamic bank branches, and reasons for trust in Islamic bank management. This study also shows that the underlying reason for customers to use both types of banks is the limited number of branches owned by the two banks; thus, by opening two accounts, customers can provide access to more branches. Finally, this study also found that the five service indicators with the highest level of customer satisfaction in Islamic banks are the name and image of Islamic banks, friendliness of Islamic bank employees, Islamic bank employee skills, confidentiality of Islamic bank customer data, and various facilities offered by Islamic banks.

Although researchers are quite familiar with the research location, they cannot be involved directly in collecting research data. Researchers received assistance from local residents as research data collectors. However, there are slight differences that can be identified in this research, namely, the research location is an area with a population and the research sample is a Muslim minority community with a Malay culture in the middle of a country where the people are non-Muslims and have different cultures. After all, if other research was carried out during normal times, it would be different from this research which was conducted during the Covid-19 pandemic which might affect the perception of research respondents. This research is in line with the results of other studies, as stated above, and those not disclosed in this paper. Thus, the indicators used in this study generally met their validity and reliability.

However, it is advisable for subsequent research to pay more attention to the dimensions and indicators of digital banking services in the statements of their research instruments and statistical tools. Finally, this study is also an initial study that contributes to the scientific development of Islamic financial literacy, especially in examining the relationship between Islamic financial literacy and customer satisfaction in Islamic banks.

Author Contribution

- Boy Syamsul Bakhri : Creating and designing analysis, Collecting data, Contributing data or analysis tools, and Writing paper.
Mona Fairuz bt Ramli : Creating and designing analyses, Contributing data or analysis tools, and Writing paper.
Wan Mohd Nazri Wan Daud : Collecting data and Perform analysis, and Writing paper

Declaration of Competing Interest

We declare that we have no conflict of interest.

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