Student Banking Behaviour in Australia: A Mixed Methods Study of Muslims and Non-Muslims

By

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Abstract

The key objective of this research is to provide new knowledge on the banking behaviour of Muslim and non-Muslim students within a non-Islamic country like Australia. Specifically, a snapshot of student banking based on the literature is developed to investigate four aspects of banking: (i) the main drivers or determinants considered by both Muslim and non-Muslim students in selecting a bank or financial institution, (ii) the particular bank products and services they utilise, (iii) the level of satisfaction they have with their financial institution, and finally, (iv) their attitude towards and knowledge about Islamic banking and financing. The theory of planned behaviour is used to provide a theoretical framework to explain and predict banking intentions in the context of these four components that make up the snapshot of student banking. This knowledge could assist Australian banks to develop programs that better attract and retain student customers.

Several factors motivate this research. It is important for the Australian public to be more aware of and understand Islamic banking and financing techniques because Australia is surrounded geographically by Muslim countries with large populations, Australian trade with Muslim countries, especially those in the Asia-Pacific region, has been growing strongly over the past few years, and finally, Australia has a growing Muslim population that is likely to demand greater access to Islamic financial products and services than exists currently.

This research employs a mixed methods approach, incorporating both qualitative and quantitative methods. Qualitative data from focus groups, face to face interviews, and an online survey are used to gather data. The use of convenience sampling resulted in 276 completed online responses. The data are analysed using both qualitative techniques (theme analysis) and a variety of quantitative techniques; including tests of differences in means and percentages, factor analysis and logistic regression.

The research reveals no significant difference between Muslim and non-Muslim students in the selection and ranking of the various criteria used in making banking

choices and the bank products and services they use. A significant difference was evident and expected in the level of awareness of and attitude towards Islam and Islamic banking, between Muslim and non-Muslim students. The test of the theory of planned behaviour provided mixed results. Finally, whether a student was Muslim or non-Muslim was not significant in predicting the overall level of customer satisfaction, the probability of changing banks, or whether students would recommend their bank to others.

The limitations of this study relate to the use of an online survey which limits the pool of respondents to internet users and the sample size (n=276) which limits the generalisability of the findings to the entire student population in Australia. Furthermore, the limited sample of Muslim students responding to the survey restricted the ability to uncover insights into Muslim banking behaviour. The study, however, contributes to our knowledge of student banking behaviour in Australia.

The study has implications for Australian banks and new entrants to the Australian financial system to appropriately target and better understand the banking behaviour of Muslim and non-Muslim students in Australia. This is particularly the case in relation to selecting a bank, the products and services they use, level of satisfaction they have with their bank, and their level of familiarity with Islamic banking.

This research offers an insight to and understanding of student banking behaviour in Australia, based on a comprehensive snapshot of student banking, comprising four components. No prior study combines all these components, using a mixed methods approach, to provide such a comprehensive insight into student banking behaviour in Australia.

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Undertaking a PhD is a lengthy, challenging, and arduous learning journey. As anyone who has started, much less completed, a PhD degree knows, competent and committed supervisors are an essential component to successful completion, however such supervisors are often difficult to find. My first supervisor was Dr. Nicholas Mroczkowski (June 2008 to September 2012), followed then by Dr. Steven Greenland (October 2012 to October 2013). I wish to thank very much my two current supervisors for their strong support and encouragement which enabled me to complete my research and write my thesis.

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Declaration

I, Mark Tucker hereby confirm that:

1. This thesis does not contain material which has been accepted for the award to the candidate of any other degree or diploma, except where due reference is made in the text of the examinable outcome;

2. To the best of my knowledge, this thesis contains no material previously published or written by another person except where due reference is made in the text of the examinable outcome.

Mark Tucker

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Glossary

Actual behaviour – customers who actually utilize the various facilities offered by a bank. In this research it refers to the facilities offered by an Australian or Islamic bank.

Attitude – how positive or negative an individual views a particular behaviour. In this study, it refers to whether a student should or should not engage in (Islamic or Australian) banking activities.

Bai muajjall – deferred payments on products

Conventional Banking and Finance – Western based commercial banking based on the use of interest rates and commercial law. Products and services will often reflect the use of interest rates.

Fatwa – a legal opinion issued by an Islamic law specialist on a specific issue. (Austrade 2010)

Halal – an activity that is permissible and lawful according to Shariah or religious law.

Ijarah – a lease agreement where the bank as the lessor earns profit by charging rental on the asset leased to the customer. Also written as *Ijara*. (Austrade 2010)

Intention – is viewed as a function of three factors – the person's attitude, their subjective norms and their perceived behaviour control. These factors influence a consumer's tendency to act towards a particular object.

Islamic Banking and Finance – banking products and services that reflect the principles of Shariah law.

Istisna – manufacturing contracts to cover work in progress and paid by the financial institution on behalf of the customer.

Motivation – is the reason that accounts for an individual's behaviour. It is an individual's inner force that stimulates a particular behavioural response.

Mudharabah – an investment agreement between an investor (who provides capital) and an entrepreneur (who provides management expertise) with profits shared on a pre-determined ratio and losses being borne by the investor only. Also written as *Mudharabah* or *Mudaraba*. (Austrade 2010)

Murabaha – an instrument used by a financial institution to purchase goods and services on behalf of the customer. Also be written as *Morabaha* or *Murabahah*.

Musharaka – partnership agreement between two parties where profits are shared on a pre-agreed ratio and losses are shared in proportion to the capital contributed. Also written as *Musharakah*. (Austrade 2010)

Non-banks – are financial institutions that do not hold a banking licence issued by the Australian Government. They are institutions involved in finance and include building societies, credit unions, merchant banks and life offices. Non-banks are often referred to bank substitutes.

Perceived behavioural control – an individual's perception of whether a behavioural act is within their control. That is an individual's perception that he or she possesses the necessary resources, skills or opportunities to perform an activity.

Quran – this is the Muslim Holy Book, which is believed to represent a record of the exact words revealed by God to the Prophet Muhammad. It is the basis of every Muslim's faith and practice. The Quran can also be written as the *Koran* or *Qur'an.*

Quard Hassan – interest-free benevolent loans.

Retail Banking – banking products and services supplied by commercial banks to individual customers. It excludes all forms of business, institutional and private banking.

Riba – interest or usury. Receiving and payment of interest is prohibited in the Quran.

Shariah Law – a set of rules and principles based on the Quran and Hadith (a collection of sayings, practices and traditions of the Prophet Mohammad). Shariah principles not only govern a Muslim's daily life, but also the economic, social, political and cultural aspects of Islamic societies (Iqbal and Mirakhor 2007). Shariah can also be written as *Sharia, Shari á, Shari'a, Sharia'h, Shari áh* or *Syri'ah*.

Subjective norms – an individual's social environment and whether others (family, friends, and work colleagues) approve or disapprove a particular behaviour.

Sukuk – the Islamic equivalent of bonds that represent ownership in an underlying asset or project or venture. (Austrade 2010)

Takaful – a form of mutual insurance involving a group of individual's paying money into a fund, which is then used to cover payouts to members of the group when a claim is made. (Austrade 2010)

Zakat – a charity tax, equivalent to 2.5 per cent of a Muslim's savings given annually to the poor and needy. (Venardos 2006)

Table of Abbreviations and Acronyms

ABS	Australian Bureau of Statistics
ANZ	Australian and New Zealand Bank
ATMs	Automated Teller Machines
BSC	Bank Selection Criteria
CBA	Commonwealth Bank Australia
DTPB	Decomposed Theory of Planned Behaviour
EFTPOS	Electronic Funds Transfer Point of Sale
FDIC	Federal Deposit Insurance Corporation
IMF	International Monetary Fund
MCCA	Muslim Community Co-operative Australia
NAB	National Australia Bank
PLS	Profit and loss sharing
SFHs	Special Finance Houses (in Turkey)
TAM	Technology Acceptance Model
TPB	Theory of Planned Behaviour
TRA	Theory of Reasoned Action
UK	United Kingdom
US	United States
WBC	Westpac Banking Corporation
WOM	Word of Mouth

Chapter 1: Why study Muslim and non-Muslim student banking behaviour?

Much has been written about the cultural and religious development of Islamic banking and the various associated financing techniques in use in Muslim countries. Since the 1970s, a number of studies have been undertaken to better understand the banking and financial behaviour of Muslims in both Muslim and non-Muslim countries (Okumuş 2005, Tank and Tyler 2005, Kaynak and Harcar, 2005, Kahn, et al. 2007, Blankson et al. 2007, Al-Eisa and Alhemoud 2009, Loo 2010, and Rashid and Bhuiyan 2012). With the rapid rise in the Muslim population worldwide, there is a growing demand for Islamic financial products in many non-Muslim countries; including in Australia (Davis 2013). With Australia's Muslim population growing rapidly over the last twenty years, an emerging Islamic banking and financial niche has developed. The non-development of an Islamic banking and financing sector in Australia has received considerable media, and to a lesser extent, academic attention. A gap exists in the academic literature in relation to identifying and comparing the banking / financial behaviour of Muslim and non-Muslim students in Australia, and this research contributes to closing this gap.

This chapter provides the reader with a background to this thesis. Section 1.1 examines the research objective and how it will be achieved. Section 1.2 provides a context for positioning Islamic banking in Australia. Section 1.3 examines the motivation for undertaking this research. Finally, section 1.4 briefly outlines each of the seven chapters that make up the thesis.

1.1   Research objective

The key objective of this research is to identify any differences between Muslim and non-Muslim students in their banking behaviour in Australia. This will be achieved by developing a descriptive snapshot of student banking, and tested using analysis of an online questionnaire. This snapshot involves investigation of four aspects of banking: identifying the main drivers or determinants considered by both Muslim and non-Muslim students in selecting a bank or financial institution, the particular bank products

and services they use, the level of satisfaction they have with their financial institution, and, finally, their attitude towards and knowledge about Islamic banking and financing.

The conceptual framework is based on applying the theory of planned behaviour in the context of a descriptive snapshot of student banking in Australia. The theory of planned behaviour provides a framework to understand whether and how three constructs: attitudes, subjective norms and perceived behavioural controls, combine to influence students' intentions in relation to customer satisfaction, the probability of changing banks and of recommending their bank to others. To better understand this snapshot and the applicability of the theory of planned behaviour, five research questions are posed. They are:

Research Question 1: What are the factors or drivers associated with Muslim and non-Muslim students' choices in the selection and ranking of a financial institution (a bank or non-bank)?

Research Question 2: What, if any, are the differences between Muslim and non-Muslim students in the bank products and services they utilise?

Research Question 3: What is the level of customer satisfaction experienced by Muslim and non-Muslim students with their chosen financial institution?

Research Question 4: How well-aware are Muslim and non-Muslim students in Australia of the culture associated with Islamic finance; this includes understanding the meaning of fundamental terms used in Islam and in Islamic banking and finance?

Research Question 5: How effective is the theory of planned behaviour in explaining and predicting student banking behaviour?

A mixed methods design approach is used to investigate the banking behaviour of Muslim and non-Muslim students since it was considered that neither quantitative nor qualitative methods by themselves were sufficient to capture the details and trends involved in this interdisciplinary (religion, economics, consumer marketing, and finance) study (Ivankova et al. 2006). Furthermore, using both methods together complements each method and makes the analysis more robust (Ivankova et al. 2006).

This thesis focuses on comparing and understanding the banking behaviour of Muslim and non-Muslim students. The student market segment is recognised by various

researchers (e.g. Thwaites and Vere 1995, Tootelian and Gaedeke 1996, Gerrard and Cunningham 2001, and Mokhlis et al. 2011) as displaying several important features for the banking industry and hence is worthy of investigation. For example, graduate students are considered to be more financially sophisticated compared with non-graduates and will need or use a wider range of financial products and services as they move through their life cycle. Furthermore, the setting for this study is Australia, where the student banking segment has not been studied before, at least not in published works, and this research will help to fill in this gap in the literature. The student banking segment is explored in more detail in Chapter 4.

A gap exists in the academic literature in relation to identifying and comparing the banking and financial behaviour of Muslim and non-Muslim students in Australia, and this research contributes to closing this gap.

1.2   Context for Islamic banking in Australia

Islamic banking and finance services represent a growing market niche in the Australian banking and financial sector (Austrade 2010). While much has been written about Islamic banking and finance in Muslim countries, little is known about this form of banking in non-Muslim countries like Australia. More specifically, little research has been undertaken into the banking behaviour of Muslims, whether they are students or non-students, in Australia. Australia has an increasing Muslim population whose banking and financial needs, by necessity, tend to be dominated by a conventional interest-rate based banking system.

For example, the question arises as to how Muslim students justify their banking behaviour in Australia, a country with historically few Islamic alternatives, when a major tenant of Islam is the prohibition of interest. If the opportunity existed, would Muslim students prefer to bank with an Islamic bank in Australia, or prefer to maintain their current Australian bank account? It is important for answering the research questions posed in this research to understand students' personal experiences and their feelings towards banking in a non-Muslim country.

This research is important because despite a growing literature on banking behaviour, there is neither information about nor an understanding of the issues confronting the banking activities of Muslim students in a non-Muslim country, like Australia. The Muslim community in Australia is a relatively small minority group, yet it represents a growing segment of the Australian population and its banking and financial requirements, which are based on Islam, need to be catered for and better understood in the future. The development and nature of Islamic banking and financing techniques is discussed in more detail in Chapter 2.

Further, there is increasing interest by governments, educational institutions and commercial banks in better understanding and participating in Islamic culture. Over the last twenty years, an emerging Islamic banking and financial niche has developed. The development of an Islamic banking and financing sector in Australia has received considerable media attention (Newsome 2006, Owen 2010, Johnston 2010, Henshaw 2012, and Davis 2013), and to a lesser extent, academic attention (Halabi and Mirza 2000, Rammal and Zurbruegg 2007).

An understanding of Muslim consumer behaviour will allow bank staff to better predict consumer product and service patterns. Products, services and their delivery that meet customer expectations will also aid customer satisfaction and retention. Efforts by banks to understand a minority culture, such as the Muslim culture, and to satisfy Muslim customer needs and desires, will assist in ensuring market share and financial survival. In addition, acknowledging and understanding Muslim banking behaviour can have a positive impact on Australian culture and society.

A financial system that offers and makes available Islamic banking products and services, for both Muslims and non-Muslim customers, is likely to help Muslims feel more comfortable about integrating into Australian society. Furthermore, such a financial system may help to reduce feelings of alienation and promote social inclusion. The recent inquiry into the Australian financial system, led by David Murray, did not comment on the role and prospects for Islamic banking in Australia (Financial System Inquiry Final Report 2014), despite calls to do so (Davis 2013). This research

potentially contributes to Australia's multi-cultural reputation by developing a better understanding of the banking behaviour of Muslim (and non-Muslim) students.

1.3   Motivation for undertaking this research

The motivation to investigate Islamic banking in a non-Muslim country stems from two distinct areas. The first area relates to issues arising from this research, and the second area reflects Australian-based influences.

This research highlights three significant issues. First, it focuses on a relatively small ethnic group; Muslim students and their banking behaviour in a non-Muslim country. Comparing the banking behaviour of Muslim and non-Muslim students in a non-Muslim country has not been undertaken previously in the published literature. The study by Hin et al. (2011) comes close by examining the banking behaviour of Muslim and non-Muslim students, but in a Muslim country context. This research fills a gap in the literature by focussing on the banking behaviour of Muslim and non-Muslim students in a non-Muslim country.

Second, while Australian financial institutions do offer some Islamic banking and financing products (Henshaw 2012 and Johnston 2012), these are not well known by the public nor are they readily or easily available. As a result, Muslim students may more readily use commercial bank products. It is likely that a Muslim student in Australia would have to go out of his or her way to purchase an Islamic product or financial service. Based on this Australian context, it will be interesting to see how different, if at all, the banking behaviour is between Muslim and non-Muslim students.

Third, this research is based on a relatively high number of international students. These are students who have left home, are often here alone and, are away from the influence of family and friends. This creates a natural quasi-experimental setting in which to test the theory of planned behaviour.

The importance of the above three issues and their role in impacting this research is depicted diagrammatically below in Figure 1.1. This figure helps to place this research in context, provides a summary of the motivational reasons for undertaking this research and highlights the current gap in our knowledge of student banking behaviour.

Figure 1.1 Positioning of this research
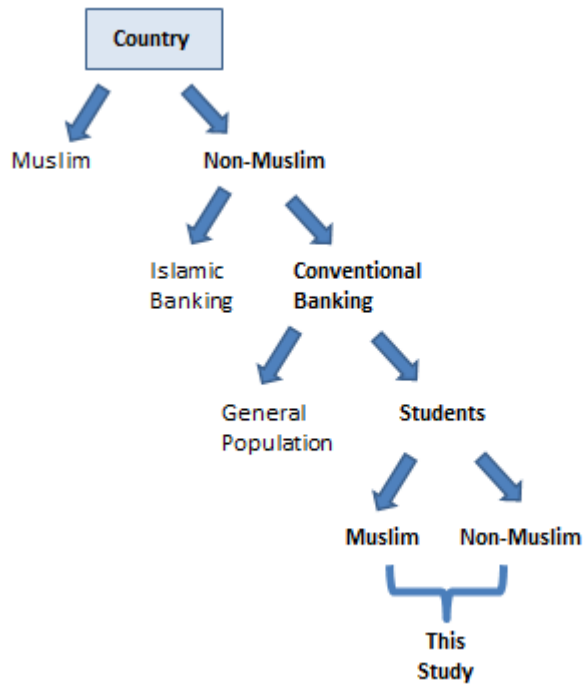
Starting from the top of Figure 1.1 and gradually moving to the right, as explained previously, this research is based in the country of Australia. Australia is a non-Muslim country; however, there exists a small and growing Muslim population. Being a non-Muslim country, Australia operates a conventional banking system, based on interest rates. In contrast an Islamic banking system is characterised by prohibiting the payment and receiving of interest. Other characteristics of an Islamic banking system are discussed later in section 2.1. This research characterises bank customers into two segments – the general population and students. The focus of this research is on student banking behaviour. Finally, the student segment can be divided into Muslim and non-Muslim students. The focus of this research is on comparing the banking behaviour of Muslim and non-Muslim students. A review of the literature reveals that, no published studies have been undertaken focusing on a non-Muslim country that operates an almost exclusively conventional banking system, and that investigate the banking behaviour of both Muslim and non-Muslim students. This is the motivation for undertaking this research, which can contribute to reducing the current gap in knowledge of student banking behaviour in Australia.

From an Australian perspective, it is important for the public to increase its awareness and understanding of Islamic banking and financing techniques for several reasons. First, Australia is surrounded geographically by Muslim countries with large populations – Indonesia, Malaysia, and Brunei. It is in Australia's future business interest to better understand and appreciate the different cultures (and their banking and financing techniques) in its neighbourhood.

In the Asia-Pacific region, Malaysia is rapidly becoming an international hub for Islamic finance, according to (Chan 2015). This can be attributed to Malaysia's religious heritage, geographic position and liberal regulatory structure. Furthermore, Malaysia was one of the first countries to establish a Sharia compliant deposit insurance scheme, issue both sovereign and corporate sukuk's (Islamic bonds), has operations by several local and foreign Islamic banks and is a member of the Islamic Financial Services Board (IFSB); an international standard-setting body (Chan 2015).

Second, Australian trade with Muslim countries, especially those in the Asia-Pacific region, has been growing strongly over the past few years. According to the International Monetary Fund, Australian trade (exports and imports) with Brunei Darussalam, Indonesia and Malaysia increased from US$14,584m in 2006 to US$27,879 m in 2012 (IMF 2013). This represents an increase of 91 per cent over a six-year period. This growth in trade, along with the development of other economic opportunities, is likely to continue over the coming decade, according to a White paper prepared by the Australian Government (Department of Prime Minister and Cabinet 2012). A more recent example is in a statement of the New Colombo Plan, initiated by the Australian Government to support Australian undergraduates to study and participate in internships across the Indo-Pacific region (Department of Foreign Affairs and Trade 2014).

Third, Australia has a growing Muslim population. The 2011 Census identified 476,300 Australian Muslims, which represented 2.2 per cent of the total population at that time (ABS 2012). Between the 2006 and 2011 Census, the Australian Muslim population increased by 39.9 per cent compared to the 340,400 Australian Muslims identified in the 2006 Census. Furthermore, the 2006 Census showed a strong youth segment, with over

48 per cent of Australian Muslims being less than 24 years of age (ABS 2007). Australia's growing Muslim population is likely to continue to demand more Islamic financial products and services. As a result, their needs are unlikely to continue to be ignored, as has tended to happen in the past.

The final reason relates to Governments and financial and educational institutions in Australia increasingly recognising the potential of Islamic banking.

In 2010 the Australian Government produced a report on Islamic finance in Australia to raise public awareness and promote opportunities for Islamic finance in Australia (Austrade 2010). The Victorian Government has supported the development of Islamic financial institutions that operate in accordance with Shariah principles, by removing double stamp duty charges on property purchases, recognising the principle of profit sharing, and allowing Islamic contracts to avoid certain terms such as interest; which is not permitted under Islam (Invest Victoria 2010). The Victorian Government has also provided an opportunity for investors to participate in funding Victoria's infrastructure needs by using Shariah compliant products (Invest Victoria 2010).

A number of financial institutions, including banks, in Australia have an interest in developing Islamic banking and financing techniques. The Muslim Community Cooperative Australia (MCCA) was established in 1989 to meet the demands of a then small but growing Muslim community. The MCCA caters for the needs of Muslims by providing Shariah compliant services such as – mortgages, shared equity rentals, Mudharabah, and sale to lease finance (MCCA 2006). Two smaller Sydney-based institutions, Islamic Cooperative Finance Australia (ICFA) and Iskan Finance, offer customers a range of Islamic financial products. ANZ has a strong presence in the Middle East and both WBC and NAB intend to introduce loan products that are Shariah compliant (Kerbaj 2006, Johnston 2010). Furthermore, Kuwait Finance House Australia became the first international Islamic finance institution to operate in Australia in 2008, focusing on wholesale Islamic financial services (Invest Victoria 2010).

Finally, several Victorian educational institutions are involved actively in developing, implementing and maintaining Islamic education. La Trobe University and the National Centre for Islamic Studies at Melbourne University have developed centres for Islamic

studies (Invest Victoria 2010). Three universities, Swinburne University of Technology, Monash University and Curtin University have established campuses in Malaysia, at Sarawak, Selangor Darul Ehsan and Sarawak respectively. This suggests that Australian universities are keen to better understand Islamic culture and undertake operations in Islamic countries.

Having discussed the motivation for undertaking this research, the next section will provide an outline of the chapters that make up this thesis.

1.4   Outline of this thesis

Chapter Two provides a discussion on the development and nature of Islamic banking and conventional (Western interest-based) banking, with an emphasis on the retail perspective. This chapter also examines differences between Islamic and conventional banking.

Chapter Three concentrates on the theoretical basis of this research. This chapter is divided into three sections. Section 3.1 discusses the four components of banking that make up the descriptive snapshot of student banking. Section 3.2 provides an overview of the theory of planned behaviour (TPB); the theory that provides the conceptual framework for the research and the psychological underpinning for the snapshot of student banking behaviour. Finally, section 3.3 develops seven hypotheses to be tested, based on the literature review. These seven hypothesises are based on the four components that make up the descriptive snapshot of student banking and reflect the themes that emerge from the review of the literature.

Chapter Four reviews the literature concerning the banking behaviour of customers, with an emphasis on students. This chapter is divided into three sections. Section 4.1 outlines seven key studies, from both Muslim and non-Muslim countries, that inspired this current research. Section 4.2 provides a more detailed review of studies that investigate how students, both undergraduates and postgraduates, select their bank. Finally, section 4.3 briefly examines the literature based on studies relating to determinants considered important in selecting a bank or financial institution by the general population.

Chapter Five outlines the research methodology adopted in this thesis. The chapter begins by discussing the nature and definition of the student sample for this research. Section 5.2 discusses and justifies the methodology used in this research. Section 5.3 examines the research design used. Section 5.4 investigates the instruments used and procedures undertaken to collect the data. Section 5.5 discusses the quantitative techniques, namely factor analysis and logistic regression, adopted to answer the research questions and hypotheses. Finally, section 5.6 discusses some of the ethical issues associated with this research.

Chapter Six examines the results from qualitative and quantitative techniques used to answer the research questions and test the seven hypotheses. The chapter begins by examining the results from focus groups, interviews and the use of a pilot test, to develop the final online questionnaire. Section 6.2 discusses briefly the nature and methods used to prepare and manage the data collected from the online questionnaire. Section 6.3 examines the demographic and descriptive background of the student sample. Section 6.4 reports the descriptive results from the online questionnaire relating to the snapshot of student banking. Next, section 6.5 focuses on the results from applying factor analysis to the bank selection criteria. Section 6.6 focuses on testing the applicability of the theory of planned behaviour to explain the banking intentions of students. Section 6.7 reports on the results from using logistic regression to identify the factors that impact on overall customer satisfaction, the probability of switching banks, and recommending a bank to other people. Finally, section 6.8 provides a summary of the results, with an emphasis on the seven hypotheses and interesting themes that have emerged from this chapter.

The final chapter, Chapter Seven, provides an overview of the research undertaken in this study and its contribution. Section 7.1 provides a brief summary of this thesis. Section 7.2 discusses Australia's ability to capitalise on Islamic finance. In Section 7.3 the contribution of this research in understanding student banking behaviour and related observations are examined. Section 7.4 identifies and discusses possible limitations associated with this research. Finally, section 7.5 identifies areas for future research.

1.5 Chapter summary

This chapter has provided the foundation blocks for this thesis. It introduced the research topic, objectives and questions and then section 1.2 provided a context for positioning Islamic banking in Australia. Section 1.3 examined the motivation for undertaking this research. Finally, section 1.4 provided a brief outline of the thesis. Based on this foundation, this thesis next proceeds with a general discussion on the development, nature and differences between Islamic retail banking and conventional (Western interest-based) retail banking.

Chapter 2: An overview of Islamic and conventional banking

A key component of any financial system, whether it is Islamic or Western based, are the banks within it. The importance of banks relates to their size, role in the financial system and the economy. The aim of Islamic banking is to promote a moral and equitable distribution of resources and encourage social fairness for all Muslim societies (Marimuthu et al. 2010). At the core of Islamic intermediation is the concept of profit sharing – where two or more parties pool their resources for investment and share in the resulting profit or loss (Chong and Liu 2005). Islamic banking and financing can be defined as banking based on Shariah law (Marimuthu et al. 2010). However, it is worth noting that Islamic banks are not religious institutions, rather they are like other banks and are profit making enterprises, responding to the market needs of Muslim clients and follow a different model of financial intermediation; compared to the conventional or Western interest-based banking system (Iqbal and Molyneux 2005).

Banks are the largest authorised deposit institutions in Australia and facilitate the flow of funds between savers and borrowers, which contributes to the country's standard of living. Banks are an important conduit of monetary policy which affects the level of interest rates, the value of financial assets, and influences business performance (Viney 2007, Kidwell et al. 2007). Further banks, whether Islamic or conventional (Western interest-based) banks, have an important role in achieving economic and financial stability and can assist indirectly in maintaining a civil society.

The products and services provided by both Islamic and conventional banks are consumed by individuals and organisations. The business of banking can be divided into retail banking (involving transactions with individuals and small businesses) and wholesale banking (involving transactions with large corporations / institutions and wealthy individuals). This research is concerned with the retail banking sector. The activities of retail banking in which individuals participate include the delivery of savings, investment and term accounts, provision of cheque facilities, use of credit and debit cards, the use of automatic teller machines (ATMs) and electronic funds transfer at point of sale (EFTPOS), and offering internet and telephone banking facilities. The

actual student products and services provided by the four large retail banks in Australia are discussed later in section 2.2.

This chapter provides an overview of Islamic and conventional banking, with an emphasis on retail banking. Section 2.1 investigates the development and nature of Islamic banking. Section 2.2 examines the development of Australian banking, with an emphasis on student banking packages offered by the four major Australian banks. Section 2.3 provides a brief comparison of the differences between Islamic and conventional banking. Finally, section 2.4 provides a summary of the chapter.

2.1 Development and nature of Islamic banking

The underlying principles of Islamic finance can be traced back to the beginnings of Islam over 1,400 years ago (Moore 1997). Islam is considered both a religion and a way to conduct life: politically, socially, morally and for undertaking economic transactions (IslamiCity 1989). It is this last point that highlights the differences between Islamic banking, which is based on the principles of Islam, and conventional Western banking. Islamic banking and finance provides financial services based on a set of rules and principles known as Shariah or religious law. Shariah or religious laws stem largely from the Quran; the Muslim Holy Book which is believed to represent a record of the exact words revealed by God to the Prophet Muhammad.

While Islamic banking has been around for over 1400 years, our analysis begins more recently. From the 1700's through to the mid twentieth century, most of the Islamic world was colonised by European nations. These nations managed the economies and financial systems of the Muslim countries they controlled. Accordingly, most Muslims had little choice but to be involved with interest based European financial institutions. However, since World War 11 a national consciousness and a desire for independence among Muslim countries had begun to develop. In 1945 Indonesia gained independence and Algeria in 1962. This resulted in a gradual movement to manage their own affairs; based on Islamic values and traditions (Siddiqi 2001). Furthermore, by the 1950s various Muslim scholars had begun to write about the differences between conventional economic systems and emerging Islamic economic systems. By the late 1950's, Muslim scholars and economists had begun to develop theoretical models of financial

intermediation which were an alternative to the existing interest-based banking models (Iqbal and Mirakhor 2007).

The first modern experiment with Islamic banking was the establishment of the Mit Ghamr Local Savings Bank in Egypt in 1963; led by the social activist Ahmad-al Najjar. The bank acted as a savings bank for the local rural sector and was based on the prohibition of interest and profit sharing. This bank operated "under cover" for fear of being seen as an attempt to promote Islamic fundamentalism, which was opposed by the political colonial power of the time (Burghardt and Fuss 2004). Later in 1974, the Islamic Development Bank was established to foster economic and social development among Muslim countries based on Shariah principles. This represented the first collective movement by Muslim countries to promote Islamic finance (Rammal and Zurbruegg 2007). Since then Islamic banking has grown in size and number in both Muslim and non-Muslim countries and is practiced in more than 50 countries worldwide (Chong and Liu 2009).

In Iran, Pakistan and Sudan, all banks and financial institutions are Islamic. In other countries, such as Bangladesh, Egypt, Indonesia, Jordon, Malaysia and Turkey Islamic banking operates alongside conventional banking. Islamic banking is therefore not limited to Islamic countries. In August 2004, the Islamic Bank of Britain was the first licensed bank in a non-Muslim country to undertake Islamic banking (Chong and Liu 2009). In the United States, the HSBC, University Bank in Ann Arbor and the Devon Bank in Chicago offer Islamic products and services (Chong and Liu 2009). In countries where Muslims are a minority; such as Australia, New Zealand, Singapore and South Africa, some banks and financial institutions are offering Shariah based products and services. Islamic banking and finance represents one of the fastest growing sectors of the global financial services industry. Based on Shariah compliant assets, the global market for Islamic financial services grew by 12 per cent in 2014 to a record $2 trillion (TheCityUK 2015).

According to the World Bank (2007) the basic principles that provide the framework for Islamic financial services are shown in Table 2.1. As the World Bank (2007) points out, conventional Western finance is often not consistent with the principles outlined above.

For example, an interest rate-based debt contract could conflict with the first four principles listed in Table 2.1 below. Consequently, specific Islamic modes of financing

Table 2.1 Basic principles of Islamic finance

Risk Sharing	The bank (the provider of funds) and the entrepreneur share the business risk associated with a project in return for a share of the profits or losses stemming from the project.
Materiality	Any financial transaction must have a "material finality", that is a link to tangible and real economic activity.
Justice	Any party to a financial transaction should not be exploited.
Prohibition of Riba	The receiving or payment of a fixed rate of interest is prohibited. This prohibition is based on arguments of social justice and equality. As a result of this prohibition, debt-based financing in an economy is not allowed.
Haram Activities	Activities that are considered sinful or socially irresponsible should not be financed; such as gambling, casinos, and the production of alcohol.
Prohibition of Gharar	The removal of any asymmetrical information and the need for full disclosure of information in a contract.

Source: World Bank (2007 p.1)

have been developed over the past 1,400 years. Islamic banking and finance has been a resilient and growing market around the world; in both Muslim and non-Muslim countries. This needs to be seen against a background of a slowing global economy and pressures on conventional banking in Western countries (TheCityUK 2015).

Since interest-bearing deposits are prohibited, retail Islamic banks offer customers up to four different kinds of deposits – current accounts, savings accounts, investment accounts and special investment accounts (Iqbal and Mirakhor 2007). Briefly, some of the characteristics of each of these forms of deposits are:

- Current Accounts: the face value of these deposits is guaranteed, no return is received on these deposits, and a service fee may apply. While the funds in

these accounts are not used for profit-loss sharing (PLS) ventures, they may be used to balance banks' liquidity needs.

- Savings Accounts: these funds can earn depositors an income. Based on the bank's financial results', the bank may decide to pay a premium to holders of a savings account.

- Investment Accounts: this represents the major proportion of a bank's financial liabilities and is based on the principle of Mudharabah. A Mudharabah is a contract between two parties whereby one party; the depositor, entrusts funds to another party; the bank, to undertake a particular project. Investment accounts are often linked to a pre-agreed period of maturity; with the profits or losses from the project based on a pre-determined ratio between the bank and depositors.

- Special Investment Accounts: these accounts are tailored for high net-worth individuals or institutional clients and operate under the Mudharabah principle. These accounts relate to a specified project identified by the bank.

Apart from savings accounts, Islamic banks offer customers various other retail products and services. These include ATMs, internet banking, short message service (SMS) banking, e-mail banking, credit and debit cards, home purchase plans, and insurance services (Hedayatnia and Eshghi 2011). More recently, it is interesting to note that a leading conventional banker has raised the merits of Islamic banking by advocating Islamic style mortgages as a means to reducing household debt (Shapiro 2016).

From the liabilities side, Islamic banks have limited modes of raising funds, while on the asset side banks have a wider portfolio choice; reflecting a spectrum of risk and maturity profiles (Iqbal and Mirakhor 2007). Islamic banks can invest these funds into short term and low risk assets, such as trade finance and Murabaha, or invest medium term in Ijarah and Istisna based assets. For longer term investments, banks can undertake venture capital or private equity activities in the form of Musharakah (Iqbal and Mirakhor 2007).

A key distinguishing feature of Islamic banking is the prohibition of paying and receiving interest or Riba. As a result, Islamic banking has developed, over time, a series of alternative financing modes that avoid interest. Parties to an Islamic financial transaction are encouraged to form partnerships to share the risk and profit or loss of the venture. The rationale is to link the return in an Islamic contract to the quality and productivity of the project, thus ensuring a better distribution of wealth for society (El Qorchi 2005). In addition, Islam discourages the accumulation of wealth and encourages activities that result in a fair and just society.

Partnerships or "profit and loss" ventures are two common financing methods used in Islamic financial markets. An equity-based partnership (Musharakah) involves two parties, both of whom contribute capital and share in the profits or losses of the operation in a pre-determined manner. A profit-sharing agreement (Mudharabah) is where the bank provides the entre capital needed for financing the project. The customer provides expertise, labour and or management. Profits from the project are shared by both parties on a pre-agreed basis. Other financial transactions undertaken by Islamic banks that exclude interest, include leases (Ijara), mark-up sales or cost plus financing (Murabaha), commissioned manufacturing (Istana), and insurance (Takaful) (Van Schaik 2001 and Iqbal and Mirakhor 2007).

According to El Qorchi (2005) the growth in Islamic banking and finance can be attributed to three reasons. First, the strong demand by immigrant and non-immigrant Muslims for Sharia compliant financial services and transactions. Second, growing oil wealth; especially during the 1970's, resulted in a demand for suitable investments that reflected the principles of Shariah law. Third, the competitiveness and unique features of many Islamic banking products has attracted both Muslim and non-Muslim investors. Despite this growth, Islamic banking remains limited in many countries and continues to represent a very small component of the global financial system (El Qorchi 2005).

Islamic banking, unlike conventional banking, continued to exhibit strong growth throughout the Global Financial Crisis. Several studies have shown that Islamic banking compared to conventional Western banking, was more resilient during the Global Financial Crisis, including Ahmed (2010), Chazi and Syed (2010) and Smolo and

Mirakhor (2010). Some commentators claim this to be due to "… strict regulations administered by Islamic law, or 'Sharia" (Awan and Bukhari 2011 p.15). Currently, some observers are suggesting that Islamic finance is facing several challenges, including falling oil prices, rapid changes in global regulatory frameworks, and the fragmented nature of the Islamic finance industry (Wright 2016). Nevertheless, the industry is expected to be worth US$3 trillion in the coming decade (Wright 2016).

Further, Islamic banking no longer concentrates just on the religious obligations of a Muslim community; rather the focus in now on meeting customer borrowing and investment needs. This focus on customers reflects a unique feature of Islamic banking; profit or loss sharing, where the borrower shares profits or losses with the bank. Hence it is important for Islamic banks to distinguish between good and bad customers as Islamic banks have more to lose than a conventional bank (Chong and Liu 2009). Finally, many non-Muslims recognise the desirable aspects of Islamic banking (El Qorchi 2005).

Islamic banking and finance represents one of the fastest growing sectors of the global financial services industry. Commercial banks account for the majority of assets followed by investment banks, Sukuk (bonds) issues, funds and takaful (insurance) making up the difference. The main locations for Islamic capital continue to be the Middle East (especially Iran, Saudi Arabia, the United Arab Emirates (UAE) and Kuwait) and South East Asia; especially Malaysia. Some countries besides Australia exhibiting minority Muslim populations – Singapore, the United Kingdom and Kenya – are also witnessing a growing Islamic banking sector (Ahmad et al. 2011).

The retail market for Shariah compliant products in Australia is small, with a Muslim population of over 470,000 (ABS 2012). Nevertheless, there are a small number of Islamic providers in Australia, but none hold a banking license. The key providers are (Bank of Sydney 2014):

- Muslim Community Cooperative Australia (MCCA). Established in 1989 and is the first provider of Islamic finance in Australia. MCCA has offices in both Melbourne and Sydney and offers customers various Shariah compliant services

such as mortgages, vehicle finance, superannuation, leasing, and investment in the MCCA Income Fund.

- Islamic Cooperative Finance Australia (ICFA). Established in 1998.
- Iskan Finance Pty Ltd. Established in 2001 and provides home financing to the Muslim community.
- Crescent Investments. Provides wealth management including superannuation.
- LM Investments Ltd. A conventional income funds manager which launched Australia ALif Fund in 2009, the first global onshore Islamic investment fund in Australia.

From an Australian conventional banking perspective, the ANZ Bank has a strong presence in the Middle East and both Westpac and National Australia Bank (NAB) have begun to introduce loan products that are Shariah compliant (Henshaw 2012 and Johnston 2012).

The growth of this niche market in Australia has been slow. Three possible factors are behind the slow development of retail Shariah banking. First, a large proportion of Australian Muslims tend to suffer social marginalisation, higher rates of unemployment, and lower wages than the broader population (Bank of Sydney 2014). Second, unlike countries in Asia or even the United Kingdom, Australia has been unable to enact the board changes necessary to develop an Islamic financial market. These changes include legal, taxation, regulatory and accounting issues which remain unresolved (Sain et al. 2013), preventing the further deepening of the Australian financial system at both a retail and wholesale level. Some of these issues are discussed further in Chapter 7. Third, according to Rammal and Zurbruegg (2007), practicing Muslims do not fully understand Islamic banking and financing principles and therefore prefer conventional banks and their products.

In addition, as would be expected, Muslim students tend to be more familiar with the terms associated with Islam and Islamic banking compared with non-Muslim students in Australia. This is not a surprising result given the dominance religion plays for most Muslims. Nevertheless, the literature shows that the level of knowledge by Muslims

towards Islamic banking products and services could be improved (Gerrard and Cunningham 1997, Hamid and Nordin 2001, Bley and Kuehn 2004, Rammal and Zurbruegg 2007, and Ramdhony 2013). Therefore, the establishment of Islamic banking in Australia will require banks to embark on an educative campaign to inform non-Muslims (and perhaps also, but to a lesser extent, Muslims) about their Islamic products and services.

2.2 An overview of the Australian banking system and student banking packages

The early colonial days saw the establishment of Australia's first commercial trading bank, the Bank of New South Wales in 1817. Commercial banking grew with the pastoral expansion of the 1830s, the 1850s gold rush and the long boom from 1860 – 1890. These early banks developed an extensive branch network locally and further afield. While British currency was in common usage, many of the private banks issued their own notes.

The Federation of Australia in 1901 provided the Australian Parliament with powers relating to banking and currency. The Commonwealth Bank of Australia (CBA) was established by legislation in 1911 and initially performed the role of a commercial and savings bank with limited central bank functions. Over the years, the CBA undertook more central bank duties including responsibility for note issuance from the Federal Treasury in 1920, the conduct of all commercial bank settlements in 1924, and control of Australia's gold reserves in 1929 (Kidwell et al. 2007).

During the 20th Century, the number of banks was gradually reduced due to both amalgamation and takeovers. By the 1980s there were four major banks operating a branch system throughout Australia, they being the ANZ, CBA, NAB and WBC. These four banks to this day dominate the retail (provision of banking services to individuals and small businesses) and wholesale markets (provision of banking services to large businesses and organisations).

Individuals (both students and non-students) and households tend to be involved in retail banking. The services of retail banking involve the provision of cheque account facilities, automatic teller machines (ATMs) facilities, electronic funds transfer at point

of sale (EFTPOS), interest bearing accounts – savings and term deposit accounts, and housing and personal loans. The nature and quality of the various products and services offered at the retail level have the potential to influence how individuals, including students, select their bank. The role of retail banking is to offer a safe haven for depositors' funds and provide payment and financing products and services (Terry et al. 2000). With a wide variety of retail customers, banks have strategies that include segmenting their customers and developing appropriate products, services and marketing strategies to maintain and grow their market share.

The focus of this research is on the student segment. This segment involves Generations X (born 1965 to 1979) and Y (born 1980 to 1994) members of which will dominate retail banking for the coming decades (McCrindle 2011). This is a diverse, "techsavvy" cohort – students, workers, consumers, savers and investors – who will require banks to understand their needs and behaviour. Accordingly, banks need to develop clear strategies to engage these customers using advanced technology. Advanced technology will require banks to upgrade and simplify their platforms, especially online and mobile, to ensure a better customer experience (KPMG 2014). Loyalty in banking will be harder to achieve. Social media channels will play an increasingly dominant role in allowing customers to voice dissatisfaction with their bank, to assess rival bank products and then switch banks (Yeates 2015). Furthermore, the increasing use of technology is likely to result in a cashless society, which will revolutionise retail banking (Duursma 2015). This in turn will impact on customer behaviour, both student and non-student.

Each of the four major Australian banks targets the student segment by providing banking packages. While smaller banks and non-banks also provide student services, this research focuses on the four major banks – ANZ, CBA, NAB, and WBC. These four major Australian banks provide their student customers with a package of bank products and services. Below is a brief overview of some of the offers made by the four major banks to Australian students. Information concerning these packages comes from the banks' internet sites and information booklets available from the banks' branches during late 2014.

ANZ

The ANZ Bank has a student package for full time students aged 18 and over. At the time of writing (ANZ 2014), the main features of the package for students are:

- $0 monthly account service fee on one nominated ANZ Access Advantage Account

- Other accounts face a monthly service fee of $5

- Unlimited access to ANZ ATMs, EFTPOS, ANZ goMoney banking app, cheques, and ANZ branches

- Telephone and internet banking

- ANZ Access Visa debit card

CBA

The CBA Bank has two student packages available to full time students. At the time of writing (CBA 2014), the main features of the packages are:

- No annual fees whilst a full time student

- CommBank Mastercard

- Access to personal loans and overdraft facilities – no establishment fees

- Access to ATMs, unassisted phone, internet and EFTPOS transactions

NAB

The NAB has a student package for full time students called NAB Classic Banking. At the time of writing (NAB 2014), the main features of the package are:

- No monthly account fees

- No requirement to prove student status for eligibility

- Unlimited electronic access to EFTPOS, internet banking, telephone banking, NAB ATMs, and rediATMs.

- Visa debit card

- Optional overdraft facility

- Regular statements

- Access to an online savings account that provides a competitive interest rate, no transaction fees or monthly account fees and requires no minimum balance.

WBC

The WBC has a student package for full time students. At the time of writing (Westpac 2014), the main features of the package are:

- No minimum balance required

- No monthly service fee while a full time student

- Access to Westpac ATMs, EFTPOS, online banking, telephone banking and Westpac branches

- Funds at call and electronic statements

- Some student accounts will not earn interest nor have cheque access

- Facility to pay bills using BPay

- Debit MasterCard available

- Telephone and online banking available

There are many similarities between the banking packages offered by these four banks to Australian students. They all seem to offer no account fees, access to their ATMs, EFTPOS, telephone and internet banking and a debit card. Differences, although minor, also exist between the various bank packages. For example, some banks want proof that the individual is a full time student, the interest rate offered on a savings account varies,

and some banks explicitly allow students to undertake a personal loan or access overdraft facilities. The banks tend to differentiate themselves through the size of the available personal loan and/or overdraft, credit card limits, and the provision and timing of bank statements. This differentiation between the banks is also evident in their information brochures, which offer students "a great interest rate", "no strings attached", that the bank is "here to help you achieve your future goals", "make your banking simpler" and "suits your lifestyle". This advertising, combined with the actual products and services offered and the various charges and fees, all have the potential to influence how students select their bank and the products and services utilised.

2.3 Differences between Islamic and conventional banking

Several significant differences exist between Islamic banking and conventional (Western interest-based) banking. Shariah law has endowed Islamic banks with various features which makes them quite distinct. The first distinctive difference is that Islamic banking is based on Shariah or religious law. All the activities of an Islamic bank must comply with the requirements of Shariah law; which strives for a just and fair society. To ensure compliance to Shariah law, Islamic banks (and other Islamic financial institutions) use the services of a religious board, (referred to as a Shariah Board) which is comprised of religious scholars. An Islamic financial institution is unable to introduce a new product or adopt a particular investment strategy unless it has been approved in advance by the Shariah board. Accordingly, Shariah scholars have become members of several bank boards and therefore have the ability to exert considerable influence (Van Greuning and Iqbal 2008). In contrast, the activities of conventional banks are based on economic, financial and legal processes.

The second distinctive feature of Islamic banking is the prohibition on interest or usury (Riba). Riba is an Arabic word which means an excess, increase, addition or growth. Any interest or predetermined payment above the principal amount is considered Riba and prohibited by the Quran (Marimuthu et al. 2010). In a financial transaction the receipt or payment of interest (Riba) by a bank is prohibited by Islam. The charging of interest is considered an injustice to borrowers, because the interest on loans must be paid irrespective of the possible outcomes of the business transaction (Dusuki and

Abdullah 2007). In contrast, a conventional bank will charge interest on a loan and pay interest on deposits.

Third, Islamic banking is based on the principle of brotherhood and cooperation; which involves a system of equity and sharing risk (Dusuki and Abdullah 2007). Based on the prohibition of interest, suppliers of funds become investors, not creditors. The provider of funds (the bank) and the entrepreneur (investor or borrower) will share the business risks in return for a share of the profits. The relationship between the financial intermediary (the bank) and investor is based on a profit-loss sharing scheme; where the financial intermediary shares the profits and losses with the investor. The profit and loss sharing scheme is a unique feature of Islamic banking and is based mainly on the Mudharabah (profit sharing) and Musharakah (joint venture) concepts of Islamic finance (Chong and Liu 2009). In relation to conventional banking, profit and loss sharing schemes are generally not available and the provision of finance to a borrower is on an interest basis.

The fourth factor involving Islamic banks is the prohibition of Gharar. Gharar is referred to as uncertainty. Transactions that involve deception, the concealing of knowledge or information, or that result in harm, are prohibited. Speculative transactions; that are harmful to society are also considered Gharar by Metwally (2002). In Islamic banking all parties to a contract must have perfect knowledge of the exchange, and the terms of the contract must be clearly defined without ambiguity (Marimuthu et al. 2010). Gharar is prohibited in order to protect the weak from being exploited (Chong and Liu 2009). While conventional banks undertake derivative activities, such as futures, swaps and options, these activities are considered Gharar and prohibited by Islamic banks (Marimuthu et al. 2010).

The fifth feature relates to Shariah approved activities. Islamic banking practices must not reflect Haram (forbidden) activities as stipulated in Shariah law. Bank lending or investments in business activities associated with alcohol, tobacco, pork meat, gambling, pornography, weapons or casinos are strictly prohibited. Bank lending or investments can only be made in halal (lawful) activities. From a conventional banking

perspective there is no "moral filter" (Dusuki and Abdullah 2007 p.144) that limits the lending or investment activities of a bank.

The final feature of Islam relates to the need for social justice. Any transaction that results in injustice and exploitation is prohibited. A financial contract must not result in the exploitation of either party. Contractual obligations and the disclosure of information are considered a sacred duty under Islam. Exploitation implies the absence of information symmetry between parties to a contract.

Based on the above analysis, most Muslim customers tend to start their banking with an Islamic bank because they are Shariah compliant. However, these customers are also expecting their banks to provide competitive services similar to those offered by a conventional bank. According to Lee and Ullah (2011 p.143), "The Islamic banks, thus have to meet two-fold bank patronage factors; Shari'a compliance and competitiveness with the conventional banking system in terms of convenience, services, products, friendliness, tangibles, technology, safety of funds, returns, etc." It would appear that Islamic finance is now becoming both a competitor and alternative to the conventional financial system.

2.4 Chapter summary

In conclusion, this chapter has briefly examined the development and features of Islamic and conventional (Western interest-based) banking, with an emphasis on retail banking. This was undertaken to provide the reader with a context in which to better understand and appreciate student banking behaviour in Australia, which is the focus of this research.

Chapter 3: Student banking: A snapshot, theoretical underpinnings and hypotheses

Based on a review of the literature, this chapter examines the background to assessing student banking behaviour. That is, a descriptive snapshot of student banking behaviour is developed, the nature of the theory of planned behaviour to predict student banking intentions is examined, and finally, several hypotheses are developed based on this research. This chapter is divided into three sections. Section 3.1 discusses the four components of banking that make up the descriptive snapshot used to examine aspects of student banking. Section 3.2 examines the nature and applicability of the theory of planned behaviour to explain and predict student banking intentions. Section 3.3 develops a set of hypotheses based on the literature that can be tested. Seven hypotheses are proposed, based on the four components that make up the descriptive snapshot of student banking, and reflect the themes that emerged from a review of the literature.

3.1 Snapshot of student banking

Much of the literature concerning the behaviour of bank customers relates to identifying the factors they use to select their bank. Some of the literature relating to bank selection also examines related aspects, such as the products and services used, the level of bank customer satisfaction, and the level of customer familiarity with selected banking and financial terms The aim of developing a snapshot of banking was to incorporate these four aspects of banking – the determinants of student bank selection, identifying the particular bank products and services used by students, ascertaining the level of satisfaction they have with their financial institution, and finally, determining their attitude towards and knowledge about Islamic banking and financing – to provide an insight into student banking behaviour. Further, these four aspects can often be inter-related. For example, some customers tend to select a bank because of the products and services on offer and the level of (good) customer service. A customer's understanding of banking concepts and terms may also influence the bank they select.

There are a wide range of studies based on how customers select their bank. These studies can focus on the determinants used by the general public (Riggall 1980, Kaynak et al. 1991, Zineldin 1996, Devlin and Gerrard 2004, Kamenidou et al. 2013), and those from a student's perspective (Thwaites and Vere 1995, Bathula and Selvarajah 2001, Tai and Zhu 2013). Other studies focus on those countries operating solely an Islamic banking system (Hedayatnia and Eshghi 2011, Akram et al. 2012), those countries operating both conventional and Islamic banks (Erol et al. 1990, Haron et al. 1994, Hegazy 1995, Kahn et al. 2007, Krisnanto 2011), and those countries operating conventional banks only (Khazeh and Decker 1992, Thwaites et al. 1997, Şafakli 2007). Based on this variety of contexts in selecting a bank, the next chapter is devoted to reviewing the literature on how bank customers choose their bank; with an emphasis on the student segment. The remaining part of this section will discuss the other three components of the snapshot: the products and services utilised by students, the level of satisfaction students have with their financial institution, and finally their attitude towards and knowledge about Islamic banking and financing.

3.1.1 Products and services used

Banks offer a wide range of products and services in a highly competitive market. It is these products and services that customers require and which will assist in determining their bank selection criteria and the level of customer satisfaction. Both conventional and Islamic banks need to ensure the products and services on offer cater to the needs of their customers and that these customers can differentiate and understand the various products on offer. While there has been much written on bank selection criteria, surprisingly few studies examine the type and usefulness of bank products and services used by customers. The aim of this section is to identify the type of bank products and services demanded by customers. This section reveals three student studies and nine general population studies identifying the products and services utilised.

The three student studies are from different decades and countries with different levels of economic development. Not surprisingly, the results are different. The first study by Lewis and Bingham (1991) examined, amongst other things the products and services used by students in the United Kingdom. The study revealed that 85 per cent of students

had some form of bank account. The main bank products or services used by students were deposit or savings accounts, a current (cheque) account, cheque-book and cheque guarantee card (a plastic card issued by a bank guaranteeing payment of a customer's cheque up to a certain value), and a cashpoint card. A relatively high percentage of students surveyed (22 per cent) had a bank account with more than one bank. The reasons cited by students for holding multiple bank accounts included locational convenience to home / work / college, the greater choice of services offered, and some banks having more cash points.

In the United States, Pass (2006) studied the banking behaviour of college students. Students considered the most important features of a cheque account were; in order, Automated Teller Machines (ATM) access, ATM / cheque card (a plastic card issued by a bank guaranteeing payment of a customer's cheque up to a certain value), no minimum balance required, direct deposit facilities, and on-line banking. The final study by Ishemoi (2007) examined the products and services desired by students in Tanzania. The survey asked respondents to recommend products and services the bank should offer students. The main products and services recommended were loans to students, followed by support for educational activities, low bank charges, low interest rates, and ATMs that disclose opening balances (Ishemoi 2007).

Nine studies are worth noting in relation to the products used by the general population. Three studies from conventional banking countries – Finland, Canada and the United States – reveal similar findings. Laroche, et al. (1986) examined consumer banking behaviour in Canada. The study found that the most important services used by bank customers during the past year were, in order of usefulness, cheque accounts, followed by savings accounts, safe deposit boxes, term deposit certificates, cheque/savings accounts and the facility to cash payroll cheques. The authors were surprised that the provision of loans was not considered a major bank service by respondents.

In Finland a study by Holstius and Kaynak (1995) examined; amongst other things, the perceived usefulness of bank accounts held by customers of national and local banks. In general, both groups of customers exhibited perceived usefulness similarities. National bank customers considered ATMs, deposit accounts, foreign exchange facilities,

automatic payment services, and loans as the five most useful bank services. The least useful bank services were night deposit facilities, cheque accounts, safe deposit boxes, and mortgages. In contrast, local bank customers found deposit accounts, ATMs, automatic payment services, savings accounts and loans as the five most useful bank services. The least useful bank services were night deposits, cheque accounts, mortgages, and safe deposit boxes.

Kaynak and Harcar (2005) compared the banking behaviour of local bank customers with national bank customers in the United States. Perceived useful bank services used by both local and national bank customers were ATMs, loans with favourable rates, saving plans, counter service, online banking, and bill payment services.

From an African perspective, Omar (2007) investigated the bank products and services used by both male (64 per cent) and female (36 per cent) customers in Nigeria. The study revealed that the main bank products and services used by both male and female customers were savings accounts, followed by cheque accounts and then fixed deposits. According to the author, Nigerian bank customers prefer banking facilities that offer a return. Bank facilities least used by customers were travellers' cheques, personal loans, housing loans, foreign exchange, and safe deposit boxes. Finally, the study showed that most bank services were used significantly more by male respondents than females.

In the Middle East, the products and services offered by banks in three countries is investigated. Yavas (1988) examined banking behaviour in Saudi Arabia. The bank services most widely used by respondents; in order of importance were current (cheque) accounts, payment of utility bills, US travellers' cheques, and then foreign exchange. Not surprisingly, the users of these services were highly satisfied with them. The least popular bank services were the use of ATMs, investment services and fixed deposit accounts.

Erol and El-Bdour (1989) examined the banking behaviour of customers for both conventional and Islamic banks in Jordan. The study revealed significant differences between conventional and Islamic bank customers in relation to rating bank products / services. Although rated in a different sequence, the three most useful bank services were the provision of loans, accessing current (cheque) account facilities and offering

securities. According to the authors, this finding suggests that respondents do not differentiate between the two types of banks in terms of the services they offer.

Metawa and Almossawi (1998) examined, amongst other things, the usage of key Islamic bank products and services by Bahraini bank customers. Savings accounts, ATMs, investment accounts and current (cheque) accounts received high usage scores. In contrast, foreign trade facilities, letters of credit and specially ordered bank statements received a low usage score.

From an Asian perspective two studies are discussed. Denton and Chan (1991) examined the banking habits of customers in Hong Kong. Their study revealed that although most Hong Kong people have multiple bank accounts, they use only a limited number of services at each bank. The most popular bank service used by customers was the savings account, followed by ATMs, cheque accounts, credit cards and time deposits. Less than five per cent of respondents used safety deposit boxes, gold trading, share brokerage or financial planning services. The authors note that the use of cheque accounts was much lower than savings accounts and ATMs. This is because the general payment systems used by retail stores in Hong Kong tend not to accept personal cheques. Most retail businesses prefer payment by cash, direct debit or the use of credit cards.

Finally, Haron et al. (1994) examined bank patronage factors in Malaysia. The study showed that the most used bank products and services, by both Muslim and non-Muslim customers were savings accounts followed by ATMs. This indicated to the authors that bank customers like to receive some kind of return and appreciate the convenience offered by ATMs. Respondents seldom used facilities such as travellers' cheques, foreign exchange, safe deposit boxes, personal overdrafts, housing loans and personal fixed loans.

Although not an extensive review of studies into bank customer products and services used, three general observations can be made. First, ranking the usefulness of bank services varies from one country to another and from continent to continent. This is likely to be a function of the culture and the level of financial market maturity within that country. Second, based on the above reviews, it would appear that the main

products and services required by the (non-student) customer; whether they are from a Muslim or non-Muslim country are savings accounts, cheque accounts, the provision of ATMs, safe deposit boxes, ability to undertake a loan, term deposits and the ability to pay (utility) bills. Third, although student studies were limited, they also sought similar products, they being savings account, ATM access, ability to undertake a student loan and use of a cheque account. This result helps to confirm the type of products and services that need to be included in the snapshot of student banking.

3.1.2 Customer satisfaction

The banking and financial sector is an important element of the services industry (Kotler et al. 1994). Unlike the marketing of a good, services are not able to be evaluated prior to purchase and can only be evaluated during or after the service delivery (Kugytė and Šliburytė 2005). Financial services tend not to be one-off purchases, rather they are required on a recurring basis, causing financial service suppliers to maintain and develop long term customer relationships (McKechnie and Harrison (1995) – cited in Lymperopoulos et al. (2006)). Maintaining customer relationships implies a level of customer satisfaction resulting in customer retention or loyalty. Customer satisfaction has become an important determinant of a bank's competitiveness and success. While there is no exact definition of customer satisfaction, Jamal and Naser (2002 p.147) refers to customer satisfaction as "...the feeling or attitude of a customer toward a product / service after it has been used."

A satisfied consumer is one who will continue to purchase goods and services from you and inform other people about their favourable experiences. On the other hand, a dissatisfied customer is likely to switch brands and engage in negative word of mouth (WOM) advertising (Jamal and Naser 2002). Therefore, it is crucial for banks to ensure customer satisfaction for their products and services in order to retain and attract new customers and this aim can represent an important element in a bank's marketing strategy (Metawa and Almossawi 1998). Unsatisfactory customer service will result in both a drop in customer satisfaction and a willingness not to recommend the service to a friend. In turn, this leads to an increase in the rate of switching (changing service providers) by customers (Levesque and McDougall 1996).

To satisfy customers, banks will tend to focus on the quality of the product or service being offered. Service quality can be referred to as a: "Customers' overall impression of the relative inferiority/superiority of the organisation and its services." (Bitner and Hubbert 1994).

Evidence suggests that improving service quality leads to customer satisfaction, the retention of customers and the ability to attract new customers (Keiser 1993, Lian 1994 a, b). Furthermore, customer satisfaction and thereby customer loyalty in the retail banking sector can result in reduced costs of servicing the firm's customers, lower marketing expenditures, increased business from existing customers and higher profits (Levesque and McDougall 1996).

The linkage between service quality (such as courteous service providers) and overall customer satisfaction is subject to considerable debate. This debate is concerned with the dimensions of service quality, the measurement of these dimensions and the components of customer satisfaction. In relation to retail banking, factors such as convenient location and competitive interest rates will influence a customer's overall satisfaction and ongoing patronage. Finally, customers will switch service providers if a particular problem has not been resolved satisfactory (Levesque and McDougall 1996). With a customer problem, if the service provider accepts responsibility and resolves the problem it is likely that the customer will become "bonded" to the financial service provider (Levesque and McDougall 1996).

There would appear to be two general approaches used to measure the level of overall customer satisfaction. The first, sometimes referred to as a single-item approach, is to ask a customer a question such as "Overall, how satisfied have you been with the services of [bank name]?" The question would be answered using a Likert type rating scale to measure the degree of satisfaction. The single-item approach is favoured by some researchers for assisting in the efficient use of space in a questionnaire, and can lower survey development costs and data processing charges (Al-Eisa and Alhemoud 2009). In contrast, this approach is often criticised for being too simplistic (Söderlund and Öhman 2003) and overlooking the various quality attributes of each product and service (Shin and Elliott 2001).

The second approach used in measuring consumer satisfaction, sometimes referred to as a multiple-attribute approach, is based using a service quality model. A popular service quality model is SERVQUAL which was developed by Parasuraman et al. (1988). This model is based on 22 items of service quality which can be collapsed into five-components or dimensions, they are:

- Reliability: ability to perform the service in an accurate and dependable manner,

- Tangibles: the appearance of physical factors such as equipment, facilities and personnel,

- Empathy: ability to provide individual attention and customer care,

- Responsiveness: willingness to provide help and prompt customer service, and

- Assurance: refers to the knowledge and courtesy of employees and their ability to convey confidence and trust.

Each dimension comprises four or five items and the instrument is used twice in different forms, so that both customer expectations and perceptions can be measured separately. A respondent's overall satisfaction score (based on using a Likert scale) is derived by combining his/her scores on the five dimensions. It is worth noting that SERVQUAL is not without its critics; for example, see Babakus and Boller (1992), Cronin and Taylor (1992 and 1994), and McAlexander et al. (1994) which was cited in Yavas et al. (1997).

In relation to various student studies from different countries, the level of satisfaction with their bank has tended to be high. One of the earliest studies on bank selection and customer satisfaction was undertaken in the UK by Lewis (1982). Despite some variation between banks, respondents were mostly satisfied with four specific aspects of their banks' service, they being the manners of assistants (87 per cent), the speed of personal service (84 per cent), the efficiency of the bank (82 per cent) and the frequency of statements (61 per cent). Further, the respondents were asked what other services or improvements could be made to their banks' services? The respondents identified bank statements, the provision of information, opening hours, cheque cards (a plastic card

issued by a bank guaranteeing payment of a customer's cheque up to a certain value), overdrafts, cash dispensers and levels of services as areas that could be improved.

Although components measuring satisfaction may differ, student satisfaction over time and in various countries has remained high. Studies by both Lewis and Bingham (1991) and Thwaites and Vere (1995) in the UK, Tootelian and Gaedeke (1996) in the US, Ishemoi (2007) in Tanzania, and Hin et al. (2011) in Malaysia recorded student satisfaction rates of 70 per cent, 67 per cent, 88 per cent, 81 per cent and 79 per cent respectively.

Other studies highlighted specific areas where customers were satisfied. Levesque and McDougall (1996) undertook a study to identify the drivers of customer satisfaction in Canada. A questionnaire, based on SERVQUAL, was used that identified 17 items that measured service quality and service. The study showed that two dimensions – core (provide service when promised, accurate service, and doing it right the first time) and relational (staff being courteous, willing to help, and provide individual attention) – were the key drivers of customer satisfaction. Other features such as a convenient location, competitive interest rates, and having skilled employees also contributed to customer satisfaction.

Arasli et al. (2005) undertook a study to test the impact of the SERVQUAL dimensions on customer satisfaction in the Turkish and Greek-speaking areas of Cyprus. The study revealed that assurance, reliability, empathy and tangible dimensions were explanatory variables in predicting customer satisfaction for bank customers living in both areas of Cyprus. The assurance dimension had the highest impact on overall customer satisfaction for bank customers in both areas.

In four Muslim countries – Bahrain, Turkey, Bangladesh and Kuwait – the level of bank customer satisfaction was also high. In Bahrain, a study by Metawa and Almossawi (1998) examined the degree of customer satisfaction with the service delivery system of Islamic banks in Bahrain. In order of satisfaction, Islamic bank customers were highly satisfied with bank employees, followed by bank location, banking hours and finally, the equipment used. In Turkey, Okumuş (2005) investigated the level of customer satisfaction associated with Special Finance Houses which offer interest free products

and services. The level of customer satisfaction was measured against 18 bank selection criteria using a five point Likert type scale ranging from very satisfied to no view. The study found that respondents were very satisfied by banks completing a transaction, the quality of advice offered, the staff and staff friendliness.

In Bangladesh, a study by Kahn et al. (2007) investigated the level of customer satisfaction with the service delivery offered by Islamic banks. The authors identified four basic elements of service delivery practised by Islamic banks. They were bank employees, physical facilities of the bank, location and evening (late) banking hours. The mean scores for all elements of service delivery were above 3, suggesting an above average satisfaction with each element.

Finally, Al-Eisa and Alhemoud (2009) examined customer satisfaction with retail banking services in Kuwait. A sample of 863 customers was surveyed and the data collected was subjected to a multiple-attribute approach. The study showed that the most important factors for predicting customer satisfaction with retail banks in Kuwait were, in order of importance, fast service, courtesy of employees, convenient ATM locations and helpfulness of staff. The least important attributes that influenced customer satisfaction were cleanliness of the branch and privacy for in-branch transactions. The study revealed that vast majority of Kuwaiti bank customers (nearly 81 per cent) was either satisfied or very satisfied with the services of their banks.

The competitiveness of banking along with the relative homogeneity of banking products and services makes the banking industry susceptible to customers switching banks Chakravarty et al. 2004 – cited in Clemes et al. (2010). According to Colgate and Hedge (2001) losing customers will negatively impact on a bank's market share, profit, and result in increased costs in replacing that customer. Hence banks need to understand and prevent to the extent possible, the process of switching.

Studies highlight several reasons why students will switch banks. The key reasons were inconvenient location (Lewis and Bingham 1991 and Lewis 1982), poor service (Lewis and Bingham 1991, Lewis 1982, Thwaites and Vere 1995, and Pass 2006), moved to a different address (Lewis and Bingham 1991 and Kamakodi and Khan 2008) and desire to get the best possible deal (Tank and Tyler 2005).

The study by Clemes et al. (2010) examined customer switching behaviour in China. A questionnaire was used, and based on a convenience sampling, a total of 421 respondents were successfully surveyed. The study developed a qualitative model to analyse customers' switching behaviour based on seven factors. These seven factors were price (fees, charges and penalties), bank reputation, service quality, effective advertising competition (assist in attracting and maintaining customers), involuntary switching (due to moving house, changing jobs or retail branches closing down), distance (convenient to their home or work) and switching costs (the time, money or effort associated with transferring funds, opening a new account or registering online).

Logistic regression was used to examine the impact of demographic characteristics on bank switching behaviour. Five demographic factors were employed, they being gender, age, education level, occupation and monthly income. The study revealed that the youngest age group (18 to 25 years), middle and high income groups (above CNY 500), and white collar and other occupations groups, were positively associated with bank customers' switching behaviour. However, the older age groups (above 25 years), low income group, and low and high education groups were not significant. The results from the logit analysis reveal that demographic factors vary in their impact on bank switching.

The study revealed that two demographic segments are likely to switch banks, the young and high income customers. Young customers are likely to switch banks because of greater convenience, lower prices, favourable interest rates and higher quality services. A reason cited in the study why the younger generation are more likely to switch banks is because they have fewer links with their bank. In contrast, high income customers are likely to switch banks because these customers have greater expectations of bank services. The authors of the study claim that high income customers expect better service from their bank because they generally have a greater purchasing power. In addition, a large proportion of a bank's profit is derived from high income customers.

3.1.3 Awareness of and knowledge about Islamic banking and financing

In a service industry such as banking, it is important to understand the level of consumer awareness and knowledge of banking products and services. This is

particularly important for Islamic financial institutions. Islamic institutions can no longer solely rely on religious factors to maintain a customer base; rather they must emphasise the provision of quality products and services (Dusuki and Abdullah 2007). This aspect is also pertinent in non-Muslim countries, like Australia, that has a growing Muslim population that may require Shariah compliant banking products. Consumer behaviour is likely to be shaped by a customer's level of religiosity (Ahmad et al. 2008) and level of awareness and knowledge associated with the products and services on offer. This in turn is likely to influence the financial institution used by a customer, whether it be an Islamic or conventional bank. This section reviews nine studies, which are divided into non-Muslim and Muslim countries that investigate the level of customer awareness and knowledge of Islamic banking and financing techniques.

Non-Muslim Countries

Australia

The first study is by Rammal and Zurbruegg (2007), which examined the level of awareness of halal (lawful) banking amongst Australian Muslims. This study was based on a short questionnaire which attempted to ascertain the willingness and level of understanding of Muslim respondents in relation to purchasing a halal banking product; specifically, a profit-and-loss sharing agreement. The questionnaires were distributed simultaneously by three practicing members of the Adelaide Muslim community to 300 respondents after Friday prayers at three different mosques in Adelaide, Australia. The survey revealed several interesting results.

The first result revealed that only 55.7 per cent of respondents were aware of halal banking products; not a particularly high level of respondents according to the authors. Second, only 19.3 per cent of respondents had previously held a halal stylised bank account. This low figure, according to the authors, is probably due to the general lack of Islamic banking products in Australia at the time. Despite the lack of halal banking products, 92.5 per cent of respondents were keen to participate in a profit-and-loss sharing agreement. Third, respondents that have previously held a halal banking product were more likely to be willing to hold a profit-and loss sharing product; despite the possibility of a loss. Finally, the survey showed that 21.9 per cent of respondents were

not interested in a profit-and-loss sharing product if credit facilities were not available and, 34.3 per cent of respondents would not participate if they might incur a loss.

According to the authors, these results show that the respondents' knowledge of halal banking products does not match the underlying principles of Islamic banking; that is a prohibition to obtain credit (interest charged) and the possibility of incurring a loss on a profit-and loss sharing product. This result is contrary to Islamic Shariah law, and reflects a lack of understanding of the basic principles of Islamic finance.

Singapore

The next study is by Gerrard and Cunningham (1997), which examined, among other things, the extent to which Singaporeans were aware of the culture of Islamic banking. It is worth noting that the study involved both Muslim and non-Muslim bank customers in a country that is a non-Muslim country. The Gerrard and Cunningham (1997) study has relevance to this research because Australia is also a non-Muslim country.

This study listed six terms and asked respondents to indicate if they knew what the term meant and to describe its meaning. The six basic terms relating to Islamic banking and finance were Riba, Shariah, Ijara, Mudharabah, Musharaka and Murabaha. The meaning of each of these terms can be found in the Glossary at the beginning of this thesis.

Gerrard and Cunningham (1997) revealed that the level of knowledge concerning these terms was generally poor for both Muslim and non-Muslims in Singapore. The study showed that non-Muslims had little awareness of fundamental terms in Islam, with only 0.6 per cent of these respondents able to correctly describe the term Riba and 2 per cent of respondents able to accurately describe the term Shariah. In relation to Islamic financial terms, there was virtually a total lack of awareness by non-Muslims of all these terms, except for the term Shariah.

What surprised the researchers, however, was the general lack of awareness by Muslims of the meaning of Riba and Shariah; with only 20.7 per cent of these respondents knowing the meaning of Riba and 31 per cent Shariah. In relation to Islamic financial terms, no Muslim respondents were able to explain the meaning of Murabaha, and only one respondent was able to correctly describe Ijara, Mudharabah and Musharaka.

According to the authors of this study, these results have important implications for a bank setting up an Islamic arm in Singapore, a non-Muslim country. Any Islamic bank would need to carry out informative advertising to explain the culture of Islamic banking and rely on various Muslim groups to provide assistance with terms used in Islamic banking and finance. This point is also relevant for any Islamic financial institution wanting to successfully establish an Islamic arm in Australia, also a non-Muslim country.

Mauritius

The study by Ramdhony (2013), investigated the level of awareness of respondents about Islamic banking and its products. Mauritius has had a long tradition of conventional banking, and only in 2009 did Islamic banking start operations in the country. A questionnaire was used to collect data from 232 respondents, based on random sampling. In relation to being aware of Islamic banking, respondents were asked four related questions. The first question asked if the respondent were aware of the existence of Islamic banking. The survey revealed that 57 per cent of all respondents (Muslim and non-Muslim) were aware. Specifically, 82 per cent of all Muslims surveyed were aware, while only 45 per cent of non-Muslims had heard of Islamic banking.

The second question asked respondents if they understood eight Islamic banking terms and whether they were aware that Islamic banking was present in Mauritius. The eight terms were Riba, Shariah, Mudharabah, Musharaka, Sukuk, Takaful, Murabaha and Ijara - the meaning of these and other terms can be found in the Glossary at the beginning of this thesis. The survey revealed that the terms Riba and Shariah were understood by Muslim respondents by 34.2 per cent and 46.1 per cent respectively. As the author points out, surprisingly more than 50 per cent of Muslims were not aware of these two key terms in Islamic banking. In contrast, 76.3 per cent and 72.4 per cent of non-Muslims did not understand the terms Riba and Shariah respectively. Further analysis showed that none of the remaining terms were understood by more than half of the Muslim respondents. According to the author, the poor awareness of Islamic

banking terms by both Muslim and non-Muslims can be attributed to Islamic banking commencing operations only in 2009 in Mauritius.

The study also revealed that 77.2 per cent of all respondents were not aware that Islamic banking was present in Mauritius. More specifically, 75 per cent of Muslim respondents were aware of Islamic banking existing in Mauritius, compared to 51.6 per cent for non-Muslims.

The next question asked respondents what motivated them to deal with an Islamic bank? The survey showed that 66 per cent of Muslims believe that religious beliefs were the only motivator in dealing with an Islamic bank, whist only 27 per cent of non-Muslims thought this way. A majority of both groups (84 per cent of Muslims and 83 per cent of non-Muslims) believed that people are motivated solely by returns. Only a quarter of non-Muslim respondents thought that dealing with an Islamic bank is a combination of both religious belief and better returns, while more than two-thirds of Muslim respondents were of that opinion.

The final question asked about the investment choice of respondents, if they unexpectedly received a large amount of money. More than half of the Muslim respondents indicated they would deposit the money with an Islamic bank (no interest rate return), while not unexpectedly, more than half the non-Muslim respondents indicated they would place the funds with a commercial bank (providing an interest rate return). According to the author, this provides an insight into the risk profile of non-Muslims. It would seem that non-Muslims are risk averse and prefer a secure investment with a guaranteed return.

Muslim Countries

Jordan

The study by Naser et al. (1999) explored the extent to which Muslims, living in an Islamic country like Jordan, were aware of basic financial terms used in Islamic banking. The study identified a total of 14 financial terms which were used in both Islamic and conventional banking. Respondents were asked to indicate if they were not aware, aware and do not use, or aware and use the financial product or service. This

study highlighted four important trends. First, 75 per cent of respondents undertook banking transactions with both types of banks. The main reasons cited were the ability to diversify their investments and the limited opening hours of their Islamic bank. Second, a high proportion of respondents were aware of conventional bank products and services. Third, while a large percentage of respondents were aware of certain Islamic terms like Murabaha, Mudharabah and Musharaka, they were not using these types of Islamic banking products.

Finally, a significant proportion of respondents were totally unaware of specific Islamic bank products. For example, 47 per cent of respondents were unaware of Ijara and 41 per cent were unaware of Musharaka. According to the authors their study highlighted that the majority of respondents were aware of some Islamic bank products and services and, only a limited number of respondents indicated that they used these products.

Bahrain

Almossawi (2001) examined the banking behaviour of students in Bahrain. While the students surveyed were between 19 to 24 years, 45 per cent were male and 55 per cent were female, no breakdown was given as to whether the students were Muslim or non-Muslim. Apart from ascertaining the bank selection criterion of students, the survey also examined student awareness of seven bank products and services. These seven bank products and services were: ATMs, service charges, banking by mail, home banking, debit cards, credit cards, and current (cheque) accounts. The findings showed that apart from ATMs, which were known by all students, the other items were not particularly well known to students; especially female respondents. Other products known somewhat by students included current (cheque) accounts, credit cards and banking by mail. Awareness was lowest for home banking and debit cards. According to the author, banks in Bahrain need to focus more and educate young potential customers about their products and services.

Malaysia

Two studies were undertaken in Malaysia that examined the banking habits of customers; including the level of knowledge and awareness of Islam and Islamic banking products and services.

In response to the low market share of Islamic banks in Malaysia, Hamid and Nordin (2001) undertook a study to investigate the level of knowledge and awareness of Islamic banking products by Muslim bank customers. The study comprised 967 commercial bank customers who completed a self-administered questionnaire in Kuala Lumpur. Respondents were asked to answer either "yes" or "no" to 13 questions concerning Islamic banking and financial products. The survey found that over 96 per cent of respondents knew about the existence of Islamic banking in Malaysia. Further, only about half the respondents (50 per cent) had been to the counter in an Islamic bank and knew something about Islamic banking and financial products. However, when asked about the meaning of various Islamic products, only around 15 per cent of respondents were able to correctly identify Islamic products. Finally, while the study revealed that 54 per cent of respondents were aware of interest free banking, more than 60 per cent were not able to distinguish between interest-free banking products and conventional bank products. The authors concluded that knowledge about Islamic banking and financial products and services is low amongst bank customers and that there is a need to educate the general population about Islamic banking at all levels of education.

The second study by Loo (2010) examined the extent to which Muslim and non-Muslim baby boomers and X-Gen understand the concept of Islamic banking in Malaysia. A total of 200 people were surveyed via personal interviews, comprising 100 Muslims and 100 non-Muslims, with 50 X-Gen (born between 1965 and 1980) and 50 Baby Boomers (born between 1946 and 1964) in each group. The results reveal that 100 per cent of Muslims responded that they agree and strongly agree they understood the concept of Islamic banking. In relation to non-Muslims, only 14 per cent agree and strongly agree they understood the concept of Islamic banking. That is, 86 per cent of non-Muslims did not understand Islamic banking. According to the author, despite heavy advertising campaigns directed towards non-Muslims, this population still does not understand the

concept of Islamic banking. The study showed that Muslims claim to have a strong understanding while non-Muslims admit that they do not understand the concept of Islamic banking. This finding has implications for Islamic bank culture and marketing to non-Muslims.

The study also investigated whether respondents perceived a disadvantage with Islamic banking. Among Muslims, five per cent of respondents perceived a disadvantage while 95 per cent did not see any disadvantage. In contrast, 60 per cent of non-Muslims perceive a disadvantage while 40 per cent perceive no disadvantage. Further, non-Muslims perceived a disadvantage with Islamic banking more significantly than Muslims in both Baby Boomer and X-Gen age categories. While no clear reason was given for this difference, the author claims that the Muslim and non-Muslim sample size of 50 Baby Boomers and 50 X-Gen in each group was not large enough to enable significant testing of differences.

United Arab Emirates

Bley and Kuehn (2004) examined business students' knowledge of financial concepts used in conventional and Islamic banking. Data was collected using a questionnaire from undergraduate and graduate students, resulting in 667 usable responses. The study showed that the students in the United Arab Emirates had a surprisingly low knowledge of conventional and Islamic finance concepts and terms. The level of Islamic financial knowledge was the highest for male Muslim students with a strong fluency in Arabic, and who had achieved high levels of academic success; regardless of their business discipline. In contrast, the level of conventional financial knowledge was generally the highest for students with poor or no Arabic language fluency, had majored in finance and had achieved high levels of academic success.

The survey also revealed that personal banking preferences reflected a level of religious motivation rather than knowledge of the products. Muslim students who took their religion very seriously perceived Islamic products and services more favourably than conventional finance products and services. Non-Muslim students perceived that Islamic finance was appealing only to Muslims and that the products and services offered by an Islamic institution were considered not to be superior. Further, the authors

observed that the use of the Arabic language to describe Islamic products and services seemed to hinder one's understanding of the functions of various products and services. Much of the Muslim world does not speak Arabic, which limits both individual (including the student segment) and market knowledge and understanding of Islamic products and services. Finally, the survey revealed that students who completed more education tended to possess more knowledge about both conventional and Islamic financial concepts. The implication of this finding is that education can make people more knowledgeable about the value and risks associated with the various bank products and services on offer.

Libya

Gait and Worthington (2009) examined, among other things, the extent to which Libyan retail consumers were aware of Islamic methods of finance. A questionnaire was used to gather data from 385 bank customers, of which 93 per cent were male and 7 per cent female. The results reveal that 90 per cent of respondents had knowledge about the existence of Islamic banks that used Islamic methods of finance. Next, 67.8 per cent of respondents understood the concepts of Musharakah and Quard Hassan; the meaning of these and other terms can be found in the Glossary at the beginning of this thesis. Finally, Quard Hassan was practiced by 21 per cent of respondents who have lent one another interest-free loans. In contrast, other Islamic financing techniques, such as Mudharabah, Istisna and Bai muajjall were not well known by respondents. According to the authors, most of the participants who were aware of Islamic financing methods were also potential users of Islamic finance. However potential use will vary according to age, education level, employment, income level and nationality. Around 10 per cent of respondents were unaware and not users of Islamic methods of finance.

Factor analysis was also undertaken on the 16 statements regarding Islamic financing methods and four factors were identified. The four factors were community service, profitability (Islamic bank deposits realising a higher variable rate of return and reduced costs), religion and unique services. The authors then undertook discriminant analysis which showed that religion and community service were the key reasons for using Islamic methods of finance by retail consumers in Libya.

In summary, two observations can be made about the level of awareness and knowledge of Islamic banking in countries where it either exists alone or is accompanied by conventional banking. First, some Muslim bank customers are not aware of the culture and basic terms associated with Islamic banking and financing techniques (Gerrard and Cunningham 1997 and Hamid and Nordin 2001, Rammal and Zurbruegg 2007 and Ramdhony 2013). This lack of awareness tends to be more evident in countries that offer both conventional and Islamic (although limited in Australia which is the context for this study) banking and financing opportunities. By contrast, in the studies by Gait and Worthington (2009) and Loo (2010), Muslim bank customers were aware of Islamic banking techniques. However, in the study by Loo (2010 p.463) respondents were simply asked "I understand the concept of Islamic banking?" This question is too broad and simplistic and is not sufficiently specific in asking respondents about their understanding of Islamic banking and financing.

Second, many Muslim bank customers were either not aware or did not want to use an Islamic bank product (Naser et al. 1999 and Hamid and Nordin 2001). This lack of knowledge concerning Islamic bank products (and cultural awareness) was clearly highlighted in the Australian study by Rammal and Zurbruegg (2007). This study revealed that customers would refuse to participate in a profit-and-loss sharing agreement if they were likely to incur a loss and not have credit facilities available for such a product. Such an attitude is contrary to Shariah law and reflects a lack of understanding of the basic principles of Islamic banking.

In defence of the above observations, two important points are worth noting in this discussion. First, many Islamic banking products are often expressed in Arabic; which is not spoken by the majority of Muslims and therefore such products are not understood nor used to a great extent by Muslim bank customers (Bley and Kuehn 2004). Second, students (both Muslim and non-Muslim) of all ages need to be better educated and informed about Islamic banking and financing techniques (Hamid and Nordin 2001). Education would appear to be the key to increasing Muslim awareness and product knowledge of Islamic banking and financing. Several Australian educational institutions have developed and provide studies in Islamic culture and related activities. This aspect was discussed earlier, in more detail, in Chapter 2.

3.1.4   Snapshot summary

Three observations, based on the literature, can be made concerning the development of a snapshot of student banking. First, relatively little has been written about the type and usefulness of bank products and services used by customers. One would have thought that this would have been an important driver in bank selection, customer satisfaction and for maintaining and developing market share. The brief literature review revealed that the main bank products and services used by a customer, whether living in a Muslim or non-Muslim country, were savings accounts, cheque accounts, the provision of ATMs and the ability to pay (utility) bills.

Second, two approaches have been used in measuring the level of customer satisfaction; use of a Likert type scale and the SERVQUAL service quality model. This literature review revealed that some of the key drivers of bank customer satisfaction were: fast and efficient service, the courtesy and friendliness of bank employees, convenient ATM locations and general professionalism and advice provided by bank staff.

Third, the level of awareness and knowledge about Islamic banking and financing was relatively poor. The nine studies reviewed highlighted that both Muslims and non-Muslims had in varying degrees, little knowledge about Islamic banking terms and their cultural significance. This lack of awareness and knowledge was reflected in studies based on both the general population (Gerrard and Cunningham 1997, Hamid and Nordin 2001, and Rammal and Zurbruegg 2007) and the student segment (Bley and Kuehn 2004). Furthermore, knowledge about various Islamic products and services was relatively poor. If this trend is not corrected, it could significantly limit the potential growth and development of the Islamic banking and finance industry, especially in a non-Muslim country like Australia.

Finally, this brief review of the literature has clearly highlighted a research gap in relation to student banking products and services used, level of student satisfaction with their bank and, their awareness of Islam and Islamic banking and financing techniques, whether they are a Muslim or non-Muslim, living a non-Muslim country such as Australia. This research aims to close this gap.

3.2 Theory of planned behaviour (TPB)

This section focuses on the theory of planned behaviour, which provides a theoretical framework with the potential to help explain and predict banking intentions in the context of the four components that make up the snapshot of student banking. In relation to this research, the banking behaviour of students is likely to be influenced by many factors. A student's banking habits will reflect the beliefs and attitudes they hold as an individual. These beliefs and attitudes will be influenced by a variety of marketing, economic, social, religious and demographic factors. Attitudes tend to be causally related to behavioural intentions; this has been found to be so especially within the research literature relating to consumption and social psychology (Ajzen 1991, Taylor and Todd 1997, Atilgan-Inan and Karaca 2011, Alam and Sayuti 2011). As a result, a number of models have been developed to explain and predict the intentions and subsequent behaviours of an individual. These models have been applied to wide range of behaviours, including banking (Shepherd et al. 1995, Atilgan-Inan and Karaca 2011).

The literature identifies four general models that attempt to identify the determinants of behavioural intentions; they are the theory of reasoned action, the theory of planned behaviour, the decomposed theory of planned behaviour and the technology acceptance model. This section describes each of these models with an emphasis on the theory of planned behaviour. Subsequently, use of the theory of planned behaviour is justified as it is chosen as the best to form the theoretical basis for this research.

3.2.1 The theory of reasoned action (TRA)

The theory of reasoned action is a well-accepted model in social psychology and is concerned with the determinants of intended behaviour (Fishbein and Ajzen 1975). According to the theory of reasoned action, an individual's behavioural intention to undertake a specific behaviour is based on two factors: the person's attitude towards performing the behaviour and a person's perception of social pressures, referred to as subjective norms. An individual's attitude could be either negative or positive towards performing a specific behaviour. Subjective norms refer to "...the person's perception that most people who are important to him think he should or should not perform the

behaviour in question." (Fishbein and Ajzen 1975 p.302). This model attempts to explain and predict peoples' intentions towards a particular behaviour where people have complete control.

3.2.2   The theory of planned behaviour (TPB)

The theory of planned behaviour was proposed by Ajzen (1985, 1991) and is an extension of the theory of reasoned action (TRA) developed ten years earlier by Fishbein and Ajzen (1975). Both theories assert that behaviour is a direct function of behavioural intention. The theory of planned behaviour is similar to the theory of reasoned action in that it postulates that behavioural intention is a function of attitude and subjective norms. However, in the theory of planned behaviour model an additional construct, perceived behavioural control, is incorporated to take account of situations where individuals do not have full control over the behaviour. Figure 3.1 depicts the theory of planned behaviour in terms of a structured diagram.

Figure 3.1 Theory of planned behaviour
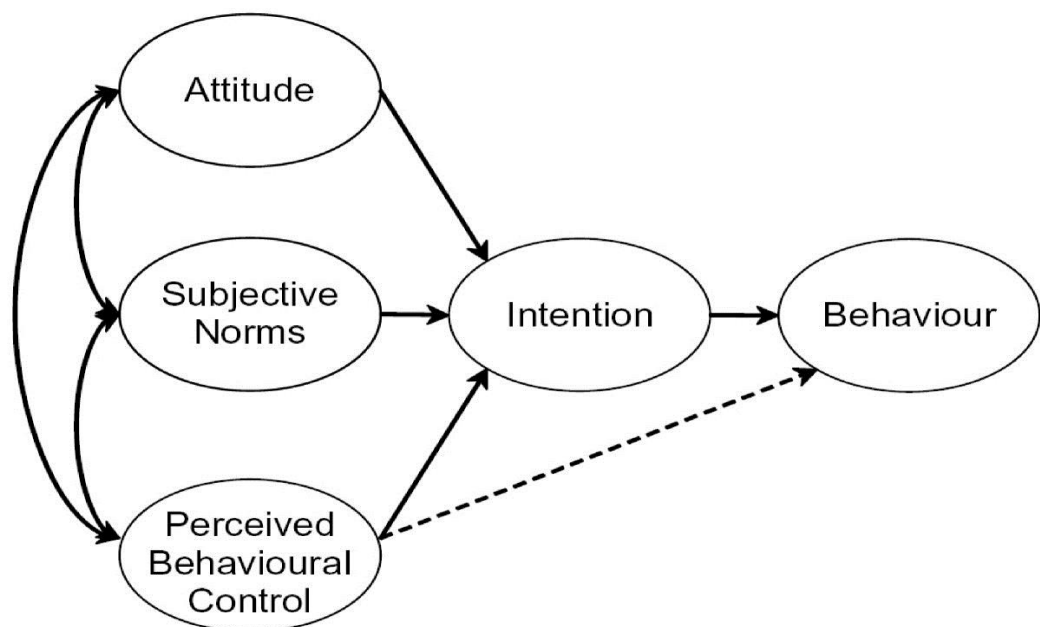
Source: Ajzen (1991 p.182)

The theory of planned behaviour suggests that the behaviour of an individual is determined by his or her intent to perform that behaviour. According to Ajzen (1991) an individual's intention reflects motivational factors that influence behaviour. Motivation is an indication of the effort or willingness a person is prepared to go to in order to perform the behaviour. It is generally believed that the stronger the intention to engage in a particular behaviour, the more likely should be its performance. Based on the theory of planned behaviour, intention is determined by three constructs or factors: (i) an individual's attitude toward that behaviour, (ii) subjective norms about engaging in the behaviour, and (iii) perceptions about whether the individual can engage successfully in the target behaviour. Furthermore, these three constructs interact with each other in the theory of planned behaviour model – as shown in Figure 3.1.

Attitudes refer to how positive or negative an individual views a particular behaviour. Attitudes are related to behavioural intentions because people will develop intentions to perform behaviours with which they have associated positive feelings (Tan and Teo 2000). Subjective norms reflect an individual's social environment and whether others approve or disapprove a particular behaviour (Ajzen 1991). According to Tan and Teo (2000 p.11) this is related to intentions because "…people often act based on their perception of what others think they should do." Perceived behavioural control (PBC) refers to the individual's perception of whether a behavioural act is within his or her control (Ajzen 1991). That is, control beliefs involve an individual's perception that he or she possesses the necessary resources, skills or opportunities to perform the activity.

The literature reports (Ajzen 1991, Notani 1998, Armitage and Conner 2001, George 2004, and Siragusa and Dixon 2008) that the link between perceived behavioural control and behavioural achievement can be either indirect or direct. The indirect link (shown as a solid arrow line via intentions in Figure 3.1) involves a person who has control over performing the behaviour; this person is likely to form strong intentions to perform the behaviour. The direct link (shown as a dotted arrow line in Figure 3.1) involves a person whose environment or limited resources hinders control over performing the behaviour. In this case, planned behaviour controls can serve as an

independent predictor of behaviour; assuming the planned behaviour control is accurate and does reflect actual ability (Notani 1998).

According to the theory of planned behaviour, the ability to predict behaviour is based on the three constructs or factors discussed above. In combination, given a more positive attitude towards performing the behaviour, together with social pressure to do so and perceived control over one's actions, an individual is more likely to carry out the behaviour. Each of these three constructs is in-turn developed by a number of beliefs and related evaluations (Taylor and Todd 1995, Liao et al. 1999, Hrubes and Ajzen 2001, and Chedzoy and Burden 2007). Attitude is influenced by behavioural beliefs, normative beliefs affect subjective norms, and control beliefs will influence perceived behavioural control.

There are several interesting aspects relating to the theory of planned behaviour model that are worth noting. First, the theory is continually evolving (Chedzoy and Burden 2007). Second, the theory of planned behaviour does not specify particular beliefs that are associated to any particular behaviour. Determining these beliefs is left to the researcher (George 2004). Third, the ability of the theory of planned behaviour model to predict behaviour has varied. Some researchers have found the model to be a good predictor of intention but not actual behaviour, while other studies revealed that intention is a good predictor of behaviour (Shaw et al. 2000). Fourth, the theory of planned behaviour model is flexible, in that additional predictors can be added to the model if they can better explain an individual's intention and behaviour. For example, in a study by George (2004) two additional predictors – trust and privacy – were added to theory of planned behaviour model to better understand the purchasing behaviour of individuals using the internet. While additional predictors may increase the model's predictive power, this comes at a cost of increased model complexity (Luarn and Lin 2005). Finally, the theory of planned behaviour has been used to understand people's intentions to engage in a wide variety of activities; including weight loss, willingness to vote, undertake leisure activities, likelihood of committing driving violations, and gift giving – all cited in Notani (1998). Later studies involving the use of the theory of planned behaviour involve the purchase of fair trade grocery products (Shaw et al.

2000), predicting wildlife hunting (Hrubes and Ajzen 2001), the adoption of internet banking (Tan and Teo 2000, George 2004, and Shih and Fang 2004), and teaching dance classes (Chedzoy and Burden 2007).

3.2.3 The decomposed theory of planned behaviour (DTPB)

Using the theory of planned behaviour as the basis, the decomposed theory of planned behaviour decomposes attitudinal, normative and control beliefs into multi-dimensional belief constructs (Taylor and Todd 1995). As a result, this provides a higher explanatory power than the theory of planned behaviour and a more precise understanding of the antecedents of behaviour associated with the adoption and use of new technology. Furthermore, the increased number of factors involved to explain behaviour has made this model fairly complex (Hsu and Chiu 2004). Nevertheless, a review of the literature reveals that the decomposed theory of planned behaviour framework has been used by several researchers (Tan and Teo 2000, Shih and Fang 2004).

3.2.4 Technology acceptance model (TAM)

The theory of reasoned action (Fishbein and Ajzen 1975) forms the basis of the technology acceptance model theory developed by Davis (1989). The technology acceptance model is popular in explaining the acceptance and use of information system / computing technologies within organisations (Wang et al. 2006, Yousafzai et al. 2010). The model has been tested on technology including voice mail, emails, the World Wide Web (WWW), internet banking and software (Nor and Pearson 2008). More specifically, an individual's acceptance of a new technology is determined by their behavioural intention to use the system, which is based on their attitude towards using the system. Attitude is influenced by two behavioural beliefs: (i) perceived usefulness; and (ii) the perceived ease of use of a particular system. It is these two beliefs that determine an individual's intention to use technology. The strengths of the technology acceptance model relate to its predictive power and the limited number of constructs to predict intention (Agarwal and Prasad 1999).

3.2.5   Application to this research

The theoretical basis for this research is based on the theory of planned behaviour (TPB). The theory of planned behaviour was chosen for three reasons. First, the three constructs, attitude, subjective norms and perceived behavioural control, can readily be related to banking behaviour. Second, a review of the literature highlights several key aspects of the theory of planned behaviour that make it relevant in potentially explaining and predicting student banking intentions. For example, the construct "subjective norms" are reflected in the bank selection determinant referred to in prior literature as "recommendations by family, friends and or work colleagues". Third, based on the four intention models discussed above in the literature (TRA, TPB, DTPB and TAM), the theory of planned behaviour is considered the most comprehensive and can explain much of the variance between intention and actual behaviour (Bhattacherjee 2000).

The preliminary stages of this research suggest that the three constructs that make up the theory of planned behaviour can be applied to the banking behaviour of Muslim and non-Muslim students. A student's attitude and the way they perceive the banking environment and how much control they perceive they have over their banking activities are likely to have an effect on their intentions and, in-turn, influence their actual behaviour towards managing and operating a bank account. More specifically, a favourable attitude towards banking in Australia is likely to encourage students to utilise the various products and services available to them. Attitude can also reflect an overall evaluation of a bank's products and services and is likely to influence all student transactions with a bank; both now and into the future.

Subjective norms are influenced by a student's normative beliefs that the behaviour is accepted, encouraged and promoted within their circle of influence – family, friends and work colleagues (Chai and Pavlou 2004). This is likely to be a particularly important issue for Muslim students in Australia, as it could impact on their intentions and actual banking behaviour.

Finally, the perception of control will facilitate student engagement in seeking relevant bank products and services to use; this is because the student has the opportunity and resources to assess and manage such behaviour (Chai and Pavlou 2004). Obviously, a major consideration for Muslim students in controlling (and undertaking) their banking activities in Australia is likely to be their level of adherence to Islam; which prohibits the use of interest-based transactions. On the other hand, the lack of compliant products is likely to restrict alternatives to interest-based transactions.

The applicability of the theory of planned behaviour to this research is also reflected in the literature. First, the theory concentrates on individual behaviour compared to the other models that tend to relate to the adoption and use of technology by an individual and or an organisation. Second, the theory of planned behaviour extends the theory of reasoned action by accounting for situations where individuals may lack control over their behaviour. This is particularly the case with Muslim students who have to balance their banking in a non-Muslim country and their level of adherence to Islam in regards to the receiving and payment of interest. Third, recent meta-analytic evidence shows that the theory of planned behaviour can explain between 41 to 50 per cent of the variance in intention, and 28 to 34 per cent of the variance in behaviour (Albarracin et al. 2001 and Godin et al. 1996 – cited in Morris et al. 2005). This suggests that the predictive power of the theory of planned behaviour is somewhat impressive. Nevertheless, it should be noted that a considerable proportion of the variance remains unaccounted for. Fourth, according to Bansal and Taylor (2002 p.408) the theory of planned behaviour provides "...an actionable framework for marketers to influence behavior." The results from this research on the banking behaviour of Muslim and non-Muslim students in Australia will have implications for both commercial and Muslim bank marketers. Finally, the theory of planned behaviour model has been both a highly influential and widely cited model over the past 30 years; likely reflecting its versatile and flexible nature (Chedzoy and Burden 2007).

A review of the literature reveals little (if any) research into the banking behaviour of students in Australia using the theory of planned behaviour. As a result, this research

sets out to investigate and compare the banking behaviour of Muslim and non-Muslim students in Australia based on the theory of planned behaviour.

Figure 3.2 A conceptual model for this research
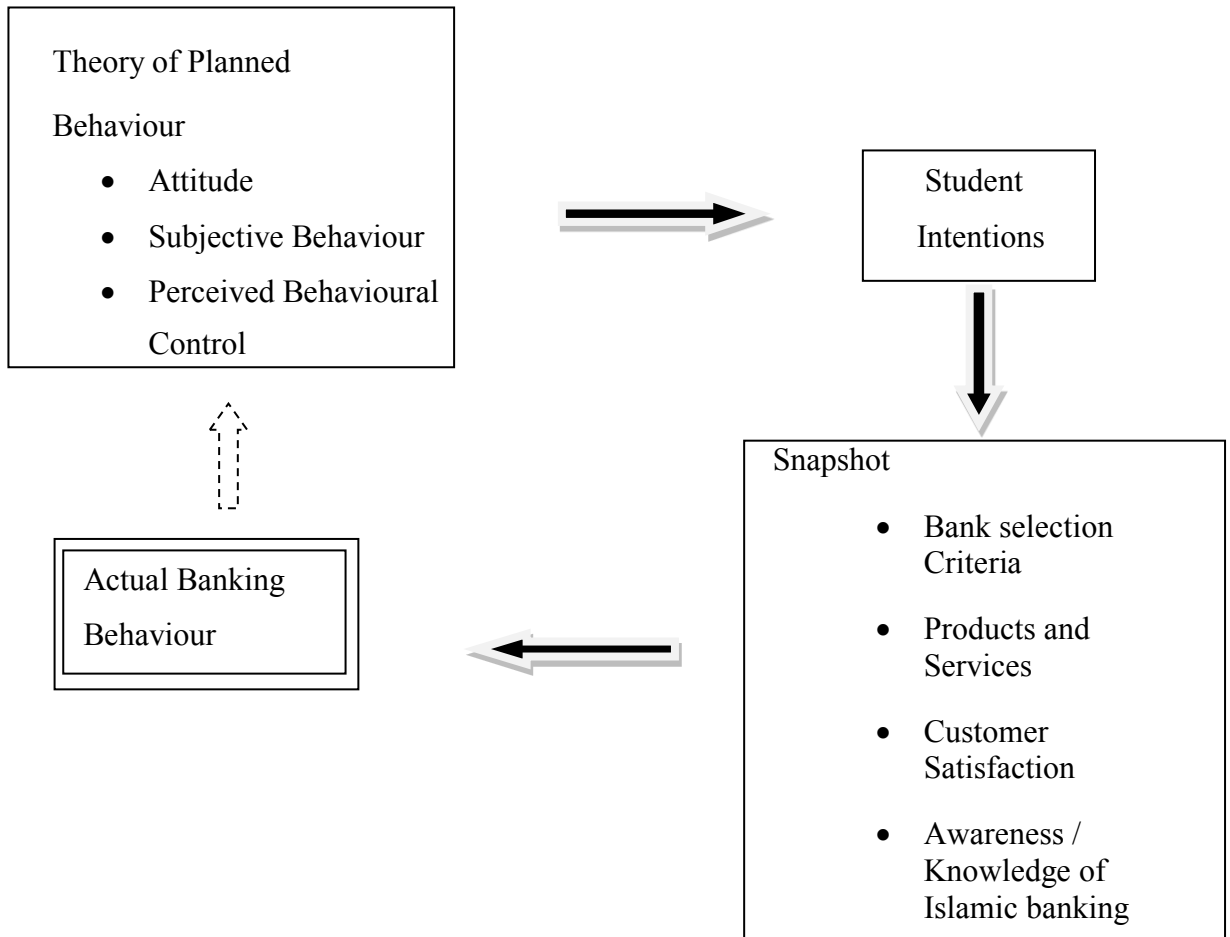
The conceptual framework provided by the theory of planned behaviour and its application to this research is represented above in Figure 3.2. The three constructs (attitude, subjective norms and perceived behavioural control) that underpin the theory of planned behaviour are likely to influence the intentions of a student. In turn, these intentions are likely to provide the motive or influence and also help explain the nature of the four elements that make up this snapshot of student banking behaviour. By influencing this snapshot, intentions are likely to help to identify actual student banking behaviour. Actual student banking behaviour is likely to impact on or feedback into;

often over a period of time, the three constructs that make up the theory of planned behaviour. Hence student banking is an evolving and developing process; represented by the dotted arrow in Figure 3.2. The theory of planned behaviour should provide this research with a stronger insight than we have currently into the banking behaviour of students.

In summary, it is hoped that the three constructs that underpin the theory of planned behaviour can be used to explain the banking intentions of an individual. By understanding student intentions better than they do currently, banks could be in a stronger position to establish strategies to develop and maintain distinct market segments for Muslim and non-Muslim students. From a cultural perspective, better understanding and implementing outcomes based on Muslim banking intentions, could be a step towards reducing both Muslim youth alienation and enhancing integration into Australian society. Having reviewed the theory of planned behaviour, this research now turns to developing the hypotheses to be tested.

3.3   Developing a set of hypotheses

This section develops a set of hypotheses, informed on the literature review, which can be tested. Seven hypotheses are established, based on the various components that make up the descriptive snapshot of student banking, and reflect the themes that emerged from a review of the literature.

3.3.1   Hypothesis One (H1)-Criteria used in banking choices

The first theme relates to identifying the factors or drivers associated with Muslim and non-Muslim students' choices in the selection and ranking of a financial institution (a bank or non-bank). The literature review comprises over 120 studies from six different geographic regions, which examine the criteria or reasons used by customers; comprising both the general population and the student segment, to select their bank or financial institution. The studies show that there are a variety of factors contributing to bank selection, rather than just one or two factors that are universally accepted.

Studies in both Muslim and non-Muslim countries highlight a variety of factors influencing bank selection. In Muslim countries, several studies report that religious

principles are a key factor in influencing bank selection, (Metawa and Almossawi 1998, Naser et al. 1999, Al-Khulaifi et al. 2001, Okumuş 2005, and Rehman and Masood 2012). However, other studies in Muslim countries reveal that non-religious factors influenced bank patronage (Erol et al. 1990, Haron et al. 1994, Hegazy 1995, Mokhlis et al. 2009, and Subhani et al. 2012). In non-Muslim countries, a variety of factors are identified as key determinants of bank selection. These factors include recommendation by friends (Devlin and Gerrard 2004), convenience (Lee and Marlowe 2003), fast and efficient service (Kaynak and Whiteley 1999), bank reputation (Kennington et al. 1996), and service charges (Khazeh and Decker 1992). As a result of these findings the first hypothesis to be tested is:

H1 *There is no significant difference between Muslim and non-Muslim students in the selection and ranking of the various criteria used in making banking choices.*

3.3.2   Hypothesis Two (H2)-Banking products and services utilised

The second theme to emerge from the literature relates to the products and services used by students. While only a limited number of studies investigate this aspect, they reveal that customers, whether they are students or represent part of the general population, use a variety of similar bank products and services. The most popular product and services are savings accounts, cheque accounts, investment accounts, provision to make loans, on-line banking and ATM facilities. Other products and services required include safe deposit boxes (Kaynak and Harcar 2005), credit cards (Denton and Chan 1991), travellers' cheques (Yavas 1988), and foreign exchange facilities (Holstius and Kaynak 1995). While some minor differences exist between Muslim and non-Muslim countries, bank customers worldwide tend to require similar products, they being a cheque account, savings or deposit accounts, and the use of ATM facilities. This outcome is not surprising, because these are the core products banks provide. As a result of these findings, the second hypothesis to be tested is:

H2 *There is no significant difference between Muslim and non-Muslim students in the main bank products and services they utilise.*

3.3.3 Hypothesis Three (H3)-Awareness of Islamic banking terms and concepts

The third theme to emerge from the literature concerns the awareness, knowledge and attitude of customers towards Islamic banking and financing techniques. The literature review in relation to this issue was based on nine studies from both Muslim and non-Muslim countries and reflected two demographic segments - students and the general population. Five of the studies (Naser et al. 1999, Hamid and Nordin 2001, Bley and Kuehn 2004, Rammal and Zurbruegg 2007, and Gait and Worthington 2009) concentrate on Muslim customer knowledge and understanding of Islamic banking and financing. The remaining four studies (Almossawi 2001, Gerrard and Cunningham 1997, Loo 2010 and Ramdhony 2013) investigate the views of both Muslim and non-Muslim bank customers towards Islamic banking and financial products and techniques.

Based on the literature, Muslim bank customers were not fully aware of the culture and basic terms associated with Islamic banking and finance, nor did they extensively use Islamic bank products and services. The study by Bley and Kuehn (2004) made two interesting observations. First, students with strong fluency in Arabic tended to have a higher knowledge and understanding of Islamic banking and financing techniques. Second, students with a strong level of religious motivation tended to prefer Islamic banking and finance products and services. Furthermore, the study by Gerrard and Cunningham (1997) revealed that both Muslim and non-Muslim bank customers had a generally poor knowledge of basic terms used in Islam and in Islamic banking. Overall, the literature review revealed that while Muslim bank customers had some elementary knowledge, non-Muslim customers had very little to no understanding or knowledge about Islam and Islamic banking. As a result of these findings the third hypothesis to be tested is:

H3 *Muslim students will be more aware of the fundamental terms and concepts used in Islamic banking and financing than non-Muslim students.*

3.3.4 Hypothesis Four (H4)-Testing the theory of planned behaviour

The fourth theme relates to the theory of planned behaviour (TPB). Many studies have utilised this theory in an attempt to better understand peoples' intentions to engage in a

particular activity. The theory of planned behaviour is used in this thesis to predict and explain student banking decisions based on their intention to act. In the context of this research, the three constructs that make up the theory of planned behaviour are used to further explain the banking intentions of Muslim and non-Muslim students in Australia.

The theory of planned behaviour provides a framework for understanding how attitudes, subjective norms and perceived behavioural control combine to influence the intended behaviour of an individual. Attitudes refer to how positively or negatively an individual views a particular behaviour, and in this research context this relates to banking in Australia by students. Under this theory, a positive relationship is expected to exist between intention and attitudes. A more favourable or stronger the attitude towards banking in Australia, the more positive should be the individual's intention to undertake banking transactions. Various studies show that a positive customer attitude is reflected in being satisfied with their current bank, being unlikely to switch banks and willing to recommend their bank to their friends (Levesque and McDougall 1996, Tootelian and Gaedeke 1999, Jamal and Naser 2002, and Hin et al. 2011).

The second construct of the theory of planned behaviour involves subjective norms. Subjective norms reflect an individual's social environment and whether others (for example friends, family, and colleagues) approve or disapprove a particular behaviour (Ajzen 1991). Under the theory, a positive relationship is expected to exist between intention and subjective norms. The more favourable the subjective norms towards banking in Australia, the stronger should be the individual's intention to undertake banking transactions. An example of the role subjective norms can play is the strong use of recommendations made by friends and family in selecting a bank (Schram 1991, Tank and Tyler 2005, Blankson et al. 2009, and Foscht et al. 2009,).

The third and final construct of the theory of planned behaviour relates to perceived behavioural control. Perceived behavioural control refers to the individual's perception about whether he or she has the necessary resources (time, money), skills and or opportunities to perform the activity; in this case undertaking banking activities in Australia. Under the theory, a positive relationship also is expected to exist between perceived behavioural control and intentions. The more an individual believes that he or

she has the resources, skills and opportunities necessary to influence behaviour, the more likely he or she will intend to successfully undertake banking transactions in Australia. Evidence of this construct can be found in students having the capability and resources to select their own bank, operate more than one bank account and, selecting appropriate bank products and services that suit their needs.

Highlighting the relative importance of the three constructs and therefore the appropriateness of the theory of planned behaviour to explain and predict student banking behaviour forms the basis of this hypothesis. Based on the theory of planned behaviour the fourth hypothesis to be tested is:

H4 *There is no significant difference between Muslim and non-Muslim students in relation to the three constructs of the theory of planned behaviour and how they influence an individual's intention to undertake banking activities in comparison with their actual behaviour.*

3.3.5   Hypotheses Five (H5), Six (H6) & Seven (H7)-Satisfaction with bank choice

The last three hypotheses stem from the literature relating to customer satisfaction with their bank. The literature review showed that the level of customer satisfaction is closely related to bank selection, customer retention, bank competitiveness and service quality. Service quality is often used as a measure of customer satisfaction and can be measured two ways; as a single-item measure or from a multiple-attribute perspective. Despite some limitations, the single-item approach is often used in methodologies to measure consumer satisfaction (Al-Eisa and Alhemoud 2009). The single-item approach was used in a study by Tootelian and Gaedeke (1996) that investigated student banking behaviour in the United States. This approach was considered appropriate for this research given the space constraint and need to ask other bank behavioural questions associated with using a questionnaire (Al-Eisa and Alhemoud 2009). The remaining studies in the literature review rely on a multiple-attribute approach, which is based largely on the SERVQUAL service quality model.

While customer satisfaction is an interesting aspect, it does not represent the key focus of this research. Accordingly, this research will concentrate on the satisfaction students

have with their current bank or financial intermediary. The three questions relate to the overall level of customer satisfaction (Hypothesis Five or H5), the probability of switching or changing their bank (Hypothesis Six or H6) and, whether they would recommend their current bank or financial intermediary to other people or friends (Hypothesis Seven or H7). The three hypotheses to be tested are:

H5 *There is no significant difference between Muslim and non-Muslim students in the level of overall satisfaction with their bank.*

H6 *There is no significant difference between Muslim and non-Muslim students in their probability of switching or changing banks.*

H7 *There is no significant difference between Muslim and non-Muslim students in recommending their current bank or financial institution to other people or friends.*

3.3.6 Summary of hypotheses

In conclusion, this chapter developed seven hypotheses informed by the descriptive snapshot of student banking and reflects the themes that emerged from the literature. The relationship between the seven hypotheses is shown diagrammatically in Figure 3.3. Testing of these seven hypotheses will provide an insight into the banking behaviour of Muslim and non-Muslim students in Australia, a non-Muslim country, by addressing a gap in the literature. Such an investigation based on the seven hypotheses has not been undertaken before and will help build on the body of knowledge surrounding student banking behaviour.

Figure 3.3 The relationship between the seven hypotheses
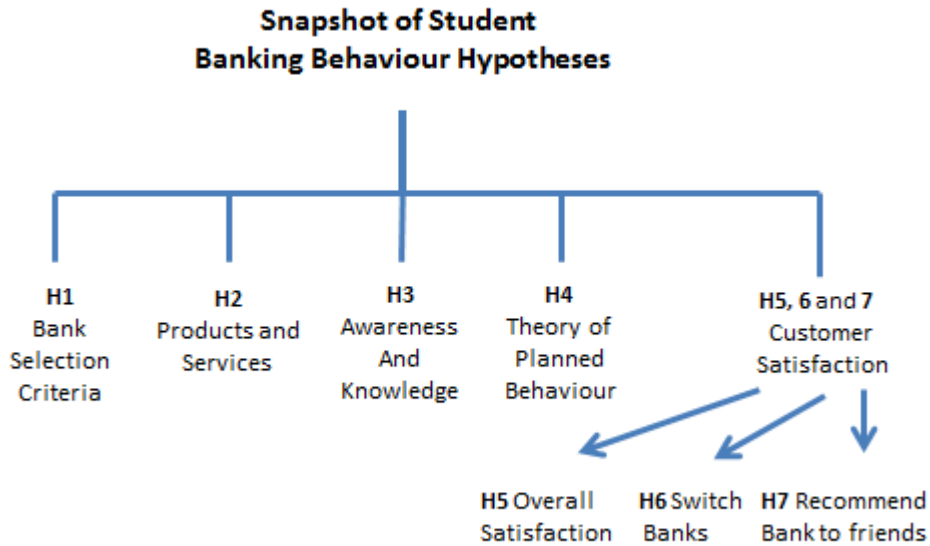
3.4 Chapter summary

Two observations can be made from this chapter. First, a review of the various studies does not provide a theoretical model to explain the behaviour of banking customers. A review of the literature undertaken so far, highlights the use of both qualitative (focus groups and pilot tests) and quantitative (questionnaire) methodologies to understand the banking and financing behaviour of people adhering to different faiths, from different countries and exhibiting different demographic characteristics.

Second, while a variety of theories exist to explain intended consumer behaviour, the theory of planned behaviour was considered by this researcher to be the most appropriate model to explain and predict student banking behaviour. The theory of planned behaviour would seem appropriate for two reasons. First, the three constructs – attitudes, subjective norms and perceived behavioural control – are likely to be good predictors of student banking behaviour. This is because the constructs are likely to be good drivers for individual intentions to undertake banking activities. Second, the

theory of planned behaviour may provide a useful psychological framework and insight into the banking behaviour of Muslim and non-Muslim students in Australia.

Finally, a review of the literature undertaken in this chapter clearly highlights a research gap in relation to testing the theory of planned behaviour in the context of student banking behaviour and developing a set of hypotheses for both Muslim and non-Muslim students, living in a non-Muslim country such as Australia. This research aims to address this gap. The next chapter will review the literature relating to how customers (both students and the general public) select their bank.

Chapter 4: Literature review: Bank selection criteria by students and the general population

This chapter is devoted to reviewing the literature related to the determinants considered important, by both students and the general population, in selecting a bank or financial institution. Bank selection represents a key component of the snapshot of student banking, discussed in the previous chapter. This chapter is divided into four sections with the focus on the bank selection criteria (BSC) used by students.

Section 4.1 outlines seven key studies, from both Muslim and non-Muslim countries, that have inspired this current research. Aspects of these seven studies are included in this research and applied to Australia, with the aim of adding to the body of knowledge about student banking behaviour. Section 4.2 provides a detailed review of studies that investigate how students, both undergraduate and postgraduate, select their bank. More specifically, this section identifies the various determinants used by Muslim and non-Muslim students in various countries at differing stages of economic development, to select their bank.

Section 4.3 briefly examines the bank selection criteria used by the general population. This segment is considered because it might provide additional insights that could prove relevant and useful for this research. A summary and discussion of the various student and general population studies can be found in section 4.4. Tables highlighting both the student and general population studies reported in this chapter are provided in Appendices 1 and 2 respectively.

4.1   Key studies

There are many studies of banking behaviour to be reviewed, but seven key studies are particularly relevant to this research and deserve to be highlighted. Each study provided this researcher with an idea or concept that could be applied in the context of Australia, a non-Muslim country that is home to a growing Muslim population, and which will increase the body of knowledge in the area of this study. These seven studies are reviewed in this section and their contribution to this research identified.

The first study by Gerrard and Cunningham (1997) examined customer attitudes towards Islamic banking and the criteria used in selecting a bank in Singapore, a country with a small Muslim population. With the use of a questionnaire, 190 respondents were surveyed, comprising 29 (15 per cent) Muslim respondents and 161 (85 per cent) non-Muslim respondents. The study focused on the criteria used by respondents to select their bank and, also listed several terms to ascertain the awareness and knowledge of respondents to Islamic banking and financing techniques. The authors identified 22 bank selection criteria that were measured using a four-point Likert scale, and the results assessed using mean and factor analysis. The study also compared and highlighted differences between Muslim and non-Muslim customers in selecting their bank and their awareness of and knowledge about Islamic banking terms.

This study (Gerrard and Cunningham 1997) is important for several reasons. First, it was undertaken in a country with a small Muslim population. Australia too has a small Muslim population and so there are parallels in the context and the possibility of comparative research into the banking behaviour of distinct population cohorts; Muslim and non-Muslims. Second, Singapore has a multi-cultural population and a highly developed financial system. Both these aspects are also evident in Australia. Third, the authors claimed, at the time of writing, that Islamic banking would eventually be introduced to Singapore. Australia is in a similar situation, with the prospect of Islamic banking likely to be operating sometime in the near future (Austrade 2010 and Invest 2010). Finally, ascertaining the factors used by customers to select their bank and being able to identify customer awareness of and knowledge about Islamic banking was thought by this researcher to be applicable and relevant to Australia. Undertaking research in this area builds incrementally on what is known in a similar context and adds to the body of knowledge relating to customer behaviour in Australia.

The second key study was by Almossawi (2001), who examined the bank selection criteria employed by students in Bahrain. A questionnaire was used which asked respondents to rank 30 bank selection criteria. The 30 criteria were measured using a five-point Likert scale. The results from the study were analysed using mean and factor analysis. Further, differences between how female and male students selected banks

were also identified. The study concluded by asking respondents to identify their awareness of seven bank products and services.

This study was considered important for several reasons. First, it was one of the few studies, at the time, which concentrated on the student segment. This study provided a possible "template" to investigate student banking behaviour in Australia. Such an area of research has not been undertaken previously in Australia. Second, a review of the literature reveals that studies based on bank selection criteria have tended to concentrate on the United States (US) and European countries. While such findings have contributed to the literature on bank selection, their applicability to other countries, for example those in the Middle East may be limited given their different cultural, economic and legal environments (Almossawi 2001). This highlighted for the researcher the versatility of bank selection criteria and the need to be conscious of the important role played by culture, especially religion in certain countries. Third, the awareness of bank products and services was an area this researcher wanted to explore further from an Australian perspective. Fourth, the variety of bank selection factors could easily be made applicable to a study undertaken in Australia.

In the third key study, Tootelian and Gaedeke (1996) examined how US college students selected their bank and their level of satisfaction with their bank. The importance of this study to the current research lies in how it measures student bank satisfaction. The authors ascertained the level of student satisfaction using three measures – rating selected bank attributes, overall satisfaction with the bank, and whether students would recommend the bank to others. In ascertaining satisfaction with selected bank attributes and the overall bank satisfaction, the two questions were based on a five point Likert scale and reflected the use of a single-item approach towards customer satisfaction. In relation to respondents recommending their bank to others, a single question was asked based on a four point Likert scale.

The fourth study (or second US study) was by Pass (2006) and investigated student satisfaction in terms of switching banks. The study by Pass (2006) investigated the reasons why US students intended switching banks.

Combined, these two US studies, using a single item approach, provide a relatively quick yet robust insight into examining three aspects of customer satisfaction – overall bank satisfaction, recommending your bank to others and deciding to switch your bank. These three aspects are used by this researcher to understand in a way better than our current knowledge, the behaviour of bank customers.

Finally, there are three studies based on Muslim countries that were useful in developing this research. All three studies offered insights into Islamic banking and financing techniques and highlighted the role that can be played by religion in banking. Each study revealed, in varying degrees, some specific questions relating to Islamic banking. This was particularly interesting for a non-Muslim researcher living in a non-Muslim country desiring to better understand student banking behaviour. The study by Erol and El-Bdour (1989) examined the behaviour and patronage factors of bank customers towards Islamic banks in Jordan. This study was useful in giving this researcher content for a questionnaire that could be used to ascertain banking behaviour.

The second study by Haron et al. (1994) investigated the factors considered important by Muslims and non-Muslims in selecting their financial institution in Malaysia. This study was useful in identifying some relevant characteristics to acquire about respondents' personal, demographic and economic traits. These traits are necessary to control for and provide a robust insight into the banking behaviour of customers. The final study, by Naser et al. (1999), explored the factors used by customers to select a bank and their degree of satisfaction with Islamic banks in Jordan This study proved relevant to this current study by providing a useful customer profile based on various demographic factors, incorporated the use of Islamic terms in the bank selection criteria and bank products and services used by customers and, offered a useful background on customer satisfaction.

All seven studies, in varying degrees, have provided inspiration to undertake a similar study but in a new context; Muslim and non-Muslim students and their banking behaviour in Australia, a non-Muslim country. Such a study adds to the body of knowledge relating to the banking behaviour of both cohorts in a non-Muslim country.

The next two sections review the literature relating to identifying the main determinants used by students and then the general population to select their bank.

4.2 Bank selection criteria by the student segment

Financial organisations provide a wide range of services to a variety of customers. The customers are often numerous, often scattered and have various needs, resources and buying practices. Rather than trying to compete in all areas of the market, financial organisations tend to undertake market segmentation, whereby the market is divided into groups of buyers who might require separate products or marketing mixes (Kotler et al. 1994). For example, banks in Australia have established a variety of market segments including those involved in small business, those for people aged 60 plus, and those for small children and students.

This section is devoted to the youth / student segment, which is the focus of this research, and examines the determinants used by students when choosing a bank or financial institution. The section begins by looking at specific countries within three blocks: industrial, newly industrial and developing countries, and then investigates demographic differences followed by the use of different methodologies, and finally focuses on Islamic banking. Classifying countries into these three groups or headings has been replicated in other studies like Blankson et al. (2007) and Coetzee et al. (2012). A table highlighting the various student studies is provided in Appendix 1.

4.2.1 Industrial countries

Many of the early studies were conducted in industrial countries such as the United States, Canada and Europe. One of the first articles to examine how US students choose their banks was by Schram (1991). The article is based on interviews with various students and bank representatives. According to Schram (1991), convenience and family tradition, availability of ATMs, and no or reduced monthly service fees and charges were the main factors considered by students in selecting a bank. No attempt was made to rate or rank the factors. According to the author, banks keen to develop a student market would market aggressively to students by offering free gifts and products; such as credit cards and free chequing accounts, and develop student banking packages.

Two limitations can be associated with Schram's article. First, it lacked any statistical analysis and second, it relied solely on selective interviews. That is, these interviews cannot be inferred to represent the view of all students in America.

In the next year Khazeh and Decker (1992) surveyed business school alumni from the University of Maryland to identify determinants considered important when selecting a bank. A questionnaire was used asking past students to rank 22 bank selection factors using a five point Likert scale. The survey found that the highest-ranking determinants in selecting a bank were: service charges, the reputation of the bank, the interest rate on loans, time required for loan approval and having friendly tellers. A limitation of this study was the absence of factor analysis. This would have been helpful in grouping together similar bank selection factors or characteristics which would allow banks to focus on areas to improve their competitive position.

In contrast, Tootelian and Gaedeke (1996) revealed that the key determinants used by US students to select a bank were monthly charges, helpful / friendly service, established reputation, interest rates, and location. While this survey used a questionnaire based on 338 college student respondents, it was founded on only nine bank selection factors and the analysis was based on percentages. The constraints of this study are the small number of bank selection criteria used and the lack of statistical analysis to validate the findings. Finally, the number of total respondents reported in the survey tended to vary from 323 to 338 persons.

Pass (2006) investigated how students from four community colleges and universities selected their bank and reasons for switching banks. Pass (2006) used only six criteria in his survey for bank selection, they being price (cost of chequing account), convenience (waiting time), products and services (ATMs, cheque card), customer service (friendliness, accuracy) and image (reputation, well-known name). The final and sixth reason involved an open ended question requesting any other criteria used to select a bank. This survey revealed that the main reasons used by a student to select a bank in order of importance were; price, convenience, products and services, customer service and finally the image of the bank. The finding that price is a key determinant for

students when selecting a bank is similar to the findings by Tootelian and Gaedeke (1996).

There are three limitations associated with the study by Pass (2006). First, according to Pass (2006) the benefits of the study would be enhanced if they were applied to a particular bank. Second, the use of six determinants to ascertain bank selection would seem to be too small to fully understand how students select their bank. This is especially the case given the previous US study by Tootelian and Gaedeke (1996) which identified 22 determinants of bank selection. The author also failed to provide any insight into other bank selection criteria identified by students. Further, the ranking of bank selection was based solely on summing the ranking values. No ranking of mean scores was carried out by the author. In addition, the limited number of determinants (six) prevented the use of factor analysis. Finally, the analysis could have benefitted from ascertaining bank selection based on gender. At no stage did the author analyse the data from a male and female perspective. Gender differences could help a bank to identify specific factors that could be used to enhance their customer base.

The fifth study by Blankson et al. (2007) examined the factors that influence consumers' selection of a bank in three economic and culturally different countries. The three countries surveyed were the US (an industrialised country), Taiwan (a newly-industrialised country) and Ghana (a liberalised developing country). The survey was based on college students in each country and the results were assessed using mean analysis and exploratory and confirmatory factor analysis. The four most important factors in determining bank selection by US college students and ranked in order of mean importance were: access to their money, security, and equal third were good customer service and convenient location. Based on factor analysis, the four key determinants in choosing a bank were convenience, competence, recommendation by peers and free banking (no bank charges). Similar selection factors were also chosen by students from Taiwan and Ghana.

Three limitations can be associated with the study by Blankson et al. (2007). First, the statistical analysis ignored possible gender differences in selecting a bank. Data concerning gender trends or characteristics could be used by the bank to develop

specific advertising campaigns or for strategic purposes. Second, several of the attributes in selecting a bank appear to repeat themselves and are not easily or clearly distinguishable. For example, the terms convenience and proximity, recommendation by parents and advise [sic] from parents and friends, and good customer service, quick service and competence. The distinction between these terms is not clear, is likely to be confusing to the respondent and has probably resulted in the use of some unnecessary attributes. Third, having uncovered the determinants of selecting a bank, the authors acknowledge that it would have been interesting to investigate the factors that cause students to switch banks.

Nevertheless, the study by Blankson et al. (2007) highlights several important issues. First, the factors influencing a student's selection of a bank appear to be similar, irrespective of the cultural and economic differences between the three countries. According to the authors, the similarities in bank selection can be attributable to each country's adoption of an open and liberalised business climate. Second, bank managers and advertising executives should pursue all or any of the four sets of constructs (factors) identified for their marketing strategies and tactics. Third, the common criteria in selecting a bank that operates in a different cultural and economic environment will assist those global banks wanting to further expand internationally and attract new customers. Finally, this research complements in-part, the findings of Thwaites and Vere (1995) for the United Kingdom. The two major factors (based on factor analysis) for this US research – convenience and competence, would appear to fit with service and home convenience – highlighted in the United Kingdom study to be discussed later.

The final US study was undertaken by Tai and Zhu (2013) which found that three main determinants in selecting a bank were; in order, secure feelings, proximity of branch and ATM services, and the bank's reputation.

European countries

From a European perspective, several studies on bank selection are worth reviewing. Cicic et al. (2004) investigated the behaviour of university students in selecting a commercial bank in Bosnia and Herzegovina. A questionnaire was used comprising 26 bank selection factors measured using a five point Likert scale. The study revealed that

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the main determinants used by students to select a bank, ranked in order of mean importance, were: the friendliness of staff, level of service charges, and ease of opening a bank account. The least important bank selection factors were recommendation by friends, bank location and the bank's external appearance. The authors note that the use of technology and ATMs was not considered an important criterion in selecting a bank because such technology was not yet widely available. Furthermore, the study revealed a continuing reliance on visiting the bank and developing personal contacts with bank employees.

The main limitation of the Cicic et al. (2004) study was the lack of information provided. There was no actual list provided identifying the 26 bank selection criterion. Statistical details concerning the nature of factor analysis were virtually non-existent. The reader could only rely on a descriptive paragraph explaining the outcome of factor analysis.

Rhee (2009) surveyed 210 Dutch students to identify the various factors that affected their bank selection process. An online questionnaire was conducted using 31 bank selection determinants and rated on a seven point Likert scale. This was the first study, according to the author, to incorporate a selection variable relating to the natural environment. Given the increasing attention the environment (and climate change) has been given in the media, it is interesting to see it considered as a bank selection variable. Rhee (2009) called this variable 'Bank invests in sustainable funds'.

The results of this study were analysed using both mean and factor analysis. Based on ranking the mean score, the five key determinants were: availability of internet banking, financial stability of the bank, bank reputation, provision of fast and efficient service and, low service charges. It is interesting to note that recommendations from family or friends did not rank high. The least important factors used by students to select a bank were free gifts, large credit card limits, bank advertising, overdraft facilities and car parking spaces.

Factor analysis was used to reduce the criteria from 31 to nine factors. The nine factors in order of importance were: extra banking services (credit cards with no fees, long opening hours, large overdraft facilities), locational convenience (branches and ATMs),

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quality of bank services (internet services, ease in opening an account, fast and efficient service), safety of banking (bank reputation, financial stability), marketing of the bank (external bank appearance, free gifts, advertising), third party influences (recommendations by family and friends), lending and saving facilities of the bank (high interest paid on savings accounts, low interest on loans), nationality of the bank, and financial aspects (low service charges, free cash incentives the bank offers).

The study by Rhee (2009) highlighted three limitations. First, the study was undertaken shortly after the Global Financial Crisis and this might have had a significant influence on the decision making of Dutch students. This is probably reflected in the importance attached to the factor safety of banking. Second, the sample size of the study was relatively narrow, being based solely on students from Erasmus University. Obviously it is questionable whether the results of this study can be applied to the entire Dutch student population. Finally, the bank selection criteria were not pre-tested on students to check if they understood the meaning of the various terms.

In Austria, Foscht et al. (2009) examined several issues that influence the banking behaviour of Generation Y customers; including bank selection criteria. The study comprised respondents aged between 10 to 30 years old; which represent the segment Generation Y. This survey incorporated both secondary and tertiary students and young people in the workforce. The study was based on a questionnaire and resulted in 242 respondents, with 59 per cent being male and 41 per cent being female. In relation to selecting a bank, the main determinants in order of importance were, – the influence of parents, *Weltspartag* (International Savings Day), school campaigns, influence of friends, own initiatives, and bank initiative. Furthermore, the survey also showed that the majority of respondents had opened a bank account at a relatively early age. Factor analysis was used to better understand the criteria behind bank selection, which resulted in four key factors being identified. These factors were: satisfaction regarding employees, satisfaction regarding services, satisfaction regarding additional services and, satisfaction regarding other aspects of services.

The authors of this study highlight several limitations associated with their research. First, the results of Generation Y in Austria may differ in markets with different

banking structures. Second, the use of structural equation modelling was considered desirable, however this was not possible because of the small sample size. Finally, this researcher discovered that identifying the various factors influencing bank selection was not clearly stated; rather it was inferred from Table 3 in the text. This Table inferred that the listed satisfaction items were substitutes for bank selection criteria.

Katircioglu et al. (2011) conducted research into the determinants of bank selection by Turkish and non-Turkish students in North Cyprus. A questionnaire was distributed to 256 undergraduate students (54 per cent being male and 46 per cent being female) to collect the data. A five point Likert scale was used to measure the 30 items that formed the bank selection criteria. The researchers found that the availability and convenient location of ATM services and the speed and quality of service were the main factors considered by students in selecting a bank. The least important factors were low service charges, the bank's reputation, a pleasant bank atmosphere and convenient location of the main bank.

Two Swedish studies were undertaken on the determinants of bank selection choices by students in the same year. The first study by Parekh and Pishchenko (2013) identified the factors that influence international students in their choice of bank. A questionnaire was successfully completed by 124 respondents (47 per cent male and 53 per cent female) using a five point Likert scale to measure the 18 bank section items. The results were then examined using means and factor analysis. Based on mean values, the main determinants were; in order of importance, recommendations of friends and relatives, the ease of use of the internet, low service charges and the ease of use of the debit card. The least important items were advertisements, social networks, anonymous recommendations and student union assistance. Using factor analysis, five factors influenced the choice of bank for international students. These factors were the cost of bank services, use of technology, convenience, banks' reputation and marketing communication effectiveness.

The second Swedish study was undertaken by Wei and Lu (2013) and examined the factors employed by international students to select their bank in Gävle, Sweden. A semi-open structured questionnaire was successfully completed by 101 university

students, based on a non-probabilistic convenience sample. Based on mean scores, the main determinants in order of importance were, internet / online banking facilities, service provision of fast and efficient service, and performance of the promised service dependably and accurately. In relation to factor analysis, four factors were identified in influencing how international students choose their bank in Sweden. The four factors were "good service provision", "assurance", "value added service" and "convenience and security".

United Kingdom

Five studies have concentrated on the student / youth market in the United Kingdom. One of the first studies to investigate the bank selection criteria used by school leavers progressing to university was undertaken by Lewis (1982). The study involved 716 respondents (56 per cent male and 44 per cent female) and was based on a 14 choice criteria. Parental advice and influence, followed by convenient location to college, were the main factors for these students in selecting a bank. The offer of free gifts, recommendation by friends, the range of services offered and advertising were considered relatively unimportant. The least important factors in determining bank selection were overdraft facilities, the name of the bank and wanting to be different from their parents.

The three main limitations of the Lewis (1982) study were that no indication was provided as to how the 14 bank selection factors were decided on and second, the main bank selection factors were based solely on a weighting system; no further analysis such as factor analysis, was undertaken. The final limitation relates to no focus groups being conducted nor was the pre-testing of the questionnaire undertaken to ensure students understood the various banking terms used in the survey.

Lewis and Bingham (1991) investigated student bank selection criteria using a questionnaire completed by 469 students aged 16 to 24 years; of which 57 per cent were male and 43 per cent were female. The key influences on the choice of a bank were location to work and home, followed by cashpoint availability or convenience. Other important influences were the services offered, free banking, reputation and image and parental influence. The least important influences were advertising and free gifts. It is

interesting to note that both studies: Lewis (1982) and Lewis and Bingham (1991), reported that location convenience and parental influences were important determinants in the choice of bank.

A significant limitation of this study was that the factors influencing bank selection were not identified. Neither the number of criteria used nor how they were selected for the survey was made clear to the reader. Further, the discussion on bank selection was limited to one descriptive paragraph.

A study was by Thwaites and Vere (1995) revealed that the key determinants in selecting a bank are the proximity of ATMs to college, free banking, overall student offer, and charges payable. The authors claim that the importance of proximity of ATMs to a college compared to the proximity of a branch reflects the student's relatively simple financial needs and their ease with using technology. An important feature of this study was the minor importance attached to parental influence, which is contrary to the findings of Lewis (1982) and Lewis and Bingham (1991). The authors explain this finding by suggesting that students are becoming more independent because of changes to traditional family values. Finally, the authors also used factor analysis to reduce the number of criteria from 31 to eight factors. These factors were service, home convenience, image, no-core (recognising current political and social issues, commission fees and insurance facilities), incentives, borrowing, college convenience and experience.

Only one limitation would appear in relation to the Thwaites and Vere (1995) study. That is, it would have been useful to identify if male and female students differed in how they selected a bank.

Tank and Tyler (2005) examined the determinants that influence how first-time university degree students select their bank. The authors claim that a student's decision-making process is influenced by special student packages and technological developments – which were not examined in previous research. Based on mean ranking analysis, the main factors that influence how a student selects a bank, in order of importance were: recommendations by friends / family, reputation of the financial institution, level of interest rate and free cash incentives. It is interesting to note that

convenience factors; such as ATM networks and proximity of branch and ATMs to home / university were given relatively low importance ratings. This finding is contrary to previous studies by Lewis and Bingham (1991) and Thwaites and Vere (1995), which identified convenience factors to be a major influence. Finally, the least important factor was found to be bank advertising.

Two limitations are evident from this study. First, the use of factor analysis would have enhanced the findings of this research. While the ranking of mean scores was useful, the time gap since the last UK study and the increasing use of financial technology might have produced more interesting results had factor analysis been undertaken. Second, the survey was based on a limited student sample size; had a larger sample size been undertaken the results might have been very different.

A study entitled "An Exploration of Retail Banks' Selection Criteria: A Case Study of University Students in North Wales" (2013), involved a questionnaire completed by 152 students (aged 18 to 26 years) and was based on random sampling. Based on mean values, the main determinants used by students to select a bank, in order of importance, were the availability of online banking, availability of ATMs and being easy to apply for debit and credit cards. The least popular determinants used in selecting a bank were minimum deposit requirements and the influence of family and friends. Factor analysis minimised the 18 variables into five factors. The five factors, identified in order of importance were: e-banking and convenience, service efficiency, financial benefits, attractiveness, and social Influence. The importance of e-banking in selecting a bank was consistent with the results of Almossawi (2001), Gerrard and Cunningham (2001) and Mokhlis et al. (2008).

New Zealand

Two studies have been undertaken in New Zealand concerning the banking behaviour of tertiary students. The first study by Thwaites et al. (1997) surveyed full-time first year university students to identify the factors that influenced their selection of a bank. A questionnaire was developed based on 27 bank selection factors. The questionnaire was successfully completed by 322 students, of which 46 per cent were male and 54 per cent were female. The main determinants in selecting a bank by students and ranked in order

of mean importance were: fast and efficient service, availability of free banking, proximity of ATMs to campus and the level of charges payable. The study noted two interesting features. First, parental influences were considered of minor importance by students when selecting a financial institution. Second, the proximity of ATMs in relation to the campus and home suggested that students were comfortable with technology, and the use of automated banking services in the future.

The second study by Bathula and Selvarajah (2001) explored the factors that influence university students in maintaining an ongoing relationship with their bank. This study surveyed part-time and full-time students attending four different educational institutions located in three different regions. The survey on bank selection was based on 22 variables and rated by a five point Likert scale. The questionnaire was successfully undertaken by 181 postgraduate business students, of which 52.8 per cent were female and 47.2 per cent were male students.

Based on factor analysis, four key aspects of bank selection were identified; they being service quality, personalised attention/service, convenient location and a friendly atmosphere. These findings suggest that banks need to provide a quick and competitive service if they are to maintain their relationship with students. This result confirms the findings of Thwaites and Vere (1997). The study also revealed that a third of respondents had switched banks, based on one or more of the four factors identified above. This suggests that banks need to maintain high levels of service and consider various loyalty programmes.

A limitation of this study relates to the use of convenience sampling limited to a specific region. Replicating this study with a broader sample size, comprising both students and non-students, could provide a better insight into customers' preferences.

4.2.2 Newly industrialised countries

Several studies are from three newly industrialised countries, namely Singapore, India and Malaysia. Two studies were undertaken in Singapore to examine the selection criteria used by students. Ta and Har (2000) investigated the bank selection process of undergraduate students in Singapore. The study involved a mailed questionnaire

resulting in a sample of 176 respondents. Based on a literature review and focus group discussion, a total of nine bank selection criteria were identified for the study. The three most important criteria influencing an undergraduates' bank selection process were high interest rates on savings accounts, convenient location, and overall quality of service. The least important determinants in selecting a bank by undergraduate students were long operating hours, availability of undergraduate privileges, and recommendations by parents and friends. It is worth noting that high deposit interest rates were also rated highly in studies undertaken by Javalgi et al. (1989) and Khazeh and Decker (1992). Overall, students in Singapore tend to place a high emphasis on the pricing and product dimensions of bank services.

This study has important implications for bank strategies. Banks need to develop the student segment with strategies that result in marketing campaigns that focus on customer convenience, service and pricing. In relation to limitations, this study would have benefited from analysis based on gender differences. Gender can be considered an important influence in developing bank strategies and marketing campaigns (Almossawi 2001, Gerrard and Cunningham 2001, and Cicic et al. 2004).

The second study by Gerrard and Cunningham (2001) also examined the bank selection criteria used by undergraduate students in Singapore. A questionnaire was used that asked students to rank 20 bank selection criteria, based on a five point Likert scale. The questionnaire was completed by 184 students. Unlike previous studies, this study did not provide a mean ranking score of the 20 bank selection criteria; rather the analysis was based on factor analysis. Bank selection was based on seven factor groups. The most important factor, from a student perspective, was to "feel secure"; which relates to interest rates offered and the financial stability of the bank. The other factors in selecting a bank and ranked in order of mean importance were electronic services (ATMs and EFTPOS), services provision (speed of service and range of services provided), convenience, non-people influences (free gifts), appearances, and lastly people influences. Finally, the study showed that undergraduate students were not a homogeneous group in relation to the bank selection process. In particular, there were significant differences between engineering and non-engineering students; especially in

regards to reversing the two most important criteria: secure feeling and electronic services.

Two issues arise from Gerrard and Cunningham (2001). First, the importance of electronic services was also seen to be an important attribute in the British study by Thwaites and Vere (1995). Second, the low value attached to people influences (they being family, friends and teachers) was at odds with the findings of Tan and Chua (1986). According to the authors, this finding can be accounted for by the perceived greater self-confidence of undergraduates in the 1990s.

There is only one general limitation that can be made about the Gerrard and Cunningham (2001) study. The authors did not provide a list of the 20 bank selection criteria used in their study; rather it had to be inferred from the table showing factor groups. Further, it would have been useful if the reader was provided with the mean score ranking of these selection criteria.

Rao and Sharma (2010) studied the bank selection criteria employed by MBA students (aged 21 to 28) in India. A questionnaire was used, and based on convenience sampling, a total of 312 students were surveyed. Details concerning the format of the questionnaire were not provided to the reader. Based on the text (Rao and Sharma 2010), it would appear that 25 bank selection factors were identified and used in the questionnaire. Based on varimax rotation principal component factor analysis, six factors were identified. The three main factor components used by students to select their bank were, based in order of importance – reliability (which includes the band name of the bank, security arrangements with the bank and bank staff that are friendly and courteous), convenience (including free home cash delivery, phone banking and parking facilities) and assurance (involving a debit card facility, loan facility and loyalty programs). According to the authors, MBA students do not want to spend their time waiting in a queue; rather they want convenience and quick service from their bank.

The limitations of this study are several. First, the survey was confined to the Delhi region. If other parts of India were surveyed the results could have been different. Second, if students from all the B-Schools had been surveyed, the results would have been different. Third, only MBA students were surveyed; had other postgraduate

students participated in the survey the results might have been different. Finally, some of the bank selection factors were not clear (nor explained) to the reader – for example a de-mat facility and locker facility.

In Malaysia, several studies have been undertaken involving student bank selection. Mokhlis et al. (2008) analysed the factors considered important by undergraduate students in Malaysia when selecting a bank. The survey was based on a structured questionnaire resulting in 281 respondents, with 40 per cent male and 60 per cent female. The study was based on 29 bank selection attributes; however, the mean values and ranking were not made available. Based on Table 1 in the study (Mokhlis, et al. 2008) there were no religious factors considered as a determinant of bank selection. The author's proceeded to undertake factor analysis which resulted in nine key factors of bank selection.

The results from factor analysis reveal that the three key determinants in selecting a bank by undergraduates and ranked in order of mean importance were secure feelings (bank stability and confidentiality), ATM services and financial benefits (low service charges and low interest rates on loans). These results are reflected in other studies such as Thwaites and Vere (1995), Gerrard and Cunningham (2001) and Almossawi (2001).

The three factors considered the least important in selecting a bank and having a low mean value were non-people influences (free gifts and marketing campaigns), attractiveness (building decor and staff appearance and friendliness) and finally people influences (recommendations by friends and family). These findings are similar to the results of Gerrard and Cunningham (2001) and Almossawi (2001). Finally, the student responses indicated that they are not a homogenous group as gender, areas of study, ethnicity and the number of saving accounts held resulted in different prioritised factors in bank selection.

Mokhlis et al. (2008) exhibits five potential limitations. First, while the published article refers to 28 factors (Mokhlis et al. 2008) in fact there are actually 29 factors listed in Table 1 of their article. This brings into question the validity of the results concerning the factors used in selecting a bank. Second, the results from the student sample frame do not represent the banking behaviour of the general public. This limits the marketing

and strategic implications for the banks to just the student segment. Third, the sample size could have been widened to include foreign students, which might have yielded different results. Fourth, the study could have been improved by undertaking qualitative interviews with individual single and multiple bank customers to identify other factors not covered in this study. Finally, an investigation into why customers switch banks would have been useful and improved this study.

Three years after their initial study of the banking behaviour of students in Malaysia, Mokhlis et al. (2011) undertook another study to identify the various factors that influence bank selection. In the 2011 study the authors attempt to quantify the selection criteria used by 482 university undergraduates. A questionnaire was used to collect the data from the students. Participants were asked to rate the importance of 32 bank selection factors. Again, not one of the selection factors reflected a religious motive. The survey revealed that the main determinants were convenient ATM locations, confidentiality, the financial stability of the bank and ATM service. The influence of friends and recommendations of relatives were factors not highly regarded by students. The findings of this study and its limitations are not that different from the earlier studies by Mokhlis et al. (2008) and Mokhlis (2009).

4.2.3 Developing countries

This section reviews various studies from developing countries, namely Tanzania, Ghana, Nigeria, South Africa, Bangladesh, and Pakistan,

Four African countries have been the subject of studies examining the bank selection criteria of students. In Tanzania, Ishemoi (2007) investigated the bank selection criteria used by students; involving a random sample of students from 17 institutions of higher learning. The actual number of factors used in the questionnaire was not revealed. Strangely, the sample size varied from 510 students (based on 17 institutions and 30 respondents from each) to 347 students from various institutions to 336 students (based on nationalities) (Ishemoi 2007 p.39). The analysis used to rank the selection criteria was vague and not made clear to the reader. It appeared to this researcher that Ishemoi (2007) identified five overall selection factors or categories, each of which was composed of several items.

Ishemoi (2007) found that students placed a high emphasis on service quality (information on services, reception at the bank, and promptness of service), financial factors (low charges and credit policy), and delivery systems (availability of parking, availability of ATMs, attractiveness of branches). Other factors considered important by students were the absence of queues in the bank and ATM availability.

There are three limitations associated with the Ishemoi (2007) study. First, the actual number and identification of bank selection factors was not available to the reader. This made it very hard to make comparisons with other studies. Second, the actual ranking of factors was also not clear to the reader. Rather, the commentary on student ranking was confusing and poorly expressed. Third, neither focus groups nor pilot studies were undertaken prior to the questionnaire being undertaken by students. Thus there is a probability that students did not understand some of the terms used in the questionnaire. Combining these limitations, this reader is somewhat reluctant to believe the results from this survey.

Several studies have been undertaken in Ghana. The first was by Blankson et al. (2007) and involved a cross-national study of students' bank selection criteria in Ghana, the United States and Taiwan. In Ghana, 300 questionnaires were distributed resulting in 116 usable responses; representing a 39 per cent response rate. Based on mean scores, the main factors used by students in Ghana to select a bank; in order of importance were: good customer service, quick service, security and accessibility to 'my' money. Based on factor analysis, bank selection criteria were reduced to three factors, they being competence, recommendation by peers, and free banking / no bank charges.

A second Ghanaian study was undertaken by Narteh and Owusu-Frimpong (2011). The results from the focus groups and interviews resulted in 26 bank selection factors being incorporated into a questionnaire. The bank selection factors were rated by a five-point Likert scale and based on convenience sampling. Initially 400 questionnaires were distributed, however only 223 responses were usable; representing a 57 per cent response rate. The survey showed that the main factors that determine bank selection by students were: the "minimum deposit" required by the bank, information technology-related products, a bank with a large branch network, bank service and a prestigious

image. Least important factors relating to bank selection included family/friend referrals, interest rates on savings, and the appearance and attitude of frontline staff.

There are several limitations associated with the Narteh and Owusu-Frimpong (2011) study. First, the sample of respondents was from the business faculty. A broader picture of bank selection could have been achieved had respondents come from other faculties like Arts, Law and the Sciences. Further, the majority of the student sample was salaried workers whose banking habits would differ from the unemployed student relying on parents for financial assistance. Second, given the high level of multiple bank holdings, research examining student satisfaction, loyalty and switching behaviour would be useful. Third, it would be interesting to conduct a longitudinal study of these students to see how their bank selection behaviour changes as they move from being a student to a full time worker and then parent. Such a study would be beneficial to banks which could design marketing programs that trace the different phases of the individual.

The third study, by Mahmoud et al. (2011) explored the key motivational factors that influence a university student's loyalty to a bank. This study involved a questionnaire and 558 business student responses (55 per cent male and 45 per cent female); based on convenience sampling. The results from this survey revealed the main reasons for a student's bank loyalty; in order of importance were: bank accessibility, proximity, local network, reputation of the bank and regional network. These findings are similar to those of other studies such as Thwaites and Vere (1996), Blankson et al. (2009), Rao and Sharma (2010) and Tai and Zhu (2013).

In South Africa, two studies were undertaken. The first study by Chigamba and Fatoki (2011) investigated 186 students to ascertain their bank selection criteria. The bank selection criteria total 40 items and was rated using a five point Likert scale. Based on mean values the main determinants used by students in selecting their bank were: the ease in opening a bank account, ATM locations and availability, and fast and efficient bank service. The least important factors were confidentiality, interest rate returns on savings, financial counselling services, nearby public transport and customer gifts.

Factor analysis was used to reduce the number of criteria to a smaller and more manageable number of components. Based on factor analysis, six factors influenced

how the students chose their bank. These factors were: service, proximity to university and home, attractiveness, recommendations, marketing and price.

There are two limitations associated with this study. First, the study was limited to university students from one university among the 23 universities in South Africa. Accordingly, care needs to be taken in the interpretation and the application of the results to the whole of South Africa. Second, the survey concentrated on a single segment of the customer base – students. A survey of non-students (civil servants, private sector employee) would likely result in different findings.

The second study was undertaken by Mwazha (2013) which examined the factors determining bank selection by students in the Gauteng Province of South Africa. A structured questionnaire was used to sample 139 respondents based on a random sampling procedure. Bank selection criteria, although not explicitly identified by the author, totalled 14 items (based on Table 1 p.11) and was rated using a five point Likert scale. Based on mean values, the key determinants used by a student to select a bank in order of importance were: functional ATMs, secured bank accounts, good customer relationship management, secured ATMs, and bank reputation. Based on factor analysis, bank selection factors were reduced to four components, which were not named explicitly (see Table 6 on p.13). The main limitation of this study was that the results were not clearly stated and the reader had to make several assumptions.

The fourth African country in which student bank selection criteria was examined was Nigeria**.** Okpara and Onuoha (2013) explored the determinants of commercial bank preference by university students. Data was collected using a self-administered questionnaire involving 250 respondents (male 51per cent and female 49 per cent) and based on non-probability sampling. In relation to bank selection, 40 determinants were identified and ranked on a five point Likert scale. Based on mean values the main determinants were: in order of importance, easy account opening, availability of ATMs in several locations and 24 hours, fast and efficient service and convenient branch location. These findings are supported by other studies (Chigamba and Fatoki 2011, Mokhlis et al. 2011 and Tai and Zhu 2013). The least important items were financial counselling services, available public transport nearby, and free gifts for customers.

Finally, it is worth noting that the bank selection criteria did not include any religious determinant, despite being a Muslim country.

Using factor analysis, five factors influenced the choice of bank by students in Nigeria. These factors were: easy opening of an account and other bank facilities, proximity to the university, sponsors use the same bank, reputation of the bank and low service charges. The importance attached by students to account – opening convenience and other bank facilities is similar to other studies (Almossawi 2001, Mokhlis et al. 2011, and Rashid and Bhuiyan 2012). Contrary to other studies (Almossawi 2001, Cicic et al. 2004, Blankson et al. 2009, and Rao and Sharma 2010) students considered bank service charges and interest rates not to be important when selecting a bank. As the authors claim, this is an interesting observation given students are often dependent on others for financial needs and keen to secure a good deal.

There is just one study involving student bank selection in the Middle East. As a key study in this current research, Almossawi (2001) investigated the bank selection criteria used by university students aged 19-24 in Bahrain. A questionnaire was used to collect data from 1000 respondents based on convenience sampling. The 30 selection criteria were measured using a five-point Likert scale. Overall, the five main factors that determined a student's bank selection and ranked in order of mean importance were: convenient ATM locations, the availability of ATMs in several locations, the bank's reputation, 24-hour availability of ATM service and availability of parking space nearby. The least important factors determining bank selection by all students and having a low mean value were: where an employer uses the same bank, recommendation of friends and relatives, banking by mail and reception received at the bank.

The emphasis on ATMs indicated to the author that students in Bahrain prefer quick and convenient access to bank services, rather than factors relating to hospitality, condition of bank premises, and the location of the bank. In addition, this study used only one religious factor, Friday banking, as a determinant of bank selection. It is interesting to note that Friday banking was not considered an important determinant, being ranked 23rd out of 30 variables. These findings by Almossawi (2001) are similar to those of

Thwaites and Vere (1995) and Katircioglu et al. (2011) that showed that ATMs and their location are important factors in selecting a bank by students in the Middle East, the United Kingdom and Northern Cyprus respectively.

The author also performed factor analysis on the 30 bank selection criteria and four factors were identified. The four factors, in order of importance as indicated by their contribution to the percentage of total variance, were: technology / reputation, convenience, financial benefits and employee / customer interactions. The author noted that the first two factors had much higher mean scores than the latter two factors; suggesting that this market segment places more emphasis on technology and convenience.

Three limitations can be identified relating to the study by Almossawi (2001). First, while the study concentrated on the student segment, it would be interesting to examine other segments of young customers, who may have different processes for selecting a bank. Second, it would be interesting to replicate this study in other Gulf region countries to identify differences and similarities in student banking. Third, it would be interesting to explore the reasons why Muslim students do not follow Islamic principles in their banking behaviour; as highlighted in this study by Almossawi (2001).

There are two studies involving student bank selection in Pakistan. Sarwar and Mubeen (2012) examined the factors that influence the bank selection decision of undergraduate students in Pakistan. A questionnaire was used which asked 500 students (50 per cent male and 50 per cent female) to rank 10 bank selection criteria, based on a five-point Likert scale. The survey revealed that the most important factors in selecting a bank, in order of importance, were bank marketing, people influences, bank personnel and attractiveness of the bank building. It is worth noting that religious factors were not considered important in selecting a bank in Pakistan; a Muslim country.

In the second study, Akram et al. (2012) explored the determinants used by Pakistani university students to select their bank. In addition, the authors wanted to examine if there was any difference in bank selection criteria used between undergraduate and postgraduate students, students who already have a bank account and those that do not have a bank account, and between male and female students. A questionnaire was used

with a sample size of 250 students, of which 68 per cent were male and 32 per cent were female. A five-point Likert scale was used to measure the 24 items that formed the bank selection criteria. Only one selection factor, "Prefer Islamic banking over conventional banking", made reference to religion. Based on mean scores, this factor was ranked 14 out of 24 factors.

The five main bank selection determinants; based on mean scores, used by both students (undergraduate and postgraduate) were in order of importance ATM facilities in many places and being 24/7, debit card / ATM card facility, electronic banking services, credit card facilities without annual fee, and discounted / free of cost banking services during study. The use of factor analysis resulted in six bank selection components; they being in order of importance ATM service, financial benefits, type and location, service and advertising, attraction and recognition and people Influences.

The study revealed bank selection criteria based on mean scores and factor analysis for both the undergraduate and postgraduate sample students. Based on factor analysis both student groups ranked ATM Service as the dominant bank selection factor. However, the other factors were ranked differently. This difference also extended to the 24 factors based on mean scores. The study concluded that undergraduates and postgraduates identified different factors when selecting their bank. However, it is interesting to note that both undergraduate and postgraduate students ranked the variable "Prefer Islamic banks over conventional banks" an equal 14th out of 24 variables. Evidence was also presented to show that students without a bank account compared to students with a bank account ranked differently the various bank selection determinants. Hence there was no uniformity in the bank selection factors used between these two groups of students. Finally, the bank selection criteria ranked by male students differed from female students. The most important bank selection factor for a male was an ATM facility at many places and 24/7, while female students chose credit card facilities without annual fee. The authors concluded that Pakistani banks need to acknowledge these differences if they are to "capture the market" involving students.

Finally, Rashid and Bhuiyan (2012) examined the bank selection criteria used by university students in Dhaka, Bangladesh. A structured questionnaire was employed,

that asked respondents to rank 30 bank selection variables using a seven point Likert scale. The actual 30 variables were not disclosed; rather 25 variables were identified in Table 2 (Rashid and Bhuiyan 2012) based on factor analysis. The questionnaire was pretested before a final sample of 400 students (67 per cent male and 33 per cent female) who successfully completed the survey.

Using principal component factor analysis and varimax rotation, five main bank selection determinants were identified. They are in order of importance, based on their contribution to the percentage of total variance: electronic banking, competence, influence, convenience and appearance. The importance of electronic banking, providing students with convenient and fast banking transfers, is similar to the findings of Thwaites and Vere 1995. The least important factor in determining bank selection was appearance. This result tends to contradict studies by Gerrard and Cunningham (2001), Mokhlis (2009), Mokhlis et al. (2011), and Chiamba and Fatoki (2011) which found that appearance was an important determinant used by students to select a bank.

Several limitations can be identified with the Rashid and Bhuiyan (2012) study. First, the survey is based on college students and therefore does not represent the banking behaviour of all young people in Bangladesh. For example, the non-student segment may be influenced by very different bank selection factors. Second, it would be interesting to compare the patronage behaviour of young urban and rural bank customers. Finally, it would be interesting to examine the applicability of findings by conducting similar studies in other countries in the region.

4.2.4 Demographics of respondents

Some researchers chose to investigate bank selection factors from a demographic perspective, such as gender. Five student studies provided some analysis based on gender. Two US studies focused on gender in relation to bank selection. Khazeh and Decker (1992) used t-tests to reveal that females rated eight variables significantly more important than males. According to the authors, these were friendly tellers, interest rates on savings accounts, interest rates in chequing accounts, the existence of drive-in windows, bank reputation, and convenient hours. In the next US study by Tai and Zhu (2013) gender differences were not statistically significant, however for proximity of

branch and ATM services, female respondents rated these factors higher in importance than males.

Almossawi (2001) noted that students in Bahrain (male 45 per cent and female 55 per cent) had very different priorities in their selection process. Male students ranked the two most important bank selection determinants to be available parking near the bank and the availability of ATMs in several locations. In contrast, female students ranked the bank's reputation and 24-hour availability of ATM services as the two most important factors considered in selecting a bank. As a result, the author suggests that it is important for banks to adopt market segmentation when marketing bank services to students in Bahrain.

Narteh and Owusu-Frimpong (2011) investigated student banking in Ghana, with 58 per cent of respondents being male and 42 per cent female. The survey showed that in relation to the top five factors, both genders agree on three bank selection factors: minimum bank deposit required by the bank, variety of service delivery and the number of bank branches. The authors noted that females are more likely to switch banks if technology is not introduced. The authors also analysed bank selection differences between undergraduate (67 per cent) and postgraduate (33 per cent) students. The survey revealed that undergraduate students focused more on minimum bank deposits required by the bank and technology, while postgraduates favour a bank that provides fast service with various bank branches.

Mokhlis (2009) examined the criteria used by Malaysian students in selecting their bank; with an emphasis on gender differences. The emphasis on gender differences is based on previous studies that showed this variable to be significant in determining the bank selection criteria employed by customers (Laroche et al. 1986, Kaynak et al. 1991, Boyd et al. 1994, Almossawi 2001, Gerrard and Cunningham 2001, and Cicic et al. 2004). A total of 368 undergraduate students responded to the questionnaire, of which 39 per cent were male and 61 per cent were female. Although ranked differently, both male and female students considered secure feeling and ATM services as the main determinants when selecting a bank. The three least important features considered in

selecting a bank were attractiveness of the bank, marketing promotions and finally people influences.

Only one study focused on multiple bank users. Using the data obtained from their earlier study in 2008, Mokhlis et al. (2009) also investigated the bank selection criteria employed by undergraduate students who were single and multiple bank users. The authors refer to a multiple bank user as a customer who maintains a savings account at two or more banks. The study revealed that female (students) customers engaged in multiple banking significantly more than their male counterparts. This study did not provide a breakdown by gender. The results in the 2009 study are not that different from the 2008 study. Both single and multiple bank customers considered "secure feeling" and "ATM services" as the two most important factors in bank selection. Single bank users ranked "service provision" as third, but sixth for multiple bank users. "Proximity" was ranked fourth by both single and multiple bank users. The least important three selection factors considered by both single and multiple bank users and having low mean values were marketing promotions, attractiveness, and finally people influences.

4.2.5 Different methodologies

A variety of methodologies (statistical and non-statistical) have also been used to investigate the bank selection criteria used by students. Techniques used include descriptive analysis (Lewis 1982, Tank and Tyler 2005, and Mahmoud et al. 2011), an analytic hierarchy process (Ta and Har 2000), factor analysis (Gerrard and Cunningham 2001, Rhee 2009, Mokhlis et al. 2011), logistic regression (Sarwar and Mubeen 2012), multiple regression (Hin et al. 2011), focus group discussions (Okoe et al. 2013, and qualitative techniques using interviews (Schram 1991 and Hinson et al. 2013).

Two relatively new studies have tended to focus on qualitative techniques, emphasising interviews and focus groups. A study by Hinson et al. (2013), focused on undergraduate students at the University of Ghana using a series of semi-structured interviews with six males and six female students. The focus of this research was very much qualitatively inspired and based on recorded conversations stemming from an interactive group setting. The students were asked to discuss ten criteria that could be used to select a bank. The most important criteria in selecting a bank by students, in order of importance

were: convenience, employee customer relations, banking services/ financial benefits and the reputation of the bank. The least important criteria considered by students, in order of importance, were feeling secure, bank appearance, and external influences. These results are consistent with previous studies relating to Ghana by Owusu-Frimpong (1999), Blankson et al. (2007), and Hinson et al. (2009). This study also made the observation that the selection of a bank was very much determined by how the respondent felt after he or she had accessed the services of the bank. According to Hinson et al. (2013 p.203) the respondents revealed a range of feelings including "…happiness, sadness, cheerfulness, joyfulness, anger and deceit."

In another study, Okoe et al. (2013) investigated the bank selection criteria among students at the Institute of Professional Studies (IPS), Ghana. This study involving undergraduates from the IPS was based on a qualitative methodology using an analytical hierarchy process framework and focus group discussions. The study revealed that the three most important criteria influencing student selection decisions are convenience, customer service, and speed of service. These findings are similar to the results from previous studies (Lewis 1982, Ta and Har 2000, and Almossawi 2001). The authors also note the low influence of parental advice on bank selections for IPS students.

4.2.6   Islamic or conventional banking

Finally, some studies have focused on the type of bank a student would choose for their banking needs: Islamic or a conventional bank. Few studies have focused on the factors used by Muslim and non-Muslim students in selecting a bank. A recent study by Hin et al. (2011) compared the bank selection criteria used by Muslim and non-Muslim students in Malaysia. A structured questionnaire was used with 270 respondents; comprising 135 Muslim students and 135 non-Muslim students. Bank selection criteria was based on five factors and measured using a ten point Likert scale. Unlike some previous Malaysian studies in this section (Mokhlis et al. 2008, Mokhlis et al. 2009, and Mokhlis et al. 2011), this study included a religious determinant as part of its bank selection criteria.

Bank selection criteria and service quality between Muslim and non-Muslim students was based on mean scores. Muslim students considered the following factors to be important in selecting a bank; they were in order of importance, the following of Islamic principles, the needs or requirements from the university (not clearly explained by the authors) and finally convenient location. Non-Muslim students selected their bank based mainly on the needs or requirements from the university, followed by the criteria of Islamic principles and then convenient location.

4.2.7   Summary of student studies

Several observations can be made about the determinants used by students to select a bank. A table highlighting the various studies based on student studies is provided in Appendix 1. First, it is worth noting that the student segment is not homogeneous in relation to the determinants of bank selection criteria. The studies reveal that various factors contribute to bank selection; there is no one or two factors considered universally acceptable. This observation is also evident in Appendix 1. In industrial countries the key determinants used by students to select a bank were low bank fees / bank charges, use of ATMs, convenience, good customer service, and bank reputation.

In contrast, the main factors influencing the choice of bank in newly developed countries tend to be higher interest rates on savings accounts, convenient location, feeling secure, and ATM services. In developing countries, the key factors were service quality, banks with large branch networks, bank reputation, availability of ATMs, and ease in opening an account. It would seem that across all countries, at various stages of development, students value the importance of good customer service, efficient and fast service, ATM locations, bank reputation, and low costs or charges. A detailed analysis of choice criteria over time would have been useful to identify those factors that have become more significant and those that have become less significant. This information would be important to banks in formulating marketing strategies to attract and maintain young customers. Finally, many of these factors can be used in this research as factors that could influence Australian students in selecting their bank.

Second, in addition to bank selection criteria, the majority of studies took the opportunity to examine various other aspects of student banking. These additional

aspects include; amongst other things, the products and services used by students, the level of satisfaction with their bank, the sources of information used to assess student bank packages, and their behaviour in switching banks (Lewis and Bingham 1991, Khazeh and Decker 1992, Thwaites and Vere 1995, Tootelian and Gaedeke 1996, Pass 2006, Foscht et al. 2009, and Tai and Zhu 2013). These additional issues which helped in forming the basis for the snapshot of student banking were discussed in Chapter 3.

Third, establishing a trend is problematic given the different set of selection choice criteria and differences in sampling. For example, Ishemoi (2007) did not specify the number of criteria used, Ta and Har (2000) used nine choice criteria, Blankson et al. (2007) used 22 choice criteria, and both Chigamba and Fatoki (2011) and Okpara and Onuoha (2013) reported 40 choice criteria. The size of the student sample also varied from 12 to 373 to 716 respondents in studies conducted by Hinson et al. (2013), Pass (2006) and Lewis (1982) respectively.

Fourth, in relation to methodology, the majority of studies relied on using face-to-face questionnaires (as opposed to telephone calls or a mail survey) to collect data. Questionnaires would often use Likert scales and be made up of a combination of closed and open questions. Many of the studies reviewed in the literature also used descriptive and factor analysis to analyse the data collected.

Fifth, it is interesting to note that prior to the late-1990s, convenience, recommendation by friends, and reputation tended to be the major determinants of bank selection. However, since the late-1990s security, fast and efficient service, fees, prices and lower costs have tended to be the more popular and dominant determinants. This trend may reflect the higher costs associated with living in society today and hence the focus on security and lower costs.

Sixth, religion plays a mixed role by Muslim students when selecting an Islamic bank. While religion can play a role in student bank selection (Almossawi 2001 and Akram et al. 2012), other student studies show that religion is not considered a determinant of bank selection (Mokhlis et al. 2008, Mokhlis 2009, Mokhlis et al. 2011 and Sarwar and Mubeen 2012).

Seventh, a possible limitation of several studies (Khazeh and Decker 1992, Rhee 2009, Tai and Zhu 2013, Mwazha 2013) was that the questionnaires were only distributed in one city or province. If the survey was conducted in other cities or provinces the results could have been different due to different regional cultures and ethnic groups in the country. Applying the results from such geographically limited studies for an entire country should be treated with caution. However, this issue is likely to be common to many other studies reviewed in this thesis.

Finally, the student segment provided three key studies that were particularly relevant to this research. The studies by Tootelian and Gaedeke (1996), Almossawi (2001) and Pass (2006) each provided ideas and concepts that could be adopted for a similar study, but in an Australian context.

4.3 Bank selection criteria by the general population segment

Many studies have been undertaken that focus on bank selection criteria employed by the general population. The findings of such studies have implications for a bank's strategic direction and future investments, especially given the intense competition being experienced in the banking and financial industries (Sayani and Miniaoui 2013). This section provides a brief overview of selected studies concerning the factors used by members of the general population in choosing their bank. This overview follows a similar format to that undertaken in section 4.2. The majority of studies, especially the early studies, were conducted mainly in industrialised nations, such as the United States, Canada and Europe. Studies from newly industrialised countries and developing countries are also reviewed.

4.3.1 Specific countries

In the United States, one of the earliest studies was undertaken by Anderson et al. (1976). A questionnaire was mailed to a systematic random sample of residents drawn from the telephone directory, and resulted in 466 respondents. The main determinants of bank selection, in order, were recommendation by friends, reputation, availability of credit, friendliness of bank staff and service charges. Although this study was disputed by Depuy and Kehoe (1976), the findings of Anderson et al. (1976) are supported by

those of Tan and Chua (1986) and Devlin and Gerrard (2004). Later studies conducted in the United States found additional factors that influence how customers select their bank, including convenience of location (to work and home), the influence of friends, low service charges, and availability of ATMs, (Riggall 1980), employee competence and low cheque account fees (Sinkula and Lawtor 1988) and, keeping customers' banking information confidential, and bank integrity and bank competence (Babakus et al. 2004).

In Canada, three studies are worth noting. Laroche, et al. (1986) conducted research in Montreal, comprising a questionnaire sent to 400 potential respondents. Eventually 142 questionnaires were returned and considered acceptable. The survey showed that customers ranked, in order of mean importance, the speed of service, locational convenience, and competence of bank personnel as the main factors in selecting a bank. Gupta and Torkzadeh (1988) surveyed residents of Winnipeg, mailing out a questionnaire which resulted in 210 usable responses. The survey results indicated that careful management of the accounts, rate of interest paid, politeness and courtesy, and procedures for transactions, were the most important factors in determining bank selection. The least important determinants of bank selection were the use of computers and the layout of the bank. Finally, the study by Kaynak (1996) was based on personal interviews with bank customers and branch managers. This resulted in 226 usable responses. Kaynak (1986) examined customer attitudes and perceptions relating to various bank characteristics. The study found that the ideal bank for a Canadian customer would exhibit the following attributes: fast and efficient service, convenient locations, hours of operation, and competitive rates and terms.

From a European perspective, several studies reveal similar factors in choosing a bank. In Sweden, two studies investigated the factors used by customers to select their bank. The first study, by Martenson (1985), surveyed 558 Swedish bank customers and 53 branch managers of a Swedish bank. The survey found that bank location, availability of loans and the payment of salary through a certain bank were the main factors in determining bank choice. The second study by Zineldin (1996) administered a questionnaire sent to 400 people living in Sweden's two largest cities and two small cities - 100 names were selected from each city. A total of 216 questionnaires were

considered acceptable for inclusion in the analysis, which represented 54 per cent of the total sample. The survey found that the most important determinants of bank selection were friendliness and helpfulness of personal, account accuracy in transaction management, efficiency in correcting mistakes and availability of loans. It is interesting to note that Zineldin (1996) found that convenience of location was not a significant determinant, which differs from the findings eleven years earlier of Martenson (1985).

Two studies were undertaken in Greece exploring the influences on individuals in selecting a bank. Mylonakis et al. (1998) used a questionnaire conducted in Athens and comprised a sample of 811 bank customers who were asked to rank 20 bank selection criteria. The key determinants in selecting a bank were convenient location to work / home, quality of service and, bank reputation / trust. Factors that did not influence the bank selection process included advertising and bank ownership status.

The second Greek study by Kamenidou et al. (2013) investigated bank selection criteria using a questionnaire and comprised 284 respondents. Of the 27 bank selection criteria provided to respondents, the three most important determinants, based on their mean scores were the banks' reputation and image, the ease in opening an account and then the reliability of the bank. These results are similar to the findings of Almossawi (2001), Kennington et al. (1996), and Naser et al. (1999). The three least important factors considered by customers in selecting a bank were location, recommendations from relatives and accessibility.

In Cyprus, Şafakli (2007) examined how bank customers select their bank in Northern Cyprus. Data for the study was collected using a questionnaire from 250 respondents. The survey asked respondents to rank 35 bank selection variables. Based on this ranking, the main determinants in selecting a bank were, in order of importance, confidence in bank management, fast and efficient service, quality and variability of services offered, and the ease in opening an account. The author also undertook factor analysis resulting in six dimensions being identified. These six factors were: service quality and efficiency, bank image and recommendations, convenient location of ATMs and branches, parking facilities, financial factors and finally advertising.

Finally, two studies investigated the bank selection criteria used by customers of two separate Islamic banks in the UK. While the methodology differed in the two studies, the results were identical. The first study by Masood et al. (2009) was based on customers from the Islamic Bank of Britain, and the second study by Masood et al. (2009a) was based on customers from the HSBC Amanah in London. Both studies found that the key determinants in selecting a bank were low service charges, bank reputation and recommendations by relatives and friends.

4.3.2 Newly industrial and developing countries

The study of bank selection criteria by the general population has also been undertaken in several newly industrialised and developing countries. For example, Yavas (1988) in Saudi Arabia, Erol and El-Bdour (1989) in Jordon, Kaynak et al. (1991) in Turkey, Haron et al. (1994) in Malaysia, Hegazy (1995) in Egypt, Gerrard and Cunningham (1997) in Singapore, Metawa and Almossawi (1998) in Bahrain, Metwally (2002) in Qatar, Kahn et al. (2007) in Bangladesh, Kamakodi and Kahan (2008) in India, Sanyang (2009) in Gambia, Woldemariam (2011) in Ethiopia, Maiyaki (2011) in Nigeria, and Katircioglu et al. (2011a) in Romania.

A variety of factors are considered important in selecting a bank. In both newly industrial and developing countries these factors include the safety of funds (Kamakodi and Kahan 2008 and Sanyang 2009), fast and efficient service (Erol and El-Bdour 1989, Hegazy 1995 and Sanyang 2009), convenient location (Yavas 1988, Kahn et al. 2007 and Woldemariam 2011), bank reputation (Yavas 1988, Gerrard and Cunningham 1997, and Maiyaki 2011), recommendation of family and friends (Metawa and Almossawi 1998, Kaynak et al. 1991,and Kahn et al. 2007), bank confidentiality (Erol and El-Bdour 1989 and Gerrard and Cunningham 1997), number of ATM booths (Katircioglu et al. 2011a), rate of return (Hegazy 1995, Kahn et al. 2007), and adherence to Islamic principles (Metewa and Almosssawi 1998 and Kahn et al. 2007).

While the findings from these studies have added to our knowledge about the factors involved in selecting a bank, Almossawi (2001) raises the issue as to whether these various factors are transferable. Blankson et al. (2007) claim that the transfer of such selection factors between countries at different stages of economic development is

possible, irrespective of the differences in cultural, economic, legal and political environments. This issue is discussed in sections 4.2.7 and 4.4.

4.3.3 Demographics of respondents

Some researchers chose to investigate bank selection factors from a demographic perspective. Boyd, et al. (1994) undertook a telephone survey of 188 randomly selected households in the US to determine the factors that influence bank selection based on a customer's demographic characteristics. These characteristics included such items as gender, marital status, size and income of household, and occupation of household head. In relation to gender, male respondents put more emphasis on fast service and convenience; however, females gave importance to availability of current accounts and interest on savings accounts. Single customers placed less importance on reputation compared to" married" customers. High income households put emphasis on interest rates, opening hours and staff friendliness, while low income households attached importance to favourable publicity and word of mouth. White collar households valued reputation, modern facilities and convenience, while blue collar households emphasised the availability of core or basic bank services and cost-benefit issues. However, the importance of these differences is unclear as the authors did not test for significance (Devlin 2002).

Metwally (2002) also examined the role of demographic and socioeconomic factors in the process of bank selection in the State of Qatar. This study was based on 385 telephone interviews with bank customers (64 per cent male and 36 per cent female) and the data collected subject to multiple discriminant analysis. The results showed that Islamic banks in Qatar were favoured by females, relatively older people and public servants with relatively low income levels and moderate levels of education. In contrast, conventional banks in Qatar were favoured by young and well educated males, working as professionals or as highly paid public servants. Finally, customers who banked with foreign (conventional) banks tended to be relatively mature, well educated, expatriated male professionals earning a high income.

From an ethnic viewpoint, two studies are worth reviewing. The study by Tan and Chua (1986) involved a mailed questionnaire to customers of six banks operating in

Singapore and resulted in a sample of 87 bank customers. The authors identified ten determinants in selecting a bank, these included not only the traditional bank attributes such as convenient location, interest rates and courteous personnel, but also the influence of family and friends. The study found that social influences such as the influence of family and friends and courteous bank personnel, rather than convenient location and reputation were the dominant factors in determining bank choice in Singapore. According to the authors of the study, these findings are consistent with an oriental culture which places great value on social and family relationships. The authors claim, that consumers in Singapore tend to have close social and family ties and are more accepting of advice from friends, neighbours and family members.

Second, Yue and Tom (1995) investigated bank selection criteria used by Chinese-Americans living in Sacramento, California. A questionnaire was used to identify the main bank selection criteria; based on 17 factors and using a five-point Likert scale. A total of 304 surveys were completed; with 70 per cent of respondents being Chinese immigrants and the rest being American-born Chinese. Results indicated that the main determinants were efficiency of services offered, the bank's reputation, bank fees, convenient location, and the bank having a Federal Deposit Insurance Corporation (FDIC) Insurance Plan. The survey also revealed differences in the importance of bank selection determinants between Chinese immigrants and American-born Chinese. Chinese immigrants placed more emphasis on the following bank selection determinants: size of the bank, bilingual staff being available, the provision of overseas branches, the availability of financial advice and investment products, recommendations by family and friends, and the ability to understand Chinese culture.

Some studies focused on multiple bank users, which are customers that use the same product at two or more separate banking institutions. Denton and Chan (1991) investigated the bank selection criteria of multiple bank users in Hong Kong. According to the authors, Hong Kong is overbanked, with most bank customers maintaining several bank accounts, and the average bank customer being well aware of the relative strengths and weaknesses of local banks. In relation to having multiple bank accounts, two trends were evident. First, the Hong Kong bank consumer will select a bank on the basis of the professionalism and friendliness of bank staff, bank performance and

service; which is acknowledged to vary between banks, and the rate of return for each service offered; which is also known to vary between banks. Second, convenience is an important determinant of bank selection. Convenience factors, such as having a number of bank branches and increasing the number of ATMs available to the public, were considered important factors in selecting a bank. The survey found that the influence of family, friends and business associates was not considered an important determinant in selecting a bank in Hong Kong.

A later study by Devlin and Gerrard (2005) investigated the customer choice criteria for multiple bank users in the United Kingdom. Data were generated from responses to a questionnaire completed using face-to-face interviews. Similar to other studies, the results showed that location, recommendations and family relationships were important choice criteria in choosing a customer's main or first bank. Further, this same criterion was also influential in selecting the customer's secondary bank. However, significant differences did exist between selecting a main and secondary bank. Acting on the basis of a recommendation and offering incentives were considered very important in choosing a second bank. In relation to selecting the main bank, the important choice determinants were service expectations, low charges and overdraft charges.

The level of customer knowledge was also a focus used to identify factors used to select a bank. Devlin (2002) investigated customer choice criteria in the United Kingdom based on levels of customer financial knowledge. The data used in this study were based on a survey conducted by a commercial organisation that sampled 6,700 bank customers using a questionnaire. The survey divided customers into two groups, those with a low financial knowledge and those with a high financial knowledge. The author found that both financial knowledge groups (low and high) valued location, family relationships and recommendations to be important determinants of bank selection. Low financial knowledge customers were more likely to consider "extrinsic" factors like product range and the bank's image and reputation when choosing a bank. Higher knowledge customers tended to appreciate more the "intrinsic" attributes such as incentives offered, low charges, rate of return and home banking options when choosing a bank.

The gender of respondents has also been studied to provide an insight into how male and female customers select their bank. Three studies are considered. First, US gender differences in the selection process were the focus of a study by Plank et al. (1994). This study was based on a questionnaire targeting 1,440 households and resulted in 238 usable responses. The study showed that husbands and wives have different criteria by which to judge bank attributes. It would appear that husbands placed more value on personal recognition and attention than service convenience factors such as location and hours of business. Wives on the other hand placed more value on bank services such as tellers who smile, feeling at home in the bank, evening banking hours and polite bank personnel.

Second, Kennington et al. (1996) identified the variables influencing consumer bank selection in Poland. The study was based on a questionnaire and a sample size of 204 respondents. This survey found that while the order of importance differed, both men and women agreed on the top four bank selection criteria: reputation, price, convenience and service. However significant differences existed with three criteria. Reputation and State Treasury guarantees were considered more important to males and the influence of family/friends were more important to females. The top four criteria were almost identical to those of US bank customers identified in the study by Boyd et al. (1994).

The third study, undertaken by Rashid and Hassan (2009), examined customer demographics – gender, marital status, age and educational qualifications – and how they influenced the selection criteria of Islamic banks in Bangladesh. The study was based on 371 respondents answering a questionnaire and the data collected was analysed using regression analysis. Female respondents (30 per cent) rated, in order of importance, core banking factors (availability and uniformity of basic banking facilities and marketing programs) followed by corporal efficiency (fast transactions and document processing, and efficient managers) as important determinants of bank selection. Male respondents (70 per cent) considered corporal efficiency followed by compliance to Islamic rules (interest free loans and profit-loss sharing principles) as important determinants of bank selection. From a student perspective, both undergraduate and postgraduate students considered corporal efficiency as the most important factor in selecting a bank. Finally, from an age perspective, both the 17 to 21

and 21 to 30-year age categories considered corporal efficiency the most important criteria in bank selection. The 31 to 40 years and 40 plus year categories considered compliance and confidence respectively as the most important determinants of bank selection.

Several interesting observations arise from this study by Rashid and Hassan (2009). First, while convenience was listed as a factor, none of the groups selected it as an important determinant in selecting an Islamic bank. Second, corporal efficiency (fast transactions and document processing, and efficient managers) was considered the most important factor by almost every group. Third, it is interesting to note that compliance with Islam was considered an important determinant in bank selection only for the age group 31 to 40 years. Finally, the authors believe that Islamic banks need to place more importance on issues relating to corporal efficiency and core banking services, rather than just promoting the Islamic aspect.

4.3.4 Different methodologies

A variety of methodologies (statistical and non-statistical) have also been used to investigate the bank selection criteria used by the general population. Techniques used include descriptive analysis (Owusu-Frimpong 1999, Naser et al. 1999, Okumuş 2005), an analytic hierarchy process (Javalgi et al. 1989, Abduh and Omar 2012), factor analysis (Abratt and Russell 1999, Dusuki and Abdullah 2007, Muzenda 2014), logistic regression (Haque et al. 2009, Hinson et al. 2009, Frangos et al. 2012), multiple discriminant analysis (Sayani and Miniaoui 2013) and qualitative methods (Gait and Worthington 2008).

A study based on descriptive analysis was conducted by Owusu-Frimpong (1999) which involved a self-administered questionnaire at 50 branches of seven Ghana banks, resulting in a sample of 225 respondents. The main factors considered important by Ghanaian customers in selecting a bank were the high rate of interest paid on an account, being understanding of the customer's needs, and efficient service. Factors considered not as important and having a low mean value were the range of bank services, the regularity of statements, being community minded and personal service. Finally, the author observed that while personal service is considered important in

industrial countries (Yue and Tom 1995, Gerrard and Cunningham 1997, and Kaynak and Whiteley 1999), in a developing country such as Ghana, it was considered relatively unimportant.

Javalgi et al. (1989) used an analytic hierarchy process to ascertain how customers in the United States select a bank. Approximately 400 bank customers were selected randomly to complete a mailed questionnaire; resulting in a response rate of around 20 per cent or 87 respondents. The study found that factors such as safety of funds, interest paid on savings accounts and bank locations were considered important determinants in selecting a bank. Relatively less important factors were the bank's reputation, service quality, and Saturday banking.

Muzenda (2014) investigated the key factors that influence customers in selecting a retail bank in South Africa. A structured questionnaire was used to collect data from 135 respondents using a sampling technique based on a statistical formula. The bank selection criteria, although not identified in the article was measured using a five point Likert scale. Factor analysis was used to analyse the bank selection data. The five key factors used by customers to select their bank, in order of importance, were security (electronic banking and ATMs), service quality (reliable service and effective complaints handling), technology and products (functional ATMs and innovative products), location (networking, nearness) and affordability (fees and costs). According to the author, banks in South Africa should concentrate on these factors in order to attract new customers.

Haque et al. (2009) investigated the key factors that motivate customers to deal with an Islamic bank in Malaysia. This survey was based on a self-administered questionnaire and the results from 485 respondents (48 per cent male and 52 per cent female) were analysed using logistic regression. The analysis confirmed that customer perception and satisfaction about Islamic banking is influenced significantly by four factors, they being, quality of services, confidence in the bank, social and religious perspectives and the availability of services.

The study also used logistic regression to examine customer perceptions towards Islamic banks in Malaysia. The study revealed that customer perceptions about Islamic

banking, measured as whether or not they held an Islamic bank account, were positively influenced by quality of service, social and religious perspectives and the availability of services. From a demographic perspective, the study showed that gender and race of respondents had a significant relationship with overall perception towards Islamic banking. Age, level of education, occupation and monthly income did not show a significant relationship with overall perceptions towards Islamic banking.

Sayani and Miniaoui (2013) studied the determinants of bank selection in the United Arab Emirates (UAE). The study was based on a self-administrated questionnaire undertaken by 246 respondents and based on convenience sampling. Mean scores and multiple discriminant analysis were used to better understand the determinants of bank selection. Based on mean scores, the key four factors used to select a bank were, in order of importance, reputation of the bank, religion, Islamic bank products being Shariah compliant, and friendly and courteous personnel. In contrast, the least important factors were profit and recommendations by friends and family. The study reveals that customers are most concerned with the religious aspects of the bank, a factor that superseded all other determinants of bank selection.

Multiple discriminant analysis was also used to better understand the determinants of bank selection. The dependent variable was the kind of bank (Islamic versus conventional) and the independent variables were the 17 bank selection criteria. The results of the model revealed that the Shariah advisory board was the strongest predictor for an Islamic bank, followed by other variables related to religious preferences. That is, there is a positive relationship between religious preferences and the selection of an Islamic bank by a customer. The analysis showed that conventional bank customers focused more on the facilities provided by banks as compared with Islamic bank customers.

4.3.5 Islamic or conventional banking

Finally, some studies have focused on the type of bank customers chose for their banking needs – Islamic or conventional bank. The study by Hegazy (1995) revealed that the main selection factors used by customers of an Islamic bank were efficiency of personnel, speed of banking services, easy access to the bank, the availability of

parking, and the rate of return offered. The factors considered important by customers of a conventional or commercial bank were the rate of return offered, efficiency of personnel, the speed of banking services, easy access to the bank and the availability of parking

Hegazy (1995) also undertook factor analysis, which reduced the selection criteria from 20 to seven factors when selecting either an Islamic or conventional bank in Egypt. While the number of factors was identical, the selection attributes differed between Islamic and conventional banks. There were six identical factors shared by both Islamic and conventional banks, they being reference (importance of friends and peer advice and recommendations), credit availability, safety and security, community development, physical environment and convenience. The seventh or final selection factor considered by Islamic bank customers was timeliness and efficiency of services, while conventional bank customers considered the rate of return offered.

Several studies have been undertaken to ascertain the criteria for selecting an Islamic bank. These studies highlight a positive relationship between fast and efficient service, recommendation of family and friends, transparency in transactions, friendly and competent staff, low service charges, bank confidentiality, bank reputation and image, bank location, easy banking processes, higher returns, and safety of funds. The study by Metawa and Almossawi (1998 p.308) found that for Bahraini bank customers "…the selection of Islamic banks appears to be predominantly a religious-based decision." This study found that "Adherence to Islamic principles" was the most important selection criteria. In recent studies conducted by Yildiz et al. (2014) in Turkey, and Abduh and Omar (2012) who investigated the selection criteria of Islamic banking customers in Malaysia, they endorsed the previous findings that suggest that compliance with Sharia principles is a key motivation for selecting an Islamic bank. A review of other studies including Al-Khulaifi et al. (2001), Okumuş (2005), Kahn et al. (2007), Abduh and Omar (2010), Lee and Ullah (2011), Sayani and Miniaoui (2013) and Okumuş and Genc (2013) support the argument that religion is the key factor for Muslims customers in selecting an Islamic bank.

Contrary to these findings, other studies have found that religion is not the key reason to select an Islamic bank. Studies supporting this viewpoint include Erol and El-Bdour (1989), Gerrard and Cunningham (1997), Rehman and Ahmed (2008), Ahmad et al. (2008), Hedayatnia and Eshghi (2011) and Ramadan (2013). Dusuki and Abdullah (2007 p.148) undertook a nationwide study on how customers selected Islamic banks in Malaysia and revealed that "…Islamic banks must not rely solely on religious factors as a strategy to secure customers' allegiances but they should also emphasize providing quality and efficient product and services."

4.3.6   Summary of general population studies

It is worth noting that the general population segment is not homogeneous in relation to the determinants of bank selection criteria. It would appear from Appendix 2 that the main determinants used by the general population to select a bank are the availability of electronic services such as ATMs, fast and efficient service, convenient location, recommendations by family and friends, professional advice, rate of return on products, reputation of the bank, and friendliness of bank staff. Many of these determinants could be incorporated into this research as factors that could influence Australian students in selecting their bank.

In relation to methodology, the literature review highlights the use of questionnaires, a combination of closed and open questions and the use of factor analysis and logistic regression to analyse the data collected.

Religion or the use of Islamic principles was often thought to be a key determinant by Muslim customers in selecting a bank; whether this be in a Muslim or non-Muslim country. However, this was not necessarily the case. While religion can play a role in bank selection by the general population (Kahn et al. 2007, Lateh et al. 2009, Lee and Ullah 2011, Rehman and Masood 2012, and Okumuş and Genc 2013), many other general population studies show that religion is not a key determinant (Awang 1997, Rehman and Ahmed 2008, Masood et al. 2009, Masood et al. 2009a, and Awan and Bukhari 2011). Further, it is worth noting that religious and profit motives can co-exist in selecting a Muslim bank. According to Erol and El-Bdour (1989) this does not conflict with Islamic legal doctrines, which encourage a fair return on investment.

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There were two studies that highlighted interesting issues. The Finish study by Holstius and Kaynak (1995) revealed that customers considered advertising, the bank's external appearance and interior comfort as important criteria in bank selection. Only one other study, Rehman and Ahmed (2008) revealed that customers in Pakistan considered the bank's internal and external image as an important bank selection criterion. This particular factor was not considered important by bank customers in studies undertaken in the US, Canada, the United Kingdom and in most of Europe. The second issue worth noting is that only three studies recognised and incorporated the importance of the natural environment as a determinant of bank selection. These three studies were Rhee (2009), Al-Ajmi et al. (2009) and Ramadan (2013). Given the increasing media coverage of environmental issues, like climate change, it is likely that this variable will feature more in future studies on factors influencing bank selection.

Finally, the general population segment provided three key studies that were particularly relevant to this research. The studies by Erol and El-Bdour (1989), Haron, et al. (1994), Gerrard and Cunningham (1997) and Naser et al. (1999) each provided ideas and concepts that could be undertaken in a similar study, but in an Australian context. This research adds to the body of knowledge relating to the banking behaviour of Muslin and non-Muslim students in Australia.

4.4 Chapter summary

Two tables highlighting the student and general population studies are provided in Appendices 1 and 2 respectively. These tables are based on chronological order and begin by identifying the author(s) and then the country where the study was undertaken. Next, the student sample is divided into number of respondents, gender and whether they are Muslim or non-Muslim. The next column examines the educational level of respondents and identifies their faculty and whether they are an undergraduate or postgraduate student. The next column examines the methodology used by the author(s). The final column records the number of bank selection criteria used in the study and those determinants derived from factor analysis.

The literature on how students and the general population select their bank or financial institution is still developing. Nevertheless, several interesting themes have emerged from this literature review.

First, Blankson et al. (2007) and Blankson et al. (2009) undertook unique studies of student bank selection criteria in developed and developing countries. Blankson et al. (2007) studied student selection of retail banks in the US, Taiwan and Ghana and identified three main factors – convenience, competence and free banking – as being consistent across the three countries. In a similar study Blankson et al. (2009) in the US and Ghana found four factors – convenience, competence, recommendation by parents, and free banking – were consistent across the two countries. The results from both studies show that there is no difference in bank selection criteria used by students from different cultural, economic, political and legal backgrounds.

This trend is also evident in the review of both student and general population studies discussed in this chapter. In relation to the student segment, the determinant 'Fast and efficient services" was a key factor in studies conducted in industrial countries such as Holland (Rhee 2009) and New Zealand (Thwaites et al. 1997), studies for newly industrial countries such as Singapore (Gerrard and Cunningham 2001) and studies in developing countries such as Ghana (Blankson et al. 2007) and Nigeria (Okpara and Onuoha 2013). In relation to the general population, the determinant "Bank Reputation" was a key factor in studies conducted in industrial countries such as the United States (Anderson et al. 1976) and the United Kingdom (Masood et al. 2009), in studies for newly industrial countries such as Singapore (Gerrard and Cunningham 1997), and studies in developing countries such as Nigeria (Maiyaki 2011) and India (Kamakodi and Khan 2008). The recommendation of Blankson et al. (2009) is that retail marketing strategies can be standardised, irrespective of the level of economic development. The lack of any significant bank selection differences between countries is likely to reduce the marketing costs of large multinational banks.

Second, the main tool used to assess the banking behaviour of customers is a self-administered questionnaire. The questions that make up the questionnaire are often based on past studies. To improve the clarity and focus of the final questionnaire used in

these studies, a pilot study was often undertaken beforehand (Lewis and Bingham 1991, Holstius and Kaynak 1995, Kaynak and Whiteley 1999, Gerrard and Cunningham 2001, Kaynak and Harcar 2005, and Mokhlis et al. 2008). The sample size of respondents varies, ranging from 87 people (Tan and Chua 1986) to 7,033 people (Devlin and Gerrard 2005). Finally, the data collected from the questionnaire is often analysed using factor analysis and regression analysis, but many provide only univariate analysis.

Third, customer demographics can provide an interesting and useful insight into how people select their bank. This literature review highlighted the use of a number of key demographic variables, the main ones being: gender, age, education / course of study, income level, single or multiple bank user, nationality and level of religiosity. Another variable worth considering is the level of Arabic fluency. This variable is considered important because it can influence the level of Islamic bank products and services used by Muslim customers (Bley and Kuehn 2004). This level of Arabic fluency was not considered an important variable for inclusion in this research concerning Australian students.

Fourth, religion or the use of Islamic principles was often thought to be a key determinant by Muslim customers in selecting a bank (Kahn et al. 2007, Dusuki and Abdullah 2007, Haque et al. 2009, and Okumuş and Gene 2013). However, this was not necessarily the case in other studies. While religion does play a role in bank selection (Metawa and Almossawi 1998), in many cases religion was not considered a key determinant in studies by Erol and El-Bdour (1989), Masood et al. (2009) and Masood, et al. (2009a).

Fifth, the findings of the earlier studies need to be interpreted in the light of the technology available at the time. For example, in relation to bank selection criteria, early studies (Anderson et al. 1976, Lewis 1982, and Lewis and Bingham 1991) revealed that factors such as convenient location to work and home and proximity to ATMs to work and home were key influences in selecting a bank. While these factors are still relevant to a limited extent, current studies (Akram et al. 2012, Rashid and Bhuiyan 2012, Kamenidou et al. 2013 and Wei and Lu 2013) tend to highlight the role played by internet / electronic banking services and the use of credit and debit cards as

key determinants in selecting a bank. The popularity of both these factors is dependent more upon recent advances in technology.

Furthermore, since the 1997 Global Financial Crisis, factors such as financial stability and confidence, feeling secure and bank reputation have become increasingly popular determinants used by customers in selecting a bank (Rhee 2009, Abduh and Omar 2010, and Mokhlis et al. 2011, and Rehman and Masood 2012). It would seem that the determinants considered by bank customers in selecting their bank, will change overtime given technological advances and the impact of global financial events.

Finally, the literature review provided much empirical data and highlighted numerous factors and variables to explain how people select their financial institution. However, no clear answer has emerged as to how students and the general population actually select their financial institution. In relation to students, the key determinants in selecting a bank were the availability of ATMs, internet facilities, convenience, financial stability, bank reputation and image, feeling secure and customer service. The main factors used by the general population in selecting a bank were the availability of electronic services such as ATMs, fast and efficient service, convenient location, recommendations by family and friends, professional advice, rate of return on products, reputation of the bank, and friendliness of bank staff. The results from this research will fill the gap in our knowledge about the factors used by Australian students to select a bank.

In conclusion, this review of the literature has clearly highlighted a research gap in relation to the bank selection criteria used by students; both Muslim and non-Muslim, in a non-Muslim country such as Australia. This research aims to close this gap. Having reviewed the literature associated with how students and the general population select their bank, this research now proceeds to focus on the methodology used to collect and analyse the data necessary to answer the research questions and test the seven hypotheses.

Chapter 5: Research methodology

Having undertaken a review of the literature in the previous chapter, this chapter concentrates on describing the methodology used to collect and analyse the data used to test the hypotheses. This chapter is divided into six sections. Section 5.1 considers the nature of the student sample used in this research. Section 5.2 discusses and justifies the methodology used in this research. Section 5.3 examines the research design used in this research. Section 5.4 reviews the instruments used and procedures undertaken to collect the data. Section 5.5 discusses the quantitative techniques used to test the hypotheses. Finally, section 5.6 outlines some of the ethical issues associated with this research.

5.1   The nature of the student sample

This section examines the student sample, the focus of this research. While there is no common definition of a student market segment, several studies have attempted to define this cohort. One of the earliest studies on student banking in the United Kingdom described this market segment as being "…school-leavers progressing to university and college." (Lewis 1982 p.63). Other studies defined this market as being participants aged 16 to 24 years old (Lewis and Bingham 1991), 18 to 25 years old (Pass 2006), 21 to 28 years old (Rao and Sharma 2010) and finally Foscht et al. (2009) referred to this segment as Generation Y and divided the segment into three age groups: 10 to 14 years, 15 to 20 years, and 21 to 30 years.

The student segment exhibits several characteristics that distinguish it from the general population. First, students can be male or female, young or mature aged, and at university undertaking either an undergraduate course or postgraduate studies. Second, these students may be studying either part-time or full-time. Third, the students could be studying on campus, online, or a combination of these two forms of course delivery. Finally, students can be either domestic or international students.

For the purposes of this research the term "student" refers to people aged 18 years and over who are studying at TAFE (Technical and Further Education), a college or university. The author decided on an age limit of 18 years and over as there are complex

ethical issues in recruiting those less than 18 years. Reflecting the above discussion, the student sample for this research is based on the respondent being:

- a tertiary student,

- currently studying a diploma, undergraduate or postgraduate course or programme,

- studying either on campus, online or a combination of these two forms of course delivery, and

- currently operating an account with an Australian bank or financial institutional.

Furthermore, a student respondent can be reflected in only of four sub-groups. The four sub-groups are:

- Australian Muslim student: these are Australian residents who follow the religion of Islam.

- Australian non-Muslim students: these are Australian residents who follow any other religion except Islam. For example, they may be Catholic, Anglican, Jewish, Buddhist, Confucius, or even agnostic.

- International Muslim student: these are international students currently studying in Australia and followers of the religion of Islam.

- International non-Muslim student: these are international students currently studying in Australia and followers of any other religion except Islam. For example, they may be Catholic, Anglican, Jewish, Buddhist, Confucius, or even agnostic.

5.2   The nature and criterion for the methodology

Having examined the nature of the student sub-samples important to this research, this section concentrates on discussing the nature of and criterion for the methodology used in this research. Research has tended in the past to be categorised as being either quantitative or qualitative. The quantitative research paradigm is based on positivism;

the natural world is presumed to be based on a set of universal laws. This paradigm is characterised by a focus on deduction, theory / hypothesis testing, standardised data collection, statistical analysis, and the researcher being independent from the research subjects, ensuring as far as possible an objective outcome (Johnson and Onwuegbuzie 2004). By contrast, the qualitative research paradigm is based on interpretivism; people are argued to experience physical and social reality in different ways. That is, reality is socially constructed (Cavana et al. 2001). This paradigm is characterised by inductive reasoning, discovery, exploration, theory / hypothesis generation, and the researcher becoming involved with research subjects. Purists from both paradigms argue their approach is the best for undertaking research, and that qualitative and quantitative research paradigms should not be mixed. As the debate intensified between the quantitative and qualitative paradigms, a third paradigm emerged called mixed methods research (Doyle et al. 2009, and Johnson and Onwuegbuzie 2004).

Mixed methods research is defined by Tashakkori and Creswell (2007 p.4) as being where the "…investigator collects and analyses data, integrates the findings, and draws inferences using either qualitative and quantitative approaches or methods in a single study or a program of inquiry." There is no exact definition of mixed methods research. In a paper by Johnson et al. (2007), the authors identified 19 different definitions of mixed methods research. Furthermore, according to Tashakkori and Creswell (2007) mixed methods research continues to evolve and a precise definition is not possible at this stage.

A mixed methods design approach refers to the mixing or integrating of both quantitative and qualitative data in the research process to better understand the research problem (Ivankova et al. 2006). The rationale for mixing data is based on the fact that neither quantitative nor qualitative methods, by themselves, are sufficient to capture the details and trends of the situation. Furthermore, using both methods together complements each method and makes the analysis more robust (Ivankova et al. 2006). Despite its growing popularity, the mixed methods research design is considered by some to be "...still in its adolescence", "confusing to many researchers", and provides too many research designs from which to choose (Leech and Onwuegbuzie 2009 p.266).

Leech and Onwuegbuzie (2009) identified three criteria or dimensions necessary in developing a mixed methods research design. The three criteria comprise the level of mixing, time orientation, and emphasis of approaches. Level of mixing refers to whether the mixed research is fully mixed (quantitative and qualitative techniques are mixed at one or more stages of the research) or partially mixed (the quantitative and qualitative phases are conducted independently before mixing occurs). This thesis is based on partially mixed methods.

Time orientation refers to the different phases of data collection. That is, do the quantitative and qualitative phases of the research occur at approximately the same time (concurrent) or whether the two components occur one after the other (sequential). This thesis is based on data collected in two sequential stages. The first stage is qualitative and involves data gathered from focus group discussions and face to face interviews, followed by a pilot test of a draft online questionnaire informed by prior research and insights provided by the focus groups and interviews. The second stage is quantitative and represents the collection and analysis of data from the final online administered questionnaire. The online questionnaire includes both summated rating scales (quantitative data collection) and several open ended questions (qualitative data collection). The online questionnaire highlights the mixing of methodologies in order to provide more meaningful answers to the research questions and creation of data for testing of the hypotheses.

The final criterion refers to whether both the quantitative and qualitative stages have been given an equal emphasis or one component has a higher priority than the other, within a chosen design. In this research, both the qualitative and quantitative stages are given equal weight.

5.3   Research design

To better understand the various systems of mixed methods design, a visual model has been developed for this research. The use of a visual model to highlight the research design has long been discussed and illustrated in the mixed methods literature (Ivankova et al. 2006 and Leech and Onwuegbuzie 2009). This diagrammatic representation will help both the researcher and reader to visualise the sequence of data

collection, the priority of either method, and identify where the approaches are integrated. It is interesting to note that there are "...a plethora of designs in existence" (Leech and Onwuegbuzie 2009 p.266) and there are no limitations imposed on the researcher in creating or designing features associated with mixed methods research (Johnson and Onwuegbuzie 2004). The methodology employed in this research is shown diagrammatically in Figure 5.1 and is referred to as partially mixed sequential-concurrent equal status design method.

The first stage of this research; the qualitative component, involves the use of focus groups, face to face interviews, and a pilot test to help ensure that the final online questionnaire is both valid and reliable. This represents Phases 1, 2 and 3 of the mixed methods design shown in Figure 5.1. Convenience sampling is used to select tertiary students, both Muslim and non-Muslim for the focus groups, face to face interviews and the pilot test. Convenience sampling has also been used in many other studies including Blankson et al. (2007), Mokhlis et al. (2011), Katircioglu et al. (2011a) and Sayani and Miniaoui (2013). The purpose of Phase 1 activities is to gain knowledge about the banking behaviour of Australian students that had not been explored in previous research. The data collected and analysed in Phase 2 was then used to frame questions for the online questionnaire designed to answer the research questions and test the associated hypotheses.

The second stage; involving Phase 4, consists of an online questionnaire with the results analysed using quantitative techniques. Many of the questions that make up the online questionnaire are derived from participants' responses in Phase 1. The final and third stage, involving Phase 5, includes the interpretation and explanation of both the quantitative and qualitative results and is shown in Figure 5.1. These results will help to answer the research questions and explain the outcomes of testing the seven hypotheses.

Figure 5.1 Typology of mixed methods design

A partially mixed sequential-concurrent equal status design method

Phase	Procedure	Product
1. Qualitative Data Collection	Conduct Focus Groups and Face to Face interviews with Muslim and non-Muslim students	Text data (Transcript discussion relating to a draft questionnaire)
2. Qualitative Data Analysis	Coding and thematic analysis based on findings from Focus Groups and Face to Face interviews	Develop draft questionnaire.
3. Qualitative Data Collection	Pilot Test	Clarify online questionnaire.
4. Connecting Qualitative and Quantitative Phases	Online questionnaire completed by students. Comprises both open-ended questions and numeric data.	Text and numeric data.
5. Integration of Quantitative and Qualitative results	Interpretation and explanation of quantitative and qualitative results	Report Discussion Implications Future research

Based on Ivankova et al. (2006) and Leech and Onwuegbuzie (2007).

Examples used in the literature and given by participants concerning factors used to select a bank, the products and services used, and their level of awareness towards Islamic banking are incorporated into questions and used in the final online questionnaire. In addition, the questionnaire provided an opportunity to test the theory of planned behaviour in the context of student banking, which has not been done before, especially from an Australian perspective.

The use of a three stage sequential mixed-methods design provides triangulation and a deeper and richer insight into how Muslim and non-Muslim students conduct their banking activities than using a single method. This in turn will provide meaningful answers to the research questions and insights to testing the hypotheses.

5.3.1   Justification for undertaking a mixed methods approach

The literature provides many reasons for conducting a mixed methods design research study. The justifications for undertaking mixed methods research in this thesis are several. First, the vast majority of previous studies examining the banking behaviour of Muslim and non-Muslim customers (both for students and the general population) highlighted in the literature review and Appendices 1 and 2, use both qualitative and quantitative methodologies. These various separate studies use mixed methods research, although not always explicitly stated; nor may this have been recognised by the author(s) at the time. According to Leech and Onwuegbuzie (2009 p.267) "Once a study combines quantitative and qualitative techniques to any degree… the study either is using a fully mixed design or a partially mixed design." This research is based on using quantitative (online questionnaire) and qualitative (focus group, face to face interviews, and pilot test) techniques and therefore reflects a fully mixed methods approach.

Second, based on the work by Tashakkori and Creswell (2007) this research highlights the use of two types of data – quantitative and qualitative - and is therefore considered to be "mixed". In collecting data to test the seven hypotheses, four methods of collecting data are used – a review of the literature, focus groups, face to face interviews, and the final online questionnaire. Undertaking this research will result in two types of data: empirical and text. Finally, analysis of the data takes two forms: statistical and thematic analysis.

Third, according to Brannen (2005) a mixed methods approach tends to fit with research reflecting a "practical enquiry" and away from theoretical issues based on a specific discipline. As a result, the findings of mixed methods research will tend to assist policy makers and policy making. Such an outcome is applicable with this particular research project. Understanding the banking and financing practices of Australia's growing Muslim population, with emphasis on Muslim students, should assist banks, policy makers and Australia's cultural development. From a banking perspective, understanding the banking behaviour of Muslim students will assist in developing appropriate products and services. From a policy making perspective, understanding and appreciating Islamic banking issues will add depth to Australia's financial system and consideration of regulatory changes required to enable a full suite of Islamic financial offerings. Finally, from a cultural perspective, the availability of Islamic banking products and services in Australia could help to lessen the possible alienation some young Muslims may feel and encourage their integration into Australian society.

Fourth, the research into the banking and financial behaviour of Muslim and non-Muslim students represents an interdisciplinary area of research. To better appreciate and understand this behaviour requires an insight into areas of religion, finance, history, social psychology, marketing, and economics – too mention just a few disciplines. This mix of disciplines adds a layer of complexity to the methodological design. According to Johnson and Onwuegbuzie (2004 p.15) interdisciplinary research requires a researcher to "…complement one method with another."

Finally, according to Johnson and Onwuegbuzie (2004 p.15) this research will "…mix and match design components that offer the best chance of answering their specific research questions." While many research procedures are linked to specific paradigms, "…this linkage between research paradigms and research methods is neither sacrosanct nor necessary" (Howe 1988, 1992 cited in Johnson and Onwuegbuzie 2004 p.15). Accordingly, this research will use the "complementary strengths" of quantitative and qualitative methods to create data that will provide richer and more meaningful answers than would otherwise occur in relation to testing the seven hypotheses (Johnson et al. 2007).

In conclusion, this section has discussed and justified the use of a mixed methods approach for research.

5.4 Instruments used and procedures undertaken to collect the data

The previous section discussed and justified the methodology used in this research; in this section attention is focused on the instruments used to collect data. A wide variety of instruments are available to collect primary data. The four instruments used to collect primary data and assist in validating this research are focus groups, face to face interviews, pilot testing the draft questionnaire, and the final online questionnaire that participants respond to. This section will discuss; in order of use, these four instruments.

5.4.1 Instrument: Focus groups

To begin answering the research questions and provide an Australian student insight into this area of research, three focus groups were established. The aim behind conducting these focus groups was to identify and clarify relevant issues to be included in the final online questionnaire. Each focus group was guided by a moderator – the author, and in an atmosphere which aimed to ensure a spontaneous discussion. Such a discussion provided the author with a greater insight than could otherwise have been attained into individual student opinions, attitudes and perceptions of Islamic versus Western conventional banking.

The use of alternative instruments to collect primary data was considered. The use of telephone, online and video conferencing focus groups were all considered, but rejected. The main reasons were that the moderator would have been unable to gain an insight into group dynamics or appreciate non-verbal language. Furthermore, the lack of a physical presence could limit group openness and more in-depth responses.

A review of the literature revealed that focus groups were often conducted to assist in the preparation of a final questionnaire (Javalgi et al. 1989, Thwaites and Vere 1995, Kaynak and Harcar 2005, Rashid and Bhuiyan 2012, and Okoe et al. 2013). Accordingly, the use of focus groups was considered a critical qualitative technique necessary to begin exploring the research questions.

The criterion used to issue invitations to take part in the focus group was based on the participant being:

- a tertiary student,

- a Muslim or non-Muslim student,

- currently studying a diploma, undergraduate or postgraduate course or programme; either on campus or online, and

- currently operating an account with an Australian bank or other financial institution.

The Muslim student focus group sample was based on asking the University's Muslim Association if it would arrange for a cross section of Muslim students, both international and Australian Muslims, to participate in a focus group. The resulting convenience sample comprised only international Muslim students, with the majority being male. The lack of gender equality was not surprising amongst Muslim students. According to Naser et al. (1999) the nature of Muslim society is such that males are expected to undertake banking activities.

The limitation of this approach was that no Australian Muslim students participated in the Muslim focus group. This limitation was addressed by conducting face to face interviews with Australian Muslim students, as discussed in more detail later in section 5.4.2.

The Australian non-Muslim student focus group was based on staff (from other disciplines to that of the author) inviting their students to participate in a focus group looking at the banking behaviour of students. Student reluctance to participate and gender imbalance resulted in the need for two Australian non-Muslim focus groups.

While several limitations are associated with convenience sampling, it continues to be considered a useful research procedure (Cooper and Schindler 2008). The use of convenience sampling is consistent with the sampling methods used in other empirical studies, such as Thwaites and Vere (1995), Tank and Tyler (2005), Kahn et al. (2007),

Mokhlis et al. (2008), Blankson et al. (2009), Senyücel (2009), Rao and Sharma (2010), Chigamba and Fatoki (2011), and Okoe et al. (2013).

The three focus groups were conducted on campus at a university in Melbourne during September and October 2010. The running of these focus groups represented Phase 1 of the mixed methods design; the collection of qualitative data as highlighted in Figure 5.1. It was decided to conduct separate focus groups for Muslim and non-Muslim students. The reason for this was to avoid the development of possible racist language and for students to feel comfortable with others from a similar background.

Each focus group was moderated by the author of this research, and followed a discussion guide based on a semi structured interview approach. A copy of the discussion guide is located in Appendix 5 of this thesis. All participants knew in advance the purpose of the focus group. Furthermore, the focus groups were around one hour in duration and the discussion was recorded orally. Discussions in each focus group comprised four sections: bank selection criteria used by students, products and services used by students, the level of student satisfaction with their bank and, the students' attitude and level of awareness towards Islamic banking and financing techniques. To ascertain the level of student awareness towards Islamic banking and financing techniques, seven terms, including one organisation, were shown to students. The seven terms were Riba, Shariah, Zakat, Mudaraba, Takaful, Sukuk and the Muslim Community Cooperative of Australia (MCCA). While each focus group was asked a sequence of predetermined questions, there was considerable scope for the researcher to ask additional questions based on a participant's response, and for the participant to elaborate his or her thoughts and feelings over issues raised during the group discussion. Finally, all students were given a small gift voucher as a means of thanking them for their time and participation in the focus groups.

5.4.2 Instrument: Face to face interviews

Face to face interviews were conducted where necessary to overcome any segment's lack of participation in the focus groups. These face to face interviews also formed part of Phase 1 in the mixed methods design, as shown in Figure 5.1.

The advantages of face to face interviews for this research were many. This technique allows the researcher to adapt questions when necessary, clarify any doubts and provide an opportunity to ask additional questions to obtain a deeper understanding. Obviously this would not be the case if such interviews were conducted by telephone, the internet or mail. Face to face interviews have been used in several other studies, including Devlin (2002), Haque et al. (2009), Loo (2010) and Lee and Ullah (2011).

The criterion used to invite students to take part in a face to face interview is similar to that used for focus groups in section 5.4.1.

Each participating student was asked whether he or she would like to participate in an interview, the nature and format of the interview were discussed beforehand and all interviews were recorded orally. All students knew in advance the purpose of the interview; which was semi-structured and with questions similar to the focus group interviews. This similarity was important as it allowed comparisons to be made with responses from both international Muslim and non-Muslim students. Finally, each interview was around 40 minutes in duration and each student was given a gift voucher as a means of thanking them for their time and participating in a face to face interview.

5.4.3 Instrument: Pilot testing

The third phase of the mixed methods design (see Figure 5.1) involved pilot testing a draft online questionnaire. This draft online questionnaire was based on data collected from students participating in the focus groups and face to face interviews and from a review of the literature. Pilot testing or pretesting was considered important and undertaken on a small sample of respondents in order to identify and eliminate possible problems associated with the final online questionnaire. Furthermore, it allows for a preliminary testing of the hypotheses and whether they need to be re-worded. The literature review also highlighted the value of pilot testing the questionnaire (Yavas 1988, Thwaites and Vere 1995, Kaynak 1996, Metawa and Almossawi 1998, Almossawi 2001, Kaynak and Harcar 2005, Dusuki and Abdullah 2007, Hedayatnia and Eshghi 2011, Marimuthu et al. 2012, and Okspara and Onuoha 2013).

Both Muslim and non-Muslim students based on convenience sampling undertook a pilot test over a two-week period in mid-June 2011. A total of 12 students participated in the pilot testing phase.

The draft online questionnaire or pilot instrument was presented to pilot testing students via the internet; which was the same for students undertaking the final online questionnaire. Having completed the questionnaire, students were asked if they encountered any problems; such as the clarity of instructions, understanding the questions, and the overall layout.

5.4.4 Instrument: The online questionnaire

An online questionnaire was developed to gather primary data from respondents to answer the research questions and hypotheses. A standardised (identical or uniform) online questionnaire was used for this research and completed by all participants. The online questionnaire used in this research can be found in Appendix 9. A number of advantages stem from adopting an online questionnaire; these include the easy comparability of data, being relatively inexpensive, recording results can be quick and accurate and finally, it can assist with data processing (Malhotra et al. 2006). While a variety of technical glitches may exist resulting in the survey not being completed, the author believes the advantages of an online questionnaire outweigh the disadvantages.

A questionnaire was considered the most appropriate instrument because it was the instrument of choice by the majority of other researchers studying student (and general population) banking behaviour; as shown in Appendices 1 and 2 respectively. More specifically, most questionnaires were self-administered (Yavas 1988, Haron et al. 1994, and Metawa and Almossawi 1998), while other questionnaires were self-administered by mail to respondents (Tan and Chua 1986, Zineldin 1996), some were based on personal interviews (Kaynak 1986, Kaynak et al. 1991), and some were conducted using computer technology (Elliot et al. 1996, Kaynak and Whiteley 1999). This research uses an online questionnaire to collect primary data; as did Rhee (2009), mainly because of the advantages associated with this instrument and the characteristics exhibited by today's students; which are discussed latter in this section.

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The criteria used to take part in the online questionnaire are similar to that used for the focus groups and face to face interviews. Participation for the online questionnaire also relied on convenience sampling.

Furthermore, the focus of respondents to this online questionnaire comprises a demographic group often referred to as "Generation Y". This cohort is also referred to as "Millennials", "the net generation", "Generation D" (digital), "echo boomers", "iGeneration", and the "Me Generation" (Shaw and Fairhurst 2008). Students in this cohort; which forms the bulk of the sample, exhibit several characteristics, some of them being:

- tertiary students who tend to spend less time than in the past on campus (Collins 2011),

- students spending more time now in paid part-time work than was the case in the past (Collins 2011),

- much of their learning is undertaken at home, using the University's online computer network to access course materials, participate in interactive classrooms, and locate journal articles (Collins 2011), and

- referred to as a "connected" generation or "techno savvy" and very reliant on email, mobile phones and the internet for information, entertainment and contacts (Nimon 2007, Shaw and Fairhurst 2008).

The use of an online questionnaire was also based, in a large part, on complying with the above characteristics and having the potential to reach more student participants than might otherwise be the case.

Based on the above characteristics and the general advantages associated with online surveys, this research surveyed students using Opinio. Opinio is a web-based survey system that allows the researcher to produce and publish surveys, polls and questionnaires.

Background information, requests to participate and the link to the online questionnaire were distributed to students via:

- academic staff from various campuses of the researcher's University,

- academic staff from other Victorian universities and colleges,

- University departments specifically involved in Islamic studies,

- other students, and

- friends who have children currently at a tertiary institution.

The online questionnaire for students represents the fourth phase of the mixed methods approach, as shown in Figure 5.1. The online questionnaire reflected the use of both quantitative and qualitative data collection techniques. The online questionnaire used various summated (Likert) rating scales (quantitative data collection) and some open-ended questions (qualitative data collection). Finally, the questionnaire was conducted online for a two-month period from August to September 2011. Convenience sampling of students was used for the online questionnaire, which is similar to the sampling method used in other studies, including Thwaites and Vere (1995), Tank and Tyler (2005), Kahn et al. (2007), Mokhlis et al. (2008), Blankson et al. (2009), Senyücel (2009), Rao and Sharma (2010), Chigamba and Fatoki (2011), and Okoe et al. (2013). The nature and format of the online questionnaire; which comprised six sections, is discussed next.

5.4.5 Bank selection criteria

The first section of the online questionnaire contained a list of standard bank selection criteria. These selection criteria were based on data collected from the focus groups, face to face interviews and a review of previous studies based on both the student and general population segments. The factors chosen tended to be common to both segments, and are reflected in Appendix 9. The online questionnaire provided 19 possible bank selection criteria. This number of criteria is similar to that in studies undertaken by Erol and El-Bdour (1989), Zineldin (1996), Okumuş (2005) and Tank and Tyler (2005). The 19 bank selection choices used in this research are based on similar criteria used in previous studies; relating to both the general population and students, and are listed in Table 5.1.

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Table 5.1 Bank selection criteria based on previous studies

1. Convenient location – near home or work	Hegazy (1995), Ta and Han (2000)
2. Good customer service	Javalgi et al. (1989), Pass (2006)
3. Recommendation of friends and colleagues	Anderson et al. (1976), Mokhlis et al. (2008)
4. Recommendation of family (Parents)	Holstius and Kaynak (1995), Narteh and Owusu-Frimpong (2011)
5. Desire to feel secure	Blankson et al. (2005), Kamenidou et al. (2013)
6. Convenient ATM location	Kaynak and Harcar (2005), Rhee (2009)
7. Bank reputation and safety	Zineldin (1996), Tank and Tyler (2005)
8. Friendliness of bank personnel	Sinkula and Lantor (1988), Bathula and Selvarajah (2001)
9. Available parking nearby	Thwaites and Vere (1995), Rao and Sharma (2010)
10. Reception received at the bank	Haron et al. (1994), Almossawi (2001)
11. Confidence in bank management	Erol et al. (1990), Kaynak and Whitely (1999)
12. Internet banking facilities	Rhee (2009), Maiyaki (2011)
13. Lower interest rate charges on a loan	Erol and El-Bdour (1989), Tank and Tyler (2005)
14. Higher interest payment on savings account	Kaynak and Kucukemiroglu (1992), Katircioglu et al. (2011)
15. Overall low / no monthly service charges	Tootelian and Gaedeke (1996), Almossawi (2001)
16. Mass media advertising	Gerrard and Cunningham (1997), Tank and Tyler (2005)
17. Confidentiality of bank	Erol and El-Bdour (1989), Kamakodi and Khan (2008),
18. Wide range of (student) services offered	Lewis (1982), Al-Eisa and Alhemoud (2009),
19. Financial counselling provided	Okumuş (2005), Tank and Tyler (2005)

The literature review highlighted a number of bank selection criteria not incorporated into this research. These bank selection criteria were not in this research because they were either not significant and / or not appropriate for students in Australia. An example of some of the terms not considered can be found in Table 5.2. It is worth noting that the terms associated with the study by Naser et al. (1999), while significant, are not relevant in the Australian context.

Table 5.2 Bank selection terms not considered in this research

Author(s) (Year)	Terms
Anderson et al. (1976)	Special services for women Special services for youth
Hegazy (1995)	Magazine advertising Equity financing Bank name
Thwaites and Vere (1995)	Size of bank Commission free travellers cheques / currency
Gerrard and Cunningham (1997)	Interior comfort Counter positions in bank
Naser et al. (1999)	Religious reasons Profitability reasons Confidence in the banks' board of directors
Tank and Tyler (2005)	Large overdraft facility Already have an account there
Kaynak and Harcar (2005)	Employee timely responses to correspondence External appearance of bank

The number of factors selected for the online questionnaire was restricted to 19. This was to help ensure that respondents did not get overwhelmed by too many factors. This number predominantly reflected those factors identified in student studies, and represented an average number of variables considered by studies based on the student segment. Respondents were asked to indicate on a five-point Likert-type scale, ranging from "Not at all important" to "Very important", the factors they consider when selecting a bank. A review of the literature highlights that many studies also used a five-point Likert type scale to gather data (Haron et al. 1994, Almossawi 2001, Kaynak and Harcar 2005, Okumuş 2005, Dusuki and Abdullah 2007, and Ahmad et al. 2008).

5.4.6 Products and services

Section two of the questionnaire examined the various bank products and services used by respondents. Fourteen bank products and services were identified based on similar studies reviewed from the literature cited in Chapter 3. Questions concerning the products and services used by bank customers are reflected in various other studies, including Yavas (1988), Metawa and Almossawi (1988), Erol et al. (1990), Haron et al. (1994), Thwaites and Vere (1995), Kaynak and Harcar (2005), Okumuş (2005), and Pass (2006).

In order to make these questions more applicable for students banking in Australia, three changes were made. First, the term "current account" which is often used in the literature (Erol and El-Bdour 1989, Metawa and Almossawi 1998, and Rhee 2009), was changed to "cheque account". Second, given the growth in electronic banking in Australia, "Internet and Telephone Banking" was included as a bank product / service (Pass 2006, Şafakli 2007, and Senyücel 2009). Finally, the ability to pay bills using the banking system (Yavas 1988, Kaynak et al. 1991, and Katircioglu et al. 2011) has become more important over time and so "Ability to pay bills (BPay)" was also included as a bank product / service.

5.4.7 Customer satisfaction

The third section of the questionnaire was based on ascertaining the level of student satisfaction with their current financial institution. While customer satisfaction was not a direct focus of this research; it is recognised by the author as one (interesting) aspect of a student's banking experience that is worth investigating.

The literature review revealed two methods used to ascertain measures of customer satisfaction. The first method (Arasli et al. 2005, Al-Eisa and Alhemoud 2009) was based on using the service quality model (SERVQUAL). Originally this model was based on ten components of high quality service; however, in 1988 this was reduced to five dimensions (Parasuraman et al. 1988). Each dimension was based on several items, resulting in a 22 scale instrument used to measure customers' expectations and perceptions.

The second method used to measure customer satisfaction was based on a single-item approach and the use of Likert scales. This approach was used by Metawa and Almossawi (1998), Tootelian and Gaedeke (1999), Tank and Tyler (2005), Okumuş (2005) and Rashid and Hassan (2009). The study by Kahn et al. (2007) related customer satisfaction to various bank products and four elements of delivering banking services. This method is used in this current research to ascertain student satisfaction with their bank for two reasons.

First, the use of the SERVQUAL approach was likely to place too much emphasis on service marketing and make the final questionnaire too long, risking respondents losing interest in completing a questionnaire. The purpose of this current research is to gain a broad snapshot of several areas of student banking and not concentrate on customer satisfaction using the SERVQUAL model.

Second, the use of a single-item approach allows examination of three inter-related aspects of customer satisfaction; overall customer satisfaction, the probability of switching and whether the student would recommend their bank to colleagues and friends. The logic behind these three inter-related aspects is that if the respondent is prepared to recommend their bank to other people, this would suggest they are satisfied and unlikely to switch their bank. These three aspects of customer satisfaction were effectively used by Tootelian and Gaedeke (1996), Yao and Matthews (2004) and Rashid and Hassan (2009), and have been incorporated into the snapshot of student banking. The testing of these three aspects of student banking, using single item questions, tends not to dominate the snapshot and will hopefully ensure that respondents complete the questionnaire.

5.4.8   Cultural awareness and attitude towards Islamic banking

This section comprised a series of questions regarding the cultural awareness and attitude of students towards Islamic banking and financing. This section was based on the author's perceived difference in attitudes between Australian governments and financial institutions on the one hand and the Australian society in general. The Federal (Austrade 2010, Ripoll 2013) and State (Invest Victoria 2010) governments and financial institutions (Johnston 2010, Henshaw 2012) all acknowledge and are keen to

understand and develop Islamic banking and financing techniques in Australia. In contrast, there are elements within Australian society (Owen 2010, Devine 2011) that are not aware of or reluctant to accept Islamic banking and finance in Australia.

The first question concerning awareness and attitudes towards Islam and Islamic banking listed seven items – Riba, Shariah, Zakat, Mudaraba, Takaful, Sukuk and the Muslim Community Co-operative of Australia – and asked students if they were aware of these terms or organisations. Students were able to express their level of awareness on the basis of "Not aware", "Aware and do not use" or "Aware and use". This question was based on a similar question posed in studies by Gerrard and Cunningham (1997), Naser et al. (1999), Al-Ajmi et al. (2009) and Sayani and Miniaoui (2013). The mainly retail banking terms chosen are those used in Islam or used in Islamic banking and finance (Gerrard and Cunningham 1997), that relate specifically to Australia, and are advertised or discussed as options available in the market place (Nasser et al. 1999).

The (three) remaining questions in this section were split between the respondents. Three specific questions were asked of non-Muslim students and three different questions were asked of Muslim students. Neither group (Muslim or non-Muslim) saw the other group's questions. This was undertaken for two reasons. First, it allowed the researcher to gain a greater insight into the banking behaviour of each student group. Second, it provided a means to shorten the questionnaire and an attempt to ensure responding students maintained an interest in completing the questionnaire. This branching of separate questions for Muslim and non-Muslim students is discussed in the next section.

5.4.9 Branching of questions

The fifth section of the online questionnaire involved the branching of questions. In this section (see Question 16) Muslim students were requested to answer three questions relating to Australian commercial banks, and non-Muslim students were requested to answer three questions about Islamic banking. The branching of questions was considered important as it allowed respondents to skip irrelevant questions and minimised the possibility of respondents becoming confused or disinterested in completing the questionnaire.

The three questions for Muslim students related to having an interest-based bank account in Australia. Furthermore, in terms of their religious beliefs, the researcher was interested in how respondents justified having an Australian commercial bank account. The other question related to whether they would open an Islamic bank account in Australia, if the opportunity existed, and whether, in this circumstance, they would close or maintain their existing Australian bank account. Again, the two open-ended questions allowed Muslim students to express their views in writing.

The three questions for non-Muslim students related to whether they would consider opening an Islamic bank account and then requested provision of reasons for their answer. The next question asked if they could identify any factors that distinguish Islamic banking from Western commercial banking as practised in Australia. These latter two open-ended questions allowed non-Muslim students to express their views in writing. The purpose of all three questions was to ascertain whether non-Muslim students would consider and/or have some knowledge of an alternative form of banking.

The above three open-ended questions in this section, reflect the qualitative nature of this research. To identify and analyse the student responses, coding analysis was undertaken, whereby the data collected was disaggregated into conceptual units and provided with a label. This label or name was given to similar units of data (Saunders et al. 2007). In reviewing the raw data from each question, several labels or categories were established, which reflected the various student responses. Each label was assigned a number, which allowed the tabulation of the coded data by software.

5.4.10 Theory of planned behaviour

The sixth section related to assessing the ability of the theory of planned behaviour to explain and predict student banking intentions. This section comprised a series of statements relating to the three constructs: attitudes, subjective norms and perceived behavioural control. Each construct comprised four statements; two statements relating to Australian banks and two relating to an Islamic bank. Respondents were asked to indicate on a seven point Likert-type scale, ranging from "Strongly disagree" to "Strongly agree", whether they supported or did not support the statement. In addition, the last two statements asked respondents about their future banking intentions with an

Australian bank and an Islamic bank. This research used a total of 14 statements based on similar statements from previous studies (Taylor and Todd 1995, George 2004, Shih and Fang 2004, Luarn and Lin 2005 and Cheng et al. 2006). The aim of this section was to provide a basis from which to analyse the motives or drivers that influence student banking intentions. To the author's knowledge no other study has used the theory of planned behaviour to investigate student banking intentions, especially relating to Muslim and non-Muslim students in Australia.

5.4.11 Demographics of respondents

The final section of the questionnaire contained a series of standard demographic questions concerning the respondent, such as gender, age, university course details, financial institution, number of banks with which accounts were held and level of income. All studies reviewed in the literature utilised questionnaires that asked respondents about their demographic background. An additional demographic question added to this current questionnaire concerned the respondents' level of religiosity. This question was derived from a study by Ahmad et al. (2008) which showed that a respondent's level of religiosity can influence their banking behaviour. By including this question the researcher is seeking to examine whether the level of religiosity influences student (especially Muslim) banking behaviour in Australia.

There is considerable discussion concerning the position of demographic questions relating to the respondent – at the beginning or end of a questionnaire. This current research positioned such information at the end of the online questionnaire for three reasons. First, many research textbooks favour placing demographic questions concerning the respondent at the end of a questionnaire (Hair et al. 2003, Babbie 2010 and Cooper and Schindler 2011). Second, many of the surveys examined in the literature review placed demographic information at the end of their questionnaire (Hegazy 1995, Gerrard and Cunningham 1997 and 2001, Lateh et al. 2009, Rhee 2009, Mokhlis et al. 2011, Hedayatnia and Eshghi 2011, and Ramdhony 2013). Finally, the researcher was keen to capture the interest of the "Generation Y" student immediately by having opening questions that were relevant and interesting. Furthermore, the

researcher wanted to avoid giving the impression to the respondent that this was just another routine or boring questionnaire.

In conclusion, this section has examined four instruments – focus groups, face to face interviews, pilot study and the online questionnaire – used to collect the primary data for this research. Each instrument was justified and then examined in terms of units of analysis, limitations and administrative procedures and outcomes.

5.5   Quantitative techniques used

The use of quantitative techniques to analyse and better understand the banking behaviour of students represents Phase 4 of the mixed methods approach; as shown in Figure 5.1. This research uses quantitative techniques including mean values, frequencies (percentages), tests of difference (t-tests, chi-square tests), analysis of coded written responses, factor analysis and logistic regression to better understand the banking behaviour of Muslim and non-Muslim students in Australia. Given the basic nature of the first-mentioned techniques, it is the use of the two latter techniques – factor analysis and logistic regression – which are explained in this section.

5.5.1   Use of factor analysis for bank selection criteria and the theory of planned behaviour

Factor analysis is used in relation to analysing the 19 bank selection criteria and the data relating to testing of the theory of planned behaviour. Factor analysis is a statistical technique applied to reduce a large set of variables or statements to a smaller number of coherent subsets or factors that are relatively independent of each other (Tabachnick and Fidell 2007). Each factor reflects a set of variables that are correlated with each other. It is these factors that help explain a particular process or event (Tabachnick and Fidell 2007). A review of the literature shows that this technique has been employed in many previous studies to rank the criteria used by students to select their bank (e.g. Haron et al. 1994, Gerrard and Cunningham 1997, 2001, Almossawi 2001, Şafakli 2007, Rashid and Hassan 2009, Parvin and Perveen 2012, and Muzenda 2014).

Factor analysis is also used to validate and investigate the relative importance of the three constructs that make up the theory of planned behaviour: attitudes, subjective

norms and perceived behavioural control. Confirmatory factor analysis was used because the theory of planned behaviour was based on three separate constructs or factors. The results concerning the importance of the three constructs and the key determinants in selecting a bank are discussed in Chapter 6.

5.5.2 Logistic regression

In order to investigate whether or not bank customers are satisfied, the probability of switching banks, and the probability of recommending a bank to other people, logistic regression is used. Binary logistic regression is employed to predict a dichotomous outcome based on a set of predictors; whether they are continuous, discrete or dichotomous. Further, logistic regression was used because of its robustness, ease of interpretation, and diagnostics (Hair et al. 2010). Logistic regression was also used in several similar studies, such as Haque et al. 2009, Hinson et al. 2009, Clemes et al. 2010, Frangos et al. 2012, and Sarwar and Mubeen 2012.

Data used in this research for analysis using logistic regression will be obtained from the online questionnaire which surveyed student banking habits – see Appendix 9 questions 3, 4 and 5. This questionnaire asked students three related questions, based on a seven point Likert scale, regarding the satisfaction they had with their current bank or financial intermediary. The three questions relate to the overall level of customer satisfaction, the probability of switching or changing their bank and, whether they would recommend their current bank or financial intermediary to other people or friends. These three questions or concepts form the separate dependent variables used for this part of the study.

The three question responses were recoded to provide a dichotomous outcome. In relation to the three dependent variables, the level of customer satisfaction was recoded where 0 = extremely dissatisfied (incorporating Likert scales 1to 4) and 1 = extremely satisfied (incorporating Likert scales 5 to 7). The probability of switching or changing your bank was recoded where 0 = definitely would change (incorporating Likert scales 1 to 4) and 1 = would not change banks (incorporating Likert scales 5 to 7). Finally, recommending your bank to other people was recoded where 0 = definitely would not recommend (incorporating Likert scale values 1 to 4) and 1 = definitely would

recommend (incorporating Likert scale 5 to 7). Understanding what influences these dependent variables has important consequences for Australian (and overseas) banks wanting to maintain and increase their market share.

The set of predictors or independent variables for this analysis will be taken from previous studies, the online questionnaire and the factor analysis results from this research with bank selection and variables related to the theory of planned behaviour – see sections 6.5 and 6.6. At this stage, an initial model based on generic factors associated with bank selection criteria and the theory of planned behaviour can be represented as:

$$(CS_i, PS_i, RB_i) = \beta_0 + \beta_1 M\_NM_i + \beta_2 BSC + \beta_3 TPB + \beta_4 Gender_i + \beta_5 Age_i + \beta_6 Income_i + \beta_7 Study_i + \beta_8 ComBA_i + \varepsilon$$

Where for each observation i

Dependent Variables (separate)

CS_i	=	Customer satisfaction based on a seven point Likert scale where 0 = extremely dissatisfied (Likert scales 1 to 4) and 1 = extremely satisfied (Likert scales 5 to 7)
PS_i	=	Probability of switching banks based on a seven point Likert scale where 0 = definitely would change (Likert scales 1 to 4) and 1 = would not change banks (Likert scales 5 to 7)
RB_i	=	Recommend bank to others based on a seven point Likert scale where 0 = definitely would not recommend (Likert scale 1 to 4) and 1 = definitely would recommend (Likert scale 5 to 7).

Independent Variables

M_NM_i	=	Muslim or non-Muslim student. Muslim = 1, 0 otherwise
BSC	=	Bank selection criterion based on factor analysis
TPB	=	Theory of planned behaviour constructs based on factor analysis
$Gender_i$	=	Female = 0 Male = 1
Age_i	=	Age 21 to 25 years =1, 0 otherwise
$Income_i$	=	Income less than \$15,000 = 1, 0 otherwise

Study$_i$ =   Undergraduate students = 1, 0 otherwise

ComBA$_i$ =   Commercial bank account operated by a student = 1, 0 otherwise

ε   =   Error term

The final model, based on including the factor scores emanating from the factor analysis of responses to questions about bank selection criteria and the theory of planned behaviour, are discussed in Chapter 6 section 6.7.

5.6 Ethical issues

Having discussed the four instruments used to collect the primary data; this section focuses on the ethical issues associated with this research. Because this research involves assessing the banking behaviour of individuals; in this case students, ethics approval was required from by the university's Human Research Ethics Committee. This ethics application (SUHREC Project 2010/153 - Approved Duration 10/08/2010 to 31/01/2012 Adjusted) relates to the focus groups, face to face interviews and the online questionnaire – see Appendix 10.

This research involves several ethical issues. The first issue involves the privacy of respondents. Respondents involved in the focus groups and face to face interviews were recorded, were identified by a number and were not required to identify themselves. Respondents involved with the pilot test and the final online questionnaire were anonymous and also not required to identify themselves. Further, this research did not publicly highlight the cultural or religious background of any student respondent. Signed consent forms were stored in a locked filing cabinet and electronic recordings of conversations were stored on a password protected computer at the University.

A second issue involved voluntary participation and consent by respondents. Respondents involved in the focus groups, face to face interviews, the pilot test and the final online questionnaire were provided with a Consent Information Statement which explicitly stated that participation was completely voluntary. Further, it was communicated that participation would have no bearing on any academic subject(s) the respondent was studying at the university, or future dealings with the university.

Participants were free not to answer any questions they wished and they could withdraw from the survey at any time without question or explanation to the extent that their contribution could be identified. Participation in any of the instruments involved to collect data implied the individuals' consent to be involved in the project.

A third issue related to possible risk to the participants and researcher. The aims of the research project were clearly described to all participants before the project commenced. No cultural or religious risks were anticipated as separate focus groups were to be conducted, one focus group comprising international Muslim students and the other group comprising non-Muslim students. Separate face to face interviews were to be conducted if necessary. Possible anti-Muslim sentiment between students was averted by planning to deal with Muslims and non-Muslims in separate groups.

A fourth issue relates to a possible conflict of interest with students where the researcher is involved in their academic assessment. The focus group, face to face interviews, pilot test, and final online questionnaire were not conducted during class-time. In contrast, many of the studies reviewed in Chapter 4 (Thwaites et al. 1997, Gerrard and Cunningham 2001, Blankson et al. 2007, Mokhlis 2009, and Rashid and Bhuiyan 2012) were conducted during class-time. It was essential that the researcher be involved in these activities as he needed to hear and interpret student feedback to better fine tune the methodology and instruments. Further, the consent form made it clear that participation was voluntary and students were free to withdraw from the project at any time without explanation.

The final issue relates to the use of data and publication arrangements. The data collected was not to be used for any other purpose other than for this research project. At no time were individual names used, however, de-identified quotes (Student A claims that ...or Student B states that ....) may be reported for illustrative purposes. Otherwise, data was to be analysed and reported on an aggregate (group level) basis. All participants were informed of the publication intent in the consent information statement.

In conclusion, this section has briefly identified and discussed five ethical issues associated with this research.

5.7 Chapter summary

This chapter has described the methodology used to collect the data analysed to answer the research questions and hypotheses. It began by defining and discussing the nature of the student sample used in this research. In Section 5.2 the methodology used in this research was discussed and justified. Section 5.3 examined the research design used in this research. Section 5.4 surveyed the instruments used and procedures undertaken to test the hypotheses. Section 5.5 identified two quantitative techniques, factor analysis and logistic regression used to test the hypotheses. Section 5.6 discussed several ethical issues associated with this research.

The next chapter presents the qualitative and quantitative results from the focus groups, interviews, the pilot test and analysis of responses to the online questionnaire.

Chapter 6: Results from focus groups, interviews, pilot test and the online questionnaire

While the previous chapter examined the research methodology used in this research, this chapter presents the qualitative and quantitative results from analysing responses to the online questionnaire. Furthermore, this chapter highlights Phase 5 of the mixed methods approach; shown in Figure 5.1. The format of this chapter follows the various sections of the online questionnaire and features the integration of the qualitative and quantitative findings as characterised by the mixed methods approach.

This chapter is divided into eight sections. Section 6.1 examines the results from analysis of focus groups, interviews and the use of a pilot test developed prior to administration of the final online questionnaire. Section 6.2 discusses briefly the nature and methods used to prepare and manage the data collected from the online questionnaire. Section 6.3 examines the demographic and descriptive background of the student participants. Section 6.4 reports the descriptive results from the online questionnaire relating to the snapshot of student banking. Section 6.5 focuses on the results from applying factor analysis to the online questionnaire data to analyse the bank selection criteria. Section 6.6 focuses on testing the applicability of the theory of planned behaviour to explain the banking intentions of students. Section 6.7 reports the results from using logistic regression to identify the factors that impact on customer satisfaction, the probability of switching banks, and the probability of recommending a bank to other people. Finally, section 6.8 provides a summary of the results.

6.1 Results from focus groups, interviews and pilot test

Three instruments were used to collect data to be analysed in order to inform the final online questionnaire. The three instruments were focus groups, face to face interviews and the use of a pilot test. The nature of and justification for these three instruments was discussed earlier in Chapter 5 sections 5.4.1, 5.4.2 and 5.4.3 respectively. This section will examine the data collected from participants' responses to each instrument.

6.1.1 Results from the focus groups

Three focus groups were conducted for this research. They involved an international Muslim student group, and two Australian non-Muslim student groups. Unfortunately, no Australian Muslim students responded to the request for participation. The international Muslim focus group comprised 11 students, with eight (73 per cent) male and three (27 per cent) female students. This lack of gender equality was not surprising and is discussed in more detail in the previous chapter in section 5.4.1. The first Australian non-Muslim focus group comprised one female and four male students. In order to correct this gender bias, a second focus group was conducted comprising only female students (four). Combined, the Australian non-Muslim sample size totalled nine students (56 per cent female and 44 per cent male) and was based on convenience sampling. Details concerning the nature, format and questions asked during the focus groups can be found in Appendix 5. The key data outcomes gathered from the three focus groups in response to questions about bank selection criteria, products and services, level of satisfaction, and attitude and awareness is shown in Table 6.1.

Table 6.1 Key outcomes from the focus groups

Item	International Muslim Students (11 participants) (27 % female, 73 % male)	Australian Non-Muslim Students (9 participants, two groups) (56% female, 44 % male)
Bank selection criteria	Recommendations from family and friends Convenient ATM locations Good customer service Bank's reputation and safety Internet banking facilities	Recommendations from family and friends Convenient bank location Good customer service Bank's reputation and safety
Bank products and services	Internet banking services Debit cards Savings accounts	Savings accounts Credit cards Internet banking facilities
Level of satisfaction	Satisfied overall with their bank Recommend bank to their friends Stay with their bank after university. Held multiple bank accounts	Satisfied overall with their bank Recommend bank to their friends Stay with their bank after university. Held multiple bank accounts
Attitude and awareness	Most terms[1] familiar	Most terms[1] **not** familiar

1. The seven terms were: Riba, Shariah, Zakat, Mudaraba, Takaful, Sukuk and Muslim Community Cooperative of Australia (MCCA).

The student outcomes from the four questions highlighted in Table 6.1 (based on the Focus Group Discussion Guide – see Appendix 5) are similar to those raised in the literature review – see Chapter 4. In relation to bank selection criteria, both international Muslim and Australian non-Muslim students considered recommendations from family and friends, good customer service and the bank's reputation and safety as key determinants in choosing a bank. International Muslim students also considered convenient ATMs and internet facilities as important determinants, while non-Muslim Australian students considered convenient bank location an important factor when selecting a bank. These various factors identified by international Muslim students and Australian non-Muslim students in selecting a bank are similar to those revealed in studies by Rhee (2009), Akram et al. (2012), and Wei and Lu (2013).

Bank products and services used by both student segments considered internet facilities and savings accounts as key products they would use with their bank. It is interesting to note that Australian non-Muslim students favoured the use of credit cards, while international Muslim students tended to use debit cards; perhaps because of the absence of interest compared to a credit card. Overall, the key bank products and services used by international Muslim and Australian non-Muslim students are similar to those revealed in studies by Kaynak and Harcar (2005) and Pass (2006).

In relation to bank satisfaction, international Muslim and Australian non-Muslim students reveal similar traits. Consistent with the findings of this research relating to international Muslim and Australian non-Muslim students, studies by Lewis and Bingham (1991), Denton and Chan (1991) and Tootelian and Gaedeke (1996) reveal that generally students are satisfied with their bank, would recommend their bank to friends and operate multiple bank accounts.

Finally, there was a difference between both student segments in relation to their attitude and awareness of Islam and Islamic banking. Not surprisingly, international Muslim students were more familiar than Australian non-Muslim students with aspects of Islam and Islamic banking. The disparity in attitude towards and awareness of Islamic banking and financing techniques by international Muslim and Australian non-

Muslim students respectively is similar to those revealed in studies by Loo (2010) and Ramdhony (2013).

Apart from the four question areas highlighted in Table 6.1, students were asked other questions relating to their banking behaviour. The participants of the three focus groups were also asked if they could identify two factors that distinguish Islamic banking from Western commercial banking. The Australian non-Muslim students were unable to differentiate between Islamic and Western banking. One Australian student believed that interest rates might play a differentiating role, but was unable to explain how.

In relation to international Muslim students, most were able to identify only the prohibition of interest, the role of Shariah law and profit sharing as distinguishing features of Islamic banking not evident in Western commercial banking. These results tend to support the findings of Bley and Kuehn (2004), which showed that students are not generally aware of, or knowledgeable about, Muslim culture or Islamic banking.

Finally, all students were asked whether, if they had the opportunity, they would consider banking with an Islamic bank in Australia. The Australian non-Muslim students responded that they would consider opening an Islamic bank account but would want more information about the specific bank. In relation to international Muslim students, the answer depended on whether the bank was an Australian-based Muslim bank or an international Muslim bank operating in Australia. An Australian-based Islamic bank was attractive to only four (36 per cent) of the 11 international Muslim students. Interestingly, international Muslim students were interested only in banking with an international Islamic bank, if it provided them, "... with all the modern facilities that we are using now; that is internet banking, on-line banking, ATMs, all the services that we are using [now]." This implies that the current services provided to international Muslim students by Australian banks would need to be available within an international Islamic bank. If this was the case, all 11 international Muslim students stated that they would bank with such a financial institution.

A final question asked of all international Muslim students was how they felt about and justified having an account with an Australian commercial bank that offered or charged interest. While the majority of international Muslim students were uncomfortable with

operating a commercial bank account based on interest, as it went against the teachings of Islam, they nevertheless were able to justify their banking behaviour. The receiving or payment of interest from a commercial bank was justified by students on the grounds that:

"…there is no choice. As no Muslim banks currently operate in Australia, Muslim students believe they are therefore "allowed" to operate a commercial bank account."

"…any interest earned would be donated to a charity."

"Islam is flexible and God will forgive and not punish them as no alternative exists."

"I would do some voluntary work to offset any interest I earned."

"God knows that I did my best to avoid an interest-based bank account."

"…it reflects my current level of religiosity; which can change in the future."

6.1.2   Results from the face to face interviews

Face to face interviews with three Australian Muslims was conducted to overcome this segment's lack of participation in the focus groups. A focus group comprising Australian Muslims was not possible, so three separate face to face interviews were conducted in order to achieve a more balanced sample of Muslim students.

The Australian Muslim sample size totalled three male students and was based on convenience sampling. The use of face to face interviews highlighted two potential limitations. First, all three interviews were with Australian male Muslim students' while no female Muslim students were prepared to participate. While this creates a gender bias, such a bias is not unexpected in such research, as explained earlier in Chapter 5 in section 5.4.1.

Second, the three participants were students of the researcher, which could result in interviewer bias. The three students were clearly told that their participation was voluntary, it would have no impact on their current or future studies and, they could

withdraw from the interview at any stage. All three students signed consent forms to be interviewed and appeared genuinely keen to talk about their religion and banking habits. Despite this limitation, the author believes this research is richer for including both an international Muslim student cohort and Australian Muslim cohort.

The key data collected from the face to face interviews is shown in Table 6.2. Similar questions to those asked in the focus groups were raised. The outcomes from the four questions highlighted in Table 6.2 are similar to those raised in the literature review and highlighted in the previous section. That is, the outcomes from Australian Muslims students are similar to those identified by international Muslim students studying in Australia, and shown in Table 6.1. The discussion concerning Table 6.1 can be found in the previous section.

Table 6.2 Key outcomes from the face to face interviews

Item	Australian Muslim Students (3 participants) (100% male)
Bank selection criteria	Convenient location Recommendations by family and friends Bank reputation and safety
Bank products and services	ATMs Internet banking facilities Credit and debit cards Savings and cheque account
Level of satisfaction	All satisfied with their bank Majority to stay with their bank after university Majority to recommend their bank
Attitudes and awareness	Majority of terms[1] **not** known to students

1. The seven terms were: Riba, Shariah, Zakat, Mudaraba, Takaful, Sukuk and Muslim Community Cooperative of Australia (MCCA).

This data, along with data from the focus groups, was then incorporated into a draft questionnaire which resulted in a pilot study questionnaire before administration of the

actual online questionnaire. This process represents the shift from Phase 2 to Phase 3, based on the mixed methods design shown in Figure 5.1.

Apart from the four question areas shown above in Table 6.2, students were asked other questions relating to their banking behaviour. First, the three Australian Muslim students were asked if they could identify two factors that distinguish Islamic banking from Western commercial banking. Only one student was able to distinguish two features – the prohibition of interest and the use of profit/loss sharing. The other two students were able to identify only the prohibition of interest as a distinguishing characteristic of Islamic banking. Next, students were asked whether, if they had the opportunity, they would consider banking with an Islamic bank in Australia. Two of the students said they would prefer to stay with their current Australian commercial bank and the other student preferred an Australian-based Islamic bank. This supports the trend evident with international Muslim students in that they preferred the products and services provided by Australian banks.

A final question asked of the three Australian Muslim students was how they felt about and justified having an account with an Australian commercial bank that offered or charged interest. All three students seemed to be comfortable with operating a commercial bank account based on interest; despite this being against the teachings of Islam. Furthermore, two students acknowledged that their current banking habits based on interest could change in the future, as they matured and further embraced the teachings of Islam. The students justified their current commercial banking behaviour on the grounds that:

- they had grown up in Australia with a bank account based on interest.
- it is "...not a big deal, there are other sinful things that could be worse...".
- there is no choice in Australia; you have to have a commercial bank account as currently there are no Muslim banks operating in Australia.
- charging interest on something I want, like a home or a business is acceptable. However, charging interest on a need is considered ethically unacceptable.

Again, the Australian Muslim students accepted having a commercial bank account and were able to justify it on various grounds.

Finally, the information obtained from the focus groups (see Table 6.1) and the face to face interviews (see Table 6.2) was assessed and incorporated into a pilot online questionnaire. The data included in the pilot questionnaire included the various factors considered important in selecting a bank, the bank products and services used by the sample students, and their level of satisfaction with their bank based on overall satisfaction, recommendations, maintaining or switching their bank and, the number of bank accounts held. Finally, the idea of ascertaining student attitudes and awareness towards Islam and Islamic banking was also considered an important aspect of student banking behaviour in view of the aims of this research.

6.1.3   Results from the pilot test

A pilot test undertaken by both Muslim and non-Muslim students was conducted over a two-week period in mid-June 2011, and was based on convenience sampling. A copy of the online pilot test questionnaire can be found in Appendix 7. A total of 12 students participated in the pilot testing phase, which was conducted online. The pilot test identified several issues, with some of the key findings incorporated into the final online questionnaire. These involved:

- the correction of spelling mistakes,

- identifying a technical glitch where respondents were able to select only one alternative not a maximum of five – which one question asked for,

- the provision of an additional response in selected questions; for example, the inclusion of "not sure" as a response,

- changing student income level categories to be more representative of students working part time,

- the changing or updating of some terms used; for example, travellers' cheques changed to Travel FX / Money Cards, and

- there tended to be a lack of responses to a particular open-ended question. Accordingly, the responses given in the focus groups and face to face interviews were listed as alternatives, together with an "other" category for those respondents who wanted to discuss another reason.

Overall, no students felt uneasy about the wording used in the pilot questionnaire, nor were the instructions found to be unclear or ambiguous.

In summary, the focus groups, face to face interviews and the pilot test represent three qualitative techniques that helped to ensure the final online questionnaire was both valid and reliable.

6.2 Preparation of data

A total of 342 students responded to the final online questionnaire. The nature and justification of an online questionnaire can be found in Chapter 5 section 5.4.4, and a copy of the online questionnaire is located in Appendix 9. The online questionnaire was administered using Opinio; a web-based survey system. This system enabled collection of data from participants' responses and allowed for downloaded data in SPSS format. Descriptive statistics were then calculated to establish a picture of the data in terms of means and the presence of missing data. Responses that were not complete were rejected. That is, several respondents answered questions relating to only their gender and age, leaving other important questions unanswered. These responses were removed from the sample to ensure the integrity of the results. This action resulted in 276 usable questionnaires; representing a usable response rate of 80.7 per cent.

In order to ready the data for analysis, the wording of many of the online questions was shortened, assigned a number and / or renamed. Various questions using a seven point Likert scale based on word categories were numbered one to seven to allow analysis of the data. In relation to logistic regression, both the dependent and independent variables were subjected to recoding of their original score to ensure the analysis was suitable. Dichotomous variables (gender, students being either Muslim or non-Muslim) were coded 0 or 1. For continuous variables (often involving a Likert scale) a low value (0) was assigned to a response indicating a lack or absence of the characteristic of interest

(Pallant 2011) or a response below the median. In summary, data analysis involved the use of several statistical techniques including the use of frequencies, percentages, means, chi-square tests, t-tests, factor analysis and logistic regression.

6.3   Demographic and descriptive profile of students

Having discussed the preparation of data collected from the online questionnaire; this section focuses on providing a demographic and descriptive profile of the survey respondents. The online questionnaire included a student profile section that listed various demographic factors that could impact on bank selection criteria, bank products and services used, customer satisfaction and the level of awareness and knowledge about Islamic banking.   Descriptive statistics for the 276 student respondents is presented in Table 6.3.

The demographic profile of survey respondents showed that 121 (44 per cent) were male and 155 (56 per cent) were female. A breakdown of student responses showed that 244 (88 per cent) respondents were non-Muslim and 32 (12 per cent) respondents were Muslim. In contrast; at the time of the 2011 Census, the number of people reporting to adhere to Islam in Australia accounted for 2.2 per cent of the population (ABS 2012). As a result, the percentage of Muslims sampled in this research exceeds the percentage of Muslims relative to the total Australian population in 2011, however it is acknowledged to be small for statistical analysis. The largest age group consisted of those aged 21 to 25 years (37.0 per cent), followed by those under 20 years of age (19.6 per cent).   The majority of student participants were undergraduates (80.4 per cent) followed by postgraduate students (13.0 per cent) and then those enrolled in diplomas (4.7 per cent).

From a descriptive viewpoint, the majority of all students (55.4 per cent) considered their level of religious conviction in relation to their banking habits to be either not applicable or casual. The level of religious devotion of respondents is difficult to gauge because of the high level of missing data. Religious devotion is discussed in more detail later in this section. Student banking and financial transactions were conducted mainly via domestic commercial banks (84.8 per cent), followed by credit unions (5.8 per cent). The majority of students surveyed had only one bank account (51.1 per cent) while 32.6

per cent had two bank accounts. Finally, in relation to income levels, the majority of students (34.1 per cent) earned less than $15,000 per annum, followed by 23.6 per cent of students earning between $25,001 to $50,000 per annum.

A series of chi square tests were performed to assess if there were any significant demographic differences between Muslim and non-Muslim students; based on Table 6.3. The results revealed that there were statistically significant differences between Muslim and non-Muslim students in all categories except for the type of financial institutions used and the number of bank accounts. In all other categories, a statistically significant difference tended to relate to a specific component of the relevant category. Often these differences were obvious and not unexpected as is explained next.

In relation to gender, a significant difference exists between the proportion of males and females for Muslim and non-Muslim sample students ($\chi2$ (1, N=276) = 11.555 p=.001). The frequency and percentage of male (40.2 per cent) and female (59.8 per cent) non-Muslim students was reversed in relation to the frequency and percentage of Muslim students, (71.9 per cent male and 28.1 per cent female), resulting in this significant difference.

Only in one age category; students aged 26 to 30 years, was there a statistically significant difference between the proportion of Muslim and non-Muslim students ($\chi2$ (1, N=276) = 8.173 p=.004). This age cohort had the highest frequency for Muslim students (34.4 per cent), while for non-Muslim it represented the third highest frequency (14.3 per cent).

Academic qualifications also revealed a significant difference between the proportion of Muslim and non-Muslim students undertaking undergraduate and postgraduate qualifications. Academic qualifications were divided into four categories, they being diploma, advanced diploma, undergraduate and postgraduate. The results indicate that there is a significant difference between undergraduate Muslim (59.4 per cent) and non-Muslim (83.2 per cent) students ($\chi2$ (1, N=275) = 10.612 p=.001) and between post-graduate students ($\chi2$ (1, N=275) = 18.965 p=.000). In relation to postgraduate studies, Muslim students account for 37.5 per cent while non-Muslim students account for 9.8 per cent of all sample students studying. A possible explanation for this could be that

more non-Muslim undergraduate students were sampled compared to undergraduate Muslim students. In relation to postgraduate students a greater percentage of these students were Muslim compared to non-Muslim students.

In relation to student status, results reveal a significant difference in three of the four categories. Only the category International Students (non-Muslim – 5.4 per cent of all students) reveal no significant difference in proportion between Muslim and non-Muslim students. A significant difference was evident in the other three student status categories, they being proportions for Australian Student (non-Muslim – 82.2 per cent) ($\chi2$ (1, N=276) = 151.360, p=.000), Australian student (Muslim – 4.3 per cent of all students) ($\chi2$ (1, N=244) = 72.414 p=.000), and finally International student (Muslim – 7.2 per cent of all students) ($\chi2$ (1, N= 244) = 146.342 p=.000).

Religious devotion was measured using a Likert scale and was subject to recoding. The level of religious devotion was recorded where 0 = a casual devotion to religion (incorporating Likert scales 1-4) and 1 = a devout religious person (incorporating Likert scales of 5-7), where 7 = devout. In relation to the level of religious devotion there was a statistically significant difference between the proportion of Muslim and non-Muslim students ($\chi2$ (1, N=192) = 11.838 p=.001). This difference could be attributable to a higher frequency and percentage of non-Muslim students (28.5 per cent) having both casual and devout religious beliefs compared to Muslim students (4.2 per cent).

In relation to financial institutions, chi square tests revealed that there was no significant difference between Muslim and non-Muslim students in their use of financial institutions. Table 6.3 reveals that only 10.1 per cent of Muslim students held a commercial bank account, while 74.6 per cent of non-Muslim students held a commercial bank account.

A similar trend was also evident in relation to the number of bank accounts held. Chi square tests reveal that there was no significant difference between Muslim and non-Muslim students and the number of bank accounts they operated. While the majority of students operated only one bank account, several students, both Muslim and non-Muslim, held accounts with multiple banks. A recent KPMG (2015) survey revealed that people between 18 to 30 years tend to use the services of several banks. The survey

found that the proportion of those holding products at four or more banks had tripled since 2012, albeit from a low base, to six per cent. This suggests that this young customer segment is becoming less loyal to their bank. A possible explanation could be due to online banking, which allows customers to easily compare rival offers and open an account (Yeats 2015).

Finally, the use of chi square tests revealed that a significant difference existed between Muslim and non-Muslim students and their level of income. The results indicate there is a significant difference between the proportion of Muslim (1.4 per cent) and non-Muslim (32.6 per cent) students earning an income less than $15,000 per annum ($\chi2$ (1, N=272) = 7.803, p=.005) and those earning an income between $15,000 to $25,000 per annum ($\chi2$ (1, N= 272) = 8.638 p=.003). Table 6.3 reveals that 5 per cent of Muslim students earn between $15,000 to $25,000 per annum, while 17.7 per cent of non-Muslim students earn between $15,000 to $25,000 per annum. A possible explanation; based on Table 6.3, is that the majority of non-Muslim respondents earned less than $15,000 pa, while the majority of Muslim students earned between $15,000 to $25,000 per annum. This could reflect that Muslim students work longer hours in a job and or may have two jobs in order to financially support themselves in Australia. Non- Muslim students may be able to rely more on their parents for financial support.

Table 6.3 Descriptive statistics

	All Students (n=276)		Muslim Students (n=32)		Non-Muslim Student (n=244)		Pearson Chi Square	Asymp. Sig. (2-sided)
	Frequency	Per cent	Frequency	Per cent	Frequency	Per cent		
Gender								
Male	121	43.8	23	71.9	98	40.2	11.555	.001
Female	155	56.2	9	28.1	146	59.8		
Religious Background								
	276	100	32	11.6	244	88.4		
Age								
Under 20 years	54	19.6	3	9.4	51	20.9	2.388	.122
21-25 years	102	37.0	10	31.1	92	37.7	0.506	.477
26-30 years	46	16.7	11	34.4	35	14.3	8.173	.004
31-40 years	40	14.5	6	18.8	34	13.9	0.529	.467
Over 41 years	32	11.6	1	0.3	31	12.7	2.533	.111
Missing Data	2	0.6	1	0.3	1	0.3		
Academic Qualification								
Diploma	13	4.7	0	0	13	5.3	1.797	.180
Advanced Diploma	4	1.4	1	3.1	3	1.2	0.705	.401
Undergraduate	222	80.4	19	59.4	203	83.2	10.612	.001
Postgraduate	36	13.0	12	37.5	24	9.8	18.965	.000
Missing Data	1	0.3						

	All Students (n=276)		Muslim Student (n=32)		Non-Muslim Student (n=244)		Pearson Chi Square	Asymp. Sig. (2-sided)
	Frequency	Per cent	Frequency	Per cent	Frequency	Per cent		
Student Status								
Australian Student (Non-Muslim)	227	82.2	0	0	227	82.2	151.360	.000
Australian Student (Muslim)	12	4.3	12	4.3	0	0	72.414	.000
International Student (Non-Muslim)	15	5.4	0	0	15	5.4	2.080	.149
International Student (Muslim)	20	7.2	20	59.4	0	0	146.342	.000
Missing Data	2	0.7						
Level of Religious Devotion								
Not applicable	80	29.0						
Casual	73	26.4	6	2.1	67	24.2	11.838	.001
Devout	18	6.5	6	2.1	12	4.3		
Missing Data	105	38.0						
Financial Institutions Used								
Domestic Commercial Bank	234	84.8	28	10.1	206	74.6	0.344	.558
Credit Union	16	5.8	1	0.3	15	5.4	0.464	.496
Building Society	7	2.5	0	0	7	2.5	0.936	.333
Global/Investment Bank	6	2.2	0	0	6	2.1	0.799	.371
Other	6	2.2	2	0.7	4	1.4	2.863	.091
Missing Data	7	2.5						

	All Students (n=276)		Muslim Students (n=32)		Non-Muslim Students (n=244		Pearson Chi Square	Asymp. Sig. (2-sided)
	Frequency	Per cent	Frequency	Per cent	Frequency	Per cent		
Number of Bank Accounts								
1	141	51.1	15	5.4	126	45.6	0.280	.596
2	90	32.6	13	4.7	77	27.8	1.026	.311
3	36	13.0	4	1.4	32	11.5	0.011	.916
4 to 6	6	2.2	0	0	6	2.1	0.808	.369
7 or more	2	0.7	0	0	2	0.7	0.265	.606
Missing Data	1	0.3						
Income								
Less than $15,000	94	34.1	4	1.4	90	32.6	7.803	.005
$15,000 - $25,000 pa	63	22.8	14	5.0	49	17.7	8.638	.003
$25,001 - $50,000 pa	65	23.6	11	4.0	54	19.5	2.189	.139
More than $50,000 pa	50	18.1	3	1.0	47	17.0	1.961	.161
Missing Data	4	1.4						

6.4 Results from the online questionnaire

While the previous section provided a descriptive profile of student respondents, this section identifies the results from the online questionnaire relating to the snapshot of student banking. These areas relate to the selection criteria used by students to choose a bank, bank products and services used by students, their level of satisfaction with Australian banks, student awareness and attitude towards Islam and Islamic banking, the banking activities of Muslim students in Australia and, the opening of an Islamic bank account by non-Muslim students.

6.4.1 Bank selection criteria

This section examines the criteria used by students to select their bank based on mean-ranking analysis. The use of factor analysis in relation to bank selection criteria is examined later in section 6.5. The online questionnaire provided 19 criteria based on prior literature that might be used by students, both Muslim and non-Muslim, to select a bank in Australia. The students were asked to rank the relative importance of each criterion in relation to their decision in choosing a bank. Table 6.4 highlights the ranking of relative importance of each criterion by Muslim, non-Muslim and all students. For both Muslim and non-Muslim students (and all students) the key determinant in selecting a bank in Australia was the availability of internet banking facilities; with both groups giving it a "very important" mean ranking – Muslin (4.75) and non-Muslim (4.62); as shown in Table 6.4. This difference is not significant. While some similarities exist between Muslim and non-Muslim students in relation to other important selection factors, the order of importance differs. Based on the relative ranking of mean responses for all students, the most important five determinants of bank selection were, in order of importance:

1. Internet banking facilities,
2. Overall low or no monthly service charges / fees,
3. Convenient ATM locations,
4. Bank's reputation, safety and image, and
5. Good customer service.

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Table 6.4 Bank selection criteria
(Likert Scale with 1 = not at all important to 5 = very important)

Criteria	Muslim (n=32) (11.6 per cent)		Non-Muslim (n=244) (88.4 per cent)		All Students Surveyed (N= 276)		t	Sig. (2-tailed)
	Mean	Rank	Mean	Rank	Mean	Rank		
1. Internet banking facilities	4.75	1	4.62	1	4.63	1	1.107	.275
2. Overall low or no monthly service charges / fees	4.47	6	4.55	2	4.54	2	-0.524	.604
3. Convenient ATM locations	4.72	2	4.50	4	4.53	3	1.931	.060
4. Bank's reputation, safety and image	4.53	5	4.51	3	4.52	4	.144	.886
5. Good Customer Service	4.59	3	4.44	5	4.46	5	1.436	.158
6. Desire to feel secure	4.56	4	4.37	6	4.39	6	1.739	.088
7. Confidentiality of bank	4.32	7	4.26	7	4.26	7	.417	.679
8. Higher interest payment on savings / deposits	3.41	16	4.26	7	4.16	9	-2.962	**.006**
9. Confidence in bank's management	4.22	9	4.16	8	4.17	8	.333	.741
10. Friendliness of bank personnel	4.16	10	4.06	10	4.07	11	.731	.469
11. Lower interest rate charges on loans	4.10	11	4.09	9	4.09	10	.028	.978
12. Convenient location, being near home or work	4.31	8	3.84	11	3.89	12	3.243	**.002**
13. A wide range of student services offered - car loan, personal loan, mortgage and investment advice	3.88	12	3.74	12	3.75	13	.670	.507
14. Reception received at the bank	3.84	13	3.64	13	3.67	14	1.190	.241
15. Recommendation of family (parents) or relatives	3.41	16	3.49	14	3.48	15	-.512	.611
16. Financial counselling provided	3.75	14	3.34	15	3.38	16	2.595	**.012**
17. Recommendation of friends and colleagues (not family)	3.28	17	3.25	16	3.25	17	.202	.841
18. Available parking nearby	3.56	15	3.15	17	3.20	18	1.891	.066
19. Mass media advertising	2.78	18	2.66	18	2.67	19	.778	.441

In relation to all students, the five least important factors were:

1. Mass media advertising,
2. Available parking nearby,
3. Recommendation of friends and colleagues,
4. Financial counselling provided, and
5. Recommendation of family (parents) or relatives.

In relation to Muslim students, the most important determinants of bank selection were, in order of importance:

1. Internet banking facilities,
2. Convenient ATM locations,
3. Good customer service,
4. Desire to feel secure, and
5. Bank's reputation, safety and image.

From the perspective of this student segment, the least important five factors that influenced their bank selection criteria were:

1. Mass media advertising,
2. Recommendation of friends and colleagues,
3. Recommendation of family (parents) or relatives and higher interest payments on savings / deposits,
4. Available parking nearby, and
5. Financial counselling provided.

Muslim students had two factors – recommendation of family (parents) or relatives and higher interest payment on saving / deposits - with equal mean scores (3.41) for the sixteenth ranking.

In relation to non-Muslim students, the most important determinants of bank selection were, in order of importance:

1. Internet banking facilities,
2. Overall low or no monthly service charges / fees,
3. Bank's reputation, safety and image,

4. Convenient ATM locations, and

5. Good customer service.

In relation to non-Muslim students, the five least important factors were:

1. Mass media advertising

2. Available parking nearby,

3. Recommendation of friends and colleagues

4. Financial counselling provided

5. Recommendation of family (parents) or relatives.

Non-Muslim students had two factors – confidentiality of bank and higher interest payment on savings / deposits - with equal mean scores (4.26) for the seventh ranking.

Both Muslim and non-Muslim students consider mass media advertising as the least important factor in determining their bank. Other least important factors that are similar between these two student segments were – available parking, recommendation of friends and colleagues, and financial counselling – but their order of importance differed. In contrast, both Muslim and non-Muslim students consider internet facilities, convenient ATM locations, good customer service and a bank's reputation, safety and image as the main factors considered in determining their bank. This finding tends to support Hypothesis 1, in relation to differences in the criteria used to select a bank, and is discussed further in section 6.8.

An independent t-test was conducted to identify significant differences between Muslim and non-Muslim students in the mean Likert score for criteria they use to select a bank. There were three criteria out of 19, where a significant difference exists at conventional levels between Muslim and non-Muslim students. The three criteria were higher interest payment on savings / deposits ($p<0.01$) which was more important for non-Muslims, convenient location being near home or work ($p<0.01$) and the provision of financial counselling ($p<0.05$), which were more important for Muslims. In addition, there was a weakly significant difference ($p<0.010$) for convenient ATM locations, desire to feel secure, and availability of parking nearby, with these being more important for Muslim students.

A possible explanation for the difference between Muslim and non-Muslim students regarding higher interest payments on savings / deposits can be attributed to religion. For Muslim students, Islam forbids the payment and receiving of interest and this could account for this group's low mean score (3.41) for this variable. In contrast, non-Muslim students generally have no religious edicts that prohibit the receiving and payment of interest, and this could account for their higher mean score (4.26) for this criterion.

A possible explanation for the difference between Muslim and non-Muslim students regarding convenient bank location near home and work and the provision of financial counselling could be attributed to cultural differences. That is, Muslims prefer to conduct their financial activities at a local venue which is more accessible and allows for face to face contact. A major aspect of their financial activities is to improve their financial well-being; in line with the teachings of Islam, by undertaking financial counselling. This is supported with Muslim students recording a higher mean score for the two variables compared to lower mean scores recorded by non-Muslim students for the same variables. The value of these mean scores and tests of differences can be found in Table 6.4.

As a robustness test, a Wilcoxon Signed Rank-Sum Test is performed on the same bank selection data and shown in Table 6.5. Significance at the same level (p<.05) is found for criteria eight (Higher interest payment on savings / deposits) and criteria 12 (Convenient location, being near home or work). However, the significance is higher for criteria three (Convenient ATM locations) (p=0.042 compared with p=.060) and that for criteria 16 (Financial counselling provided) decreases (p=.054 compared with p=.012). Thus the same criteria (eight and 12) are highlighted in both analyses as being significantly different. However, criteria three becomes more significant and criteria 16 becomes less significant in the Wilcoxon analysis.

Table 6.5 Bank selection criteria and Wilcoxon signed rank sum test
(Likert Scale with 1 = not at all important to 5 = very important)

Criteria	Muslim			Non-Muslim			Full Sample			Wilcoxon Signed Rank-Sum Test	p-value 2 tailed
	N	Med-ian	Rank	N	Med-ian	Rank	N	Med-ian	Rank		
1. Internet banking facilities	32	5.00	1	244	5.00	1	276	5.00	1	-1.173	0.241
2. Overall low/ no monthly service charges / fees	32	5.00	1	242	5.00	1	274	5.00	1	0.394	0.694
3. Convenient ATM locations	32	5.00	1	244	5.00	1	276	5.00	1	-2.031	**0.042**
4. Bank's reputation, safety and image	32	5.00	1	243	5.00	1	275	5.00	1	-0.179	0.858
5. Good customer service	32	5.00	1	244	5.00	1	276	5.00	1	-1.118	0.264
6. Desire to feel secure	32	5.00	1	244	4.00	2	276	5.00	1	-1.149	0.250
7. Confidentiality of bank	31	4.00	2	242	4.00	2	273	4.00	2	-0.395	0.693
8. Higher interest payment on savings / deposits	32	4.00	2	243	5.00	1	275	5.00	1	2.822	**0.005**
9. Confidence in bank's m'agement	32	4.00	2	243	4.00	2	275	4.00	2	-0.540	0.589
10. Friendliness of bank personnel	31	4.00	2	244	4.00	2	275	4.00	2	-0.483	0.629
11. Lower interest rate charges on loans	31	5.00	2	244	4.00	2	275	4.00	2	-0.505	0.614
12. Convenient location, being near home or work	32	4.00	2	244	4.00	2	276	4.00	2	-2.398	**0.017**
13. A wide range of student services offered - car loan, personal loan, mortgage and investment advice	32	4.00	2	243	4.00	2	275	4.00	2	-0.753	0.452
14. Reception received at bank	32	4.00	2	243	4.00	2	275	4.00	2	-0.997	0.319
15. Recommend-ation of family (parents) or relatives	32	4.00	2	242	4.00	2	274	4.00	2	0.433	0.665
16. Financial counselling provided	31	4.00	2	241	3.00	3	272	3.00	3	-1.930	0.054
17. Recommend-ation of friends and colleagues (not family)	32	4.00	2	244	3.00	3	276	3.00	3	0.390	0.696
18. Available parking nearby	32	4.00	2	244	3.00	3	276	3.00	3	-1.765	0.078
19. Mass media advertising	32	3.00	3	242	3.00	3	274	3.00	3	-0.867	0.386

6.4.2 Bank products and services used

Table 6.6 highlights the results from questions about bank products and services used by students. Cross tabulation was used to study the relationships among and between the nominal variables. This table shows that the main products and services used by both Muslim and non-Muslim students were ATMs, savings accounts, and internet and telephone banking services. It is interesting to note that both student groups (Muslim and non-Muslim), unlike the outcomes from the focus groups, preferred to use debit cards compared to credit cards. This differs from the findings of the focus groups shown in Table 6.1. The top five products and services used by both Muslim and non-Muslim students were the same, although the order of importance differs; as shown in Table 6.6. Accordingly, this finding supports Hypothesis 2, in relation to differences in bank products and services participants utilise, and is discussed latter in section 6.8. The least popular products used by students were safe deposit boxes, cash management accounts, the use of financial planning advice and the use of traveller's cheques and foreign exchange.

A chi-square test was performed to assess if there were any significant differences in the bank products and services used by Muslim and non-Muslim students. The results indicate that except for one product, no differences existed between Muslim and non-Muslims in their use of bank products and services. Only one product, international financial facilities, revealed a difference at conventional significance levels; as shown in Table 6.6. This can possibly be attributed to more (international) Muslim students using these facilities to receive (or less likely given their low mean income, send) funds from (to) family members overseas. Weak significant differences ($p < 0.10$) existed for investment and cash management account use.

Table 6.6 Bank products and services (facilities) used

	Muslim Students (n=32) (11.6 per cent)		Non-Muslim Students (n=244) (88.4 per cent)			
	Frequency of Muslim students that use service	Per cent of Muslim students that use this service	Frequency of non-Muslim students that use this service	Per cent of non-Muslim students that use this service	Pearson Chi Square	Asymp. Sig. (2-sided)
ATMs	30	93.8%	227	93%	0.023	.880
Saving account	27	84.4%	225	81.5%	2.189	.139
Internet & telephone banking	26	81.3%	217	88.9%	1.587	.208
Debit card	24	75%	198	81.1%	.679	.410
Ability to pay bills	21	65.6%	161	66%	0.002	.968
Credit card	18	56.2%	112	40.6%	1.216	.270
Cheque account	6	18.7%	61	25%	0.601	.438
Investment account	3	9.4%	59	24.2%	3.560	.059
Provide loans	3	9.4%	45	18.4%	1.619	.203
Cash management account	0	0%	26	10.6%	3.764	.052
International financial facilities	7	22%	16	6.6%	8.689	.003
Travellers cheques/ foreign exchange	4	12.5%	13	5.3%	2.518	.113
Financial planning advice	1	3.1%	12	4.9%	0.203	.653
Safe deposit boxes	0	0%	6	2.5%	0.804	.370

6.4.3   Level of customer satisfaction

The previous section examined the bank products used by students; in this section attention is focused on the level of customer satisfaction. The level of student satisfaction with their bank was based on four questions, located in Section 3 of the online questionnaire – see Appendix 9. The main statistical test used to ascertain differences in customer satisfaction is to compare the mean values between Muslim and non-Muslim students. The level of overall satisfaction with their financial institution can be found in Table 6.7.

A student's overall mean level of satisfaction with their bank was obtained from a seven point Likert scale, where 1.00 was "extremely dissatisfied", 4.00 neither satisfied nor dissatisfied, and 7.00 was "extremely satisfied". The table reveals that Muslim students had a mean satisfaction level of 5.69 compared to a mean value of 5.37 for non-Muslim students, a difference that is not significant. Both student groups reveal an above mid-point of scale satisfaction with their bank or financial institution. This finding tends to support Hypothesis 5, in relation to differences in the level of overall satisfaction participants have with their bank, and is discussed in more detail in section 6.8.

Table 6.7 Overall bank satisfaction (N=275)
(Likert scale with 1= extremely dissatisfied to 7 = extremely satisfied)

	Muslim	**Non-Muslim**	**t**	**Sig. (2-tailed)**
Mean score	5.69	5.37	1.432	.160
SD	1.203	1.110		
Sample Size	32 (11.6%)	243 (88.4%)		

The next question involving customer satisfaction relates to the probability a student would want to switch or change their current financial institution in the future. These results can be found in Table 6.8.

Table 6.8 Probability of changing bank/financial institution (N=274)
(Likert scale with 1= definitely would change to 7 = definitely would not change).

	Muslim	**Non-Muslim**	**t**	**Sig. (2-tailed)**
Mean score	4.56	4.50	-0.187	.852
SD	1.645	1.731		
Sample Size	32 (11.7%)	242 (88.3%)		

The probability that a student will switch or change their bank in the future was obtained on a seven point Likert scale, where 1.00 was "definitely would change" or switch banks and 7.00 was where a student "definitely would not change" their bank. The table revealed that Muslims students had a mean 'probability of change' of 4.56 compared to a mean "probability of change" of 4.50 for non-Muslim students, a difference that is not significant. Both student groups indicate an above mid-point of scale probability of not changing their bank or financial institution in the future. This finding also supports Hypothesis 6, in relation to differences in their probability of switching banks, and is discussed in more detail in section 6.8.

The third indicator of student satisfaction related to whether they would recommend their bank or financial institution to other people and or friends. The results are shown in Table 6.9. Understanding whether a student would recommend their bank was based on a seven point Likert scale, where 1.00 was "definitely would not recommend", 4.00 neither recommend or discourage the use of their bank, and 7.00 was "definitely would recommend" their bank.

Table 6.9 Would recommend bank/financial institution (N= 271)
(Likert scale with 1= definitely would not recommend to 7 = definitely would recommend)

	Muslim	**Non-Muslim**	**t**	**Sig. (2-tailed)**
Mean score	5.22	5.19	-0.113	.910
SD	1.431	1.394		
Sample Size	32 (11.8%)	239 (88.2%)		

The table reveals that Muslim students had a mean "recommendation" level of 5.22 compared to a mean "recommendation" level of 5.19 by non-Muslim students, a difference that is not significant. Both student groups reveal an above mid-point of scale chance of recommending their bank to other people or friends. Again, this finding supports Hypothesis 7, in relation to differences in recommending their bank to other people or friends, and is discussed in section 6.8.

The final question relating to the level of student satisfaction with their bank relates to whether the student has changed his or her bank (in Australia) within the last 12 months. The results are shown in Table 6.10 below. In relation to all students the results show that 91 per cent of students had not changed their bank within the past 12 months. Only 6 per cent of Muslim students and 9 per cent of non-Muslim students had changed their bank within the past 12 months. Further, there was no significant difference between Muslim and non-Muslim students having changed banks within the past 12 months (p>0.050).

Table 6.10 Changed banks within the past 12 months

Response	Muslim Students Frequency	All Muslim Students %	Non-Muslim Student Frequency	All Non-Muslim Students %	Chi-Square	p-value
"No"	30	93.75	222	90.99		
"Yes"	2	6.25	22	9.01	0.273	0.602
Total	32	100.00	244	100.00		

Combined, the results from responses to the previous four questions concerning the level of student satisfaction with their bank show that all student respondents; both Muslim and non-Muslim, are satisfied with their bank or financial institution. This is supported by most students being satisfied overall with their bank (Table 6.7), not wanting to change their current bank (Table 6.8), readily recommending their bank to other people or friends (Table 6.9) and, not changing their bank in the past 12 months (Table 6.10). These results re-enforce each other and show that students; both Muslim and non-Muslim, are generally satisfied with their current banking arrangements.

6.4.4 Awareness and attitude towards Islam and Islamic banking

The previous section examined the level of customer satisfaction; in this section attention is focused on examining student awareness and attitude towards Islam and Islamic banking. In Section 4 of the online questionnaire (see Appendix 9), attention was directed to ascertaining a students' awareness and attitude towards Islam and Islamic banking.

A single question was used to identify the level of student awareness of Islamic culture and use of selected Islamic banking and financing techniques. Students were asked to indicate their level of awareness of seven Islamic terms (Riba, Shariah, Zakat, Mudaraba, Takaful, Sukuk and the Muslim Community Cooperative of Australia (MCCA)). The findings are reported under three categories - all students, Muslim students and Non-Muslim students. Awareness was divided into two categories they

being, "Not Aware" and "Total Aware"; which comprised two categories; "Aware and use" and "Aware and don't use". The findings are revealed in Table 6.11 and show; not surprisingly, that Muslim students are more aware than non-Muslim students of terms associated with Islamic culture and financing techniques. This result supports Hypothesis 3, which is concerned with student awareness about Islamic terms and Islamic banking and financing concepts, and is discussed in more detail in section 6.8.

In relation to being either aware or not aware of the seven Islamic terms, Table 6.11 shows there is a significant difference at p=0.000, between Muslim and non-Muslim student awareness of Islamic culture and banking for every term. Such a difference was expected, with Muslim students being more aware of Islamic culture and banking compared to non-Muslim students. These results could be expected for two reasons. First, the terms are familiar to Muslim students because they form part of the Islamic religion and are likely to be familiar, in varying degrees, to a Muslim. Second, non-Muslim students would be unlikely to be aware of the nature and role of Islamic banking as they are likely to have grown up with and used only commercial banks and non-banks in Australia.

Table 6.11 also reveals that in relation to Muslim students, the three most unfamiliar terms were Takaful, Sukuk and the Muslim Community Cooperative of Australia (MCCA). Being unfamiliar with the first two terms could be attributed to the English spelling of these terms; which students may not be used to seeing. In contrast, non-Muslim students appeared to be aware of just two terms, Shariah and the MCCA, while the least familiar terms were Mudaraba, Takaful and Sukuk.

Table 6.12 examines students being "Aware and using" versus being "Aware and not using" a term relating to Islam and Islamic banking. Similar to results in the previous Table, the same seven terms are examined. Table 6.12 reveals that there is not a significant difference between two of the terms. First, based on a total of 16 Muslim students, three (18.8 per cent) were aware and used "Mudaraba", while 13 Muslims (81.3 per cent) were aware and did not use "Mudaraba". In contrast, no non-Muslim students were aware of and used "Mudaraba", while ten (100 per cent) of the non-Muslim students were aware of and did not use "Mudaraba". This difference is not

significant. Second, based on a total of 12 Muslim students, three (25 per cent) were aware and used a "Sukuk", while nine (75 per cent) of Muslim students were aware and did not use a Sukuk. In contrast, no non-Muslim students were aware and used "Sukuk", while nine (100 per cent) of non-Muslim students were aware and did not use a "Sukuk". Again, this difference is not significant. A possible reason for this could be that students are unlikely to undertake such complex financial transactions.

Table 6.12 reveals that there are five terms where there is a significant difference between Muslim and non-Muslim students being "aware and using" versus being "aware and not using" that term. In relation to first term "Riba" and based on a total of 25 Muslim students, seven (28 per cent) were aware and used Riba, while 18 (72 per cent) of Muslim students were aware and did not use Riba. In contrast, no non-Muslim students were aware and used Riba, while 14 (100 per cent) of non-Muslim students were aware and did not use Riba. This difference is significant at p<.05.

The second term is "Shariah" and based on a total of 25 Muslim students, where 13 Muslim students (52 per cent) were "aware and used" Shariah, while 12 (48 per cent) of Muslim students were "aware and did not use" Shariah. In contrast and based on a total of 39 non-Muslim students, two (5.1per cent) were "aware and used" Shariah, while 37 (94.9 per cent) non-Muslim students were "aware and did not use" Shariah. Again, this difference is significant at p<.05.

The third term was "Zakat" and based on a total of 28 Muslim students. In relation to Muslim students, 21 (75 per cent) were "aware and used" Zakat, while seven (25 per cent) of Muslim students were "aware and did not use" Zakat. In contrast and based on a total of 16 non-Muslim students, two (12.5 per cent) were "aware and used" Zakat, while 14 (87.5 per cent) of non-Muslim students were "aware and did not use" a Zakat. Again, this difference is significant at p<.05.

Fourth, based on a total of 12 Muslim students, four (33.3 per cent) were "aware and used" "Takaful", while eight (66.7 per cent) of Muslim students were "aware and did not use" Takaful. In contrast, no non-Muslim students were "aware and used" Takaful, while 11 (100 per cent) of non-Muslim students were "aware and did not use" Takaful. This difference is significant at p<.05.

The final term was "MCCA" and the analysis is based on a total of 12 Muslim students and 19 non-Muslim students. In relation to Muslim students 4 (33.3 per cent) were "aware and used" MCCA, while eight (66.7 per cent) Muslim students were "aware and did not use" MCCA. In contrast, one (5.3 per cent) non-Muslim student was aware and used the MCCA, while 18 (94.7 per cent) non-Muslim students were aware and did not use the MCCA. Again, this difference is significant at p<.05.

In conclusion, not surprisingly Muslim students tend not only to be more aware of but also to use, compared to non-Muslim students, terms relating to Islam and Islamic banking techniques. Furthermore, given the limited sample size reported in both Tables, the results need to be treated with caution.

Table 6.11 Muslim versus non-Muslim students being "Aware" versus "Not Aware" of Islamic culture and banking terms (N=276)

	Aware		Aware		Total Aware		Aware versus Not Aware	
	Muslim (n=32)	% of total	Non-Muslim (n=244)	% of total	Total (n=276)	% of total	Chi Square	P
Riba	25	64.1	14	35.9	39	100	122.167	.000
Shariah	26	39.4	40	60.6	66	100	65.402	.000
Zakat	28	60.9	18	39.1	46	100	130.761	.000
Mudaraba	17	63.0	10	37.0	27	100	77.046	.000
Takaful	13	50.0	13	50.0	26	100	41.306	.000
Sukuk	13	56.6	10	43.4	23	100	49.411	.000
MCCA[1]	14	38.9	22	61.1	36	100	30.091	.000

1. Muslim Community Cooperative of Australia

Table 6.12 Students being "Aware and Using" versus "Aware and Not Using" Islamic culture and banking terms

	Aware and Using				Aware and Not Using				Aware and Using versus Aware and Not Using	
	Muslim	%	Non-Muslim	%	Muslim	%	Non-Muslim	%	Chi Square	P
Riba	7	28.0	0	0	18	72	14	100	4.778	.029
Shariah	13	52.0	2	5.1	12	48	37	95	18.652	.000
Zakat	21	75.0	2	12.5	7	25	14	87.5	15.942	.000
Mudaraba	3	18.8	0	0	13	81	10	100	2.120	.145
Takaful	4	33.3	0	0	8	67	11	100	4.439	.035
Sukuk	3	25	0	0	9	75	9	100	2.625	.105
MCCA[1]	4	33.3	1	5.3	8	67	18	95	4.284	.038

1 Muslim Community Cooperative Australia

*Not all of those indicating awareness answered whether they use or not use the term.

6.4.5 Three specific questions for Muslim students

While the previous section examined student awareness and attitudes towards aspects of Islamic culture and banking and financing techniques; this section focuses on three specific open-ended questions asked of Muslim students regarding their banking activities. The first question asked Muslim students to justify holding a commercial bank account; which is based on the use of interest rates, in Australia. The results showed that of the 32 respondents:

- 11 students (34.3 per cent) claimed they had no choice, as no Muslim banks operate in Australia.

- 10 students (31.0 per cent) had no problem holding a commercial bank account.

- five students (15.6 per cent) selected the option "Other" to provide another answer not covered in the instrument by this question. While selecting this option, not all students decided to write something. However, one Muslim student (3.1 per cent) justified having a commercial bank account because it could offset the adverse costs of inflation. Specifically, the student wrote: "The way money is valued has changed. With inflation caused by the lowering value of money, I hoping that it balances out."

- three students (9.3 per cent) claimed they would donate any interest earned on their bank account to charity.

- two students (6.25 per cent) believe that Islam is an accommodating and flexible religion in relation to the payment and receiving of interest.

- one student (3.1 per cent) did not answer this question.

- finally, no students justified their commercial bank account in terms of offsetting interest by undertaking voluntary work, nor did they state that they see other activities as more sinful or worse than receiving or paying interest.

The second question asked Muslim students whether they would open an Islamic bank account in Australia if the opportunity existed. The results are shown in Table 6.13

below. Based on a sample size of 32 Muslim students, 15 students (47 per cent) said "Yes", 10 students (31 per cent) said "No", six students (19 per cent) were "Not sure" and one student (3 per cent) did not answer this question. The results show that the majority of Muslim students would open an Islamic bank account in Australia if the opportunity existed. At the time of writing, no fully fledged Islamic banks operate in Australia, rather an Islamic community cooperative (the MCCA) does operate and provides customers with various Islamic financial accounts. A chi-square test for the equivalent question for non-Muslims appears with Table 6.15.

Table 6.13 Muslim students: Would you open an Islamic bank account in Australia? (N=32)

Response	Frequency	Per cent (%)
"Yes"	15	47.0
"No"	10	31.0
"Not Sure"	6	19.0
Not Answered	1	3.0
Total	32	100.0

The third question asked Muslim students whether they would close their existing commercial bank account and open an Islamic bank account in Australia if the opportunity existed. The results are shown in Table 6.14 below. Based on a sample size of 32 Muslim students, 11 students (34.5 per cent) said "Yes", nine students (28 per cent) said "No", 11 students (34.5 per cent) were "Not sure" and one student did not answer the question. The results from this question show that an equal number of Muslim students would close their commercial bank account in favour of an Islamic bank account as the number of students who were not sure whether they would close or keep open their commercial bank account.

Table 6.14 Muslim students: Close your Australian bank account for an Islamic bank account (N=32)

Response	Frequency	Per cent (%)
"Yes"	11	34.5
"No"	9	28.0
"Not Sure"	11	34.5
Not Answered	1	3.0
Total	32	100.0

6.4.6 Three specific questions for non-Muslim students

While the previous section related to specific questions for Muslim students; this section relates to three specific questions for non-Muslim students regarding their banking behaviour and attitude towards Islamic banking and finance. The first question asked students whether they would consider opening an Islamic bank account. The results are shown below in Table 6.15.

Table 6.15 Non-Muslim and Muslim students: Would you open an Islamic bank account in Australia?

	Muslim		Non-Muslim			
Response	**Frequency**	**Per cent**	**Frequency**	**Per cent**	**Chi Sq**	**p-value**
"Yes"	15	47.0	15	6.1		
"No"	10	31.0	145	59.4		
"Not sure"	6	19.0	84	34.4		
Not Answered	1	3.0	0	0	265.342	.000
Total	32	100.0	244	100.0		

Furthermore, Table 6.15 incorporates the results from Table 6.13 which allows for a chi-square test to be undertaken to see if there is any significant difference between Muslim and non-Muslim students in opening an Islamic bank account.

The results, based on a sample size of 244 non-Muslim students, showed that 15 students (6.1 per cent) would open an Islamic bank account, 145 students (59.4 per cent) would not, and 84 students (34.4 per cent) were not sure about opening an Islamic bank account. The results show that the vast majority of non-Muslim students would not consider opening an Islamic bank account in Australia. Table 6.15 also reveals that there is a significant difference between Muslim and non-Muslim students in opening an Islamic bank account at p<.05. This difference could be due to a higher proportion of non-Muslims compared to Muslim students that would not open an Islamic bank account. The remaining two questions are qualitative in nature; in that they are open ended questions and ask respondents to write their response to a question.

The second question asked students to give a reason for whether they would or would not consider opening an Islamic bank account. Based on a total sample of 244 non-Muslim students, 15 students (6.1 per cent) did not answer this question resulting in 229 usable responses (93.8 per cent). For those respondents who gave several reasons, it was their first reason listed that was coded and recorded. Based on this coding analysis, the reasons why non-Muslim students would or would not open an Islamic bank account in Australia are listed in Table 6.16. The main reasons for not opening an Islamic bank account were that respondents were satisfied with their current commercial bank account and they needed more information about Islamic banking.

Table 6.16 Reasons why non-Muslim students would or would not open an Islamic bank account (N=244)

Code / Item	N=244	Per cent
Satisfied with my current commercial bank account(s)	53	21.7
Need more information on Islamic banking	44	18.0
Do not know, understand or have knowledge about Islamic banking	37	15.1
I am not a Muslim and would not open an account	33	13.5
Depend on the bank's services, charges, ease of use, investment strategy	16	6.6
Not interested or considered relevant for me	12	4.9
No need / benefit to me in opening an Islamic Bank account	8	3.3
Not aware of Islamic banking	6	2.5
Not aware of any difference between an Islamic bank and a commercial bank	6	2.5
Would open an Islamic bank account	3	1.2
Indifferent between Islamic banking and commercial banking	0	0.0
No written answer provided	15	6.2
Answer irrelevant / not clear	11	4.5

The final question asked students to identify some characteristics or features that distinguish Islamic banking from Western commercial banking. This question provides an indication of how aware non-Muslim students in Australia are of Islamic banking. Based on a total sample of 244 non-Muslim students, only 205 students (84 per cent) answered this question while the remaining 39 students (16 per cent) did not. Based on coding analysis, the results are shown in Table 6.17. The Table shows that 57 per cent of non-Muslim students were unable to identify any characteristic or feature about Islamic banking. The major feature of Islamic banking known by 10.6 per cent of students was that Islamic banks do not charge or pay interest. There were a relatively high number of irrelevant and unclear answers provided by non-Muslim students – many of which had racist overtones. An example of these responses included:

- "Probably all personal staff have big beards and women wear burkah."

- "It is another way that Islam in Australia does not want to assimilate with Western customs or practices."
- "They make there [their] own rules and thats [that's] not right."
- "I would not believe money would be to [too] secure."
- "These sort [sorts] of institutions will be popular among Muslim communities in Australia but at large it won't be able to survive in the long term. But with the high number of political asylum seekers coming from Sudan and Afghanistan, they mite [might] survive."

Table 6.17 Characteristics and features of Islamic banking identified by non-Muslim students (N=244)

Code Item	N=244	Per cent %
Not aware of any characteristics	140	57.4
Not aware of any difference between Islamic and commercial banks	8	3.3
Have not heard of nor aware of Islamic banking	5	2.1
Answer irrelevant / not clear	18	7.4
No answer given	39	16.0
Characteristics of Islamic Banking		
• No Interest charged or received	26	10.6
• Faith / religious based	3	1.2
• Halal products	2	0.8
• Based on Shariah law	1	0.4
• Funding for travel – Mecca	1	0.4
• Profit / Loss Sharing	1	0.4

6.5 Factor analysis of bank selection criteria

Having examined bank selection criteria in terms of mean score ranking; this section reports on the use of factor analysis to ascertain the key determinants considered important by students in selecting their bank. Factor analysis is a statistical technique to reduce a large set of variables or statements to a smaller number of coherent subsets or factors that are relatively independent of each other. Each factor reflects a set of variables that are correlated with each other. It is these factors that help explain a particular process or event (Tabachnick and Fidell 2007). A review of the literature shows that this technique has been employed by many previous researchers to ascertain the criteria used by students to select their bank (e.g. Haron et al. 1994, Gerrard and Cunningham 1997 and 2001, Almossawi 2001 and Akram et al. 2012). Appendices 1 and 2 based on the literature review highlight studies that use factor analysis to ascertain the key determinants, used by students and the general population respectively, to select their bank.

The use of factor analysis to compare the bank selection criteria used by Muslim and non-Muslim students was not possible; due to the small Muslim student sample size. The sample size of Muslim students was 32 (11.6 per cent) compared to a non-Muslim sample of 244 participants (88.4 per cent). Accordingly, factor analysis was undertaken for all students combined; both Muslim and non-Muslim (n=276). In relation to a small sample size, correlation co-efficients tend to be less reliable. Further, factors derived from a small sample size do not generalise as well compared to those from a larger sample (Tabachnick and Fidell 2007). According to Tabachnick and Fidell 2007 p.613) "…it is comforting to have at least 300 cases for factor analysis." In contrast, Hair et al. (2010) claim that a researcher should not use factor analysis on a sample with fewer than 50 observations. Their preference would be for a sample size of 100 or more. Accordingly, the small Muslim sample could not be analysed separately.

The results concerning bank selection criteria from the questionnaire were examined using factor analysis. However, the appropriateness of factor analysis had to be first established. Accordingly, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity were considered. The KMO value of 0.778,

which measures how well each variable can be explained by others, is greater than the minimum required value of 0.6 (Tabachnick and Fidell 2007). The Bartlett's test of 1512, which measures if there is sufficient correlation among the variables for factor analysis to make sense, was shown to be significant (df=171 p<.001). As a result, the use of factor analysis was appropriate for this research.

The next issue to be considered was factor extraction. This involves determining or extracting the smallest number of factors that can be used to identify the interrelationships among the set of variables. While a variety of approaches can be used, this research used exploratory factor analysis and chose the principal component option. This method was used as the aim was to reduce the number of criteria from 19 to a smaller and more manageable number of components. The 19 bank selection choices included for this analysis are justified in Chapter 5 section 5.4.5 and comprise Internet banking facilities, Overall low or no monthly service charges / fees, Convenient ATM locations, Bank's reputation, safety and image, Good customer service, Desire to feel secure, Confidentiality of bank, Higher interest payment on savings / deposits, Confidence in bank's management, Friendliness of bank personnel, Lower interest rate charges on loans, Convenient location, being near home or work, A wide range of student services offered – car loan, personal loan, mortgage and investment advice, Reception received at the bank, Recommendation of family (parents) or relatives, Financial counselling provided, Recommendation of friends and colleagues (not family), Available parking nearby, and Mass media advertising. Descriptive statistics for the ranking of these individual criteria are reported in Table 6.4.

The next issue to be considered was to determine the optimal number of components. Two possibilities existed. First, select all factors that have an eigenvalue greater than one. Second, undertake a scree test. A scree test (Catell 1966) plots the eigenvalues of the factors and examines the plot to find the point at which the curve changes direction. According to Pallant (2011 p.184) "Catell recommends retaining all factors above the elbow, or break in the plot, as these factors contribute the most to the explanation of the variance in the data set." A scree test was undertaken using bank selection data collected from the online questionnaire and is show below in Figure 6.1. The eigenvalue

method resulted in five factors, while the scree test method tended to show a change at the second variable.

Figure 6.1 Scree plot for bank selection determinants
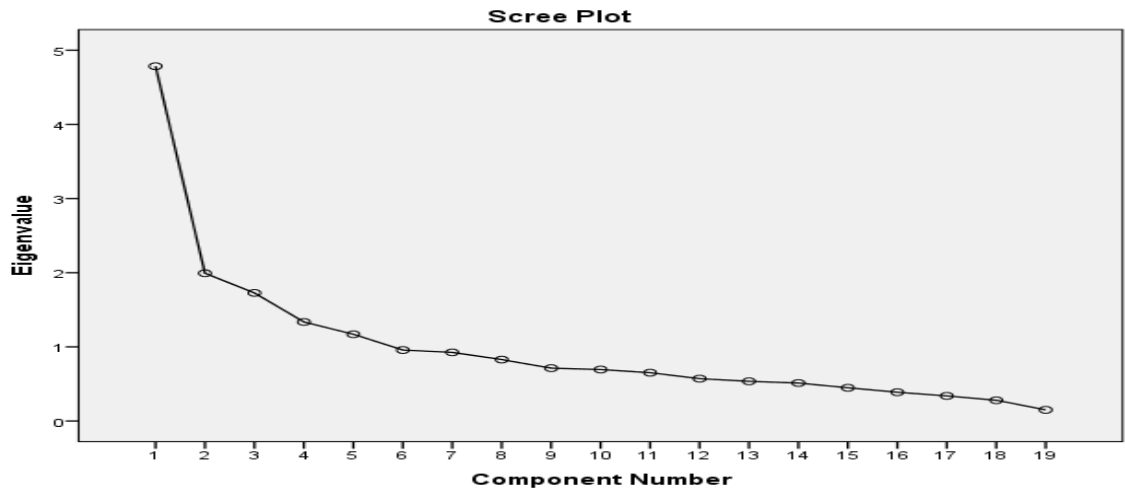
The next decision is the method of rotation. The goal of rotation is to maximise high correlations between factors and variables and minimise low loadings so that a simple structure is achieved (Tabachnick and Fidell 2007). There are two approaches to rotation, resulting in either orthogonal (uncorrelated) or oblique (correlated) factor solutions. Similar to extraction, there are many choices. An oblimin technique was applied because the factors were likely to be correlated. Direct oblimin was applied as it is a commonly used oblique technique (Pallant 2011). The results from specifying five factors or components however resulted in an uneven distribution of the characteristics which were difficult to explain or justify. Specifying four factors resulted in a better spread of characteristics which could be interpreted more readily.

The rotated Pattern Matrix highlights that the 19 items load strongly on four different components. Table 6.18 reveals seven items with a loading above 0.4 for Component 1, three items for Component 2, five items for Component 3 and only three items for Component 4. Each component had at least three or more items loading on each component, which assists in interpreting and distinguishing each component. The

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results from the factor analysis for all 276 student responses; based on the four factors, is shown below in Table 6.18.

Table 6.18 Principal components analysis – All students
(Muslim and non-Muslim) (N=276)

Component	Factor Loading
Factor 1: Bank Competence	
Good customer service	.799
Confidence in bank's management	.683
Desire to feel secure	.678
Friendliness of bank personnel	.647
Reception received at the bank	.616
Confidentiality of bank	.585
Bank's reputation, safety and image	.556
Factor 2: Recommendations and Outside Influences	
Recommendation of family (parents) or relatives	.929
Recommendation of friends or colleagues (not family)	.910
Mass media advertising	.436
Factor 3: Bank Costs, Returns and Services	
Lower interest rates charges on loans	.754
Higher interest payment on savings /deposits	.748
Overall low or no monthly service charges / fees	.628
Financial counselling provided	.445
Wide range of student services offered - car loan, personal loan, mortgage and investment advice	.441
Factor 4: Location	
Convenient location, being near home or work	.703
Available parking nearby	.581
Convenient ATM locations	.559

The four factors account for 51.7 per cent of the total variance. The four factors and their associated items / variables are listed below in the order of importance as indicated by their contribution to the percentage of total variance. Factor 1, accounting for 25.1 per cent of the total variance, is identified as a dimension based on "Bank Competence"

and incorporates seven items. These items are good customer service, confidence in the bank's management, desire to feel secure, friendliness of bank personnel, reception received at the bank, confidentiality of the bank and the bank's reputation, safety and image. A review of the literature highlights other studies that determined a similar factor, they being Almossawi (2001), Blankson et al. (2007), Mokhlis et al. (2008), Blankson et al. (2009) and Krisnanto (2011).

Factor 2 has been labelled "Recommendations and Outside Influences". The three items loaded on this factor are recommendation of family (parents) or relatives, recommendation of friends and colleagues (not family), and mass media advertising. This factor accounted for 10.4 per cent of the total variance. This factor or dimension was also evident in other studies including Gerrard and Cunningham (2001), Blankson et al. (2007), Mokhlis (2009), Krisnanto (2011), Rashid and Bhuiyan (2012) and Ramdhony (2013).

Factor 3 includes five items related to lower interest rate charges on loans, higher interest payment on savings / deposits, overall low or no monthly service charges / fees, financial counselling provided, and a wide range of student services offered. This factor has been labelled "Bank Costs, Returns and Services" and it accounts for 9.1 per cent of the total variance. Studies undertaken by, Bathula and Selvarajah (2001), Cicic et al. (2004), Blankson et al. (2009), and Chigamba and Fatoki (2011), identified a similar bank selection dimension or factor.

Factor 4 accounts for 7.0 per cent of the total variance. This factor has been labelled "Location" and contains three items – convenient location, being near home and work, available parking nearby, and convenient ATM locations. Several other studies had a similar factor or dimension, they being Thwaites and Vere (1996), Thwaites et al. (1997), Gerrard and Cunningham (2001) and Rhee (2009).

The above analysis highlights one factor whose importance differs based on statistical analysis. The role of internet banking facilities has a high mean score yet is not identified as a key item in factor analysis. This could be attributed to internet banking facilities not being considered as a discriminating variable by students when selecting a bank; because every bank has internet facilities.

6.6 Factor analysis and the theory of planned behaviour (TPB)

While the previous section focused on bank selection criteria and used observations from all students in the sample, this section focuses on testing the applicability of the theory of planned behaviour to explain and predict the banking intentions of students. The ability to test the theory of planned behaviour and the use of statistical analysis is restricted in this study, and this represents a limitation. There are two limitations relating to testing the theory of planned behaviour. First, the small Muslim student sample size (n=32) is an issue; as discussed in the previous section. Second, the theory of planned behaviour statements in the online questionnaire used the term "Australian banks". In hindsight, the number of responses was reduced by those respondents (n=61) who undertook their financial activities with non- banks; such as credit unions and building societies. Based on these two limitations, the theory of planned behaviour was tested using non-Muslim observations only resulting in a sample size of (n=183). That is N = 276 – 32 – 61 non-Muslim observations, representing 66 per cent of the full sample and 75 per cent of the non-Muslim sample. Furthermore, statements relating to Islamic banking; evident in the online questionnaire, were excluded from this factor analysis since Muslim responses were not included.

Confirmatory factor analysis was used to validate and investigate further the relative importance of the three constructs that make up the theory of planned behaviour – attitudes, subjective norms and perceived behavioural control. That is, which construct is the most important in influencing student banking intentions? Are all three constructs equally important or, is one construct more important than others in explaining student banking intentions? Furthermore, because of the limitations identified above, the interpretation of results from this section needs to be treated with caution.

The theory of planned behaviour comprises three constructs: attitudes, subjective norms and perceived behavioural control. Oblimin rotation was used to assist in the interpretation of these three components. An oblimin technique was applied because the factors were expected to be correlated. The component correlation matrix indicates the strength of the relationship between the three factors and is shown in Table 6.19. This Table suggests that Factor 1 is negatively correlated with Factors 2 and 3 at 0.228 and

0.488 respectively, while the correlation between Components 2 and 3 is positive at 0.361.

Table 6.19 Component correlation matrix

Component	1	2	3
1	1.000		
2	-.228	1.000	
3	-.488	.361	1.000

Extraction Method: Principal Component Analysis with three factors specified.Rotation Method: Oblimin with Kaiser Normalization

The Pattern Matrix reveals the items loading on the three factors and is shown below in Table in 6.20. Factors 1, 2 and 3 each have two items loading strongly. These results are shown in Table 6.20. Factors 1, 2 and 3 can be identified as perceived behavioural control, subjective norms and attitudes respectively. The identification and labelling of these three components was relatively easy and reflected their respective statements and the names given to the constructs that make up the theory of planned behaviour.

Three items make up each of Factors 1 and 2 and reflect a mix of the constructs that comprise the theory of planned behaviour. The two dominant items in Component 1 reflect the construct perceived behavioural control and the weaker item reflects the construct called attitude. This result could reflect that an individual's (positive) attitude is an important aspect of perceived behavioural control. The two dominant items in Component 2 reflects the construct subjective norms and the weaker item reflects the construct called perceived behavioural control. This result could reflect that an individual's perceived behavioural control is an important aspect of subjective norms. For example, when an individual's perceived behavioural control is weak, they are unlikely to recommend the facilities of their bank. Component 3 reflects the construct attitudes and the weaker item reflects the construct perceived behavioural control. As suggested earlier, this could reflect that part of having a positive attitude involves a behaviour that perceives control.

Table 6.20 Rotated pattern matrix

	Components		
1. Perceived Behavioural Control	**1**	**2**	**3**
I feel in control when using the various facilities offered by Australian banks	.781	-.136	
I think that I have the resources, knowledge, and ability to use the various facilities offered by Australian banks.	.932		
2. Subjective Norms			
My family thought I should use the various facilities offered by Australian banks.		-.932	
My friends and colleagues encourage me to use the various facilities offered by Australian banks.		-.935	
3. Attitudes			
Overall, I think using the facilities of Australian banks is beneficial for me.	.133		-781
Overall, I have a positive opinion about Australian banks.			-.907

These three components represent the three constructs that comprise the theory of planned behaviour. The results tend to suggest that the theory of planned behaviour, which is based on the three separate constructs, may be appropriate in examining banking behaviour. The contribution of each construct is worth examining separately.

The first or dominant statistical component or construct in explaining the theory of planned behaviour is Perceived Behavioural Control. Perceived behavioural control is made up of two variables or statements. A student's perceived behavioural control was based on a seven-point scale, where 1 was "strongly disagree", 4 neither disagree nor agree, and 7 was "strongly agree". The two statements used to ascertain perceived behavioural control were:

- Statement 1: *I feel in control when using the various facilities offered by Australian banks.*
- Statement 2: *I think that I have the resources, knowledge, and ability to use the various facilities offered by Australian banks.*

The above two statements concerning Australian banks had mean scores of 5.48 and 5.61 respectively and are shown in Table 6.21. This indicates an above average reliance on perceived behavioural control when dealing with the various facilities offered by Australian banks. However, this component was also influenced, albeit weakly, by one statement relating to attitude. That is, this first component comprises both perceived behavioural control, and to a much lesser extent, attitude. Nevertheless, this construct contributed 46.7 per cent towards influencing a student's banking intentions, by far the most dominant construct in explaining student banking behaviour – see Table 6.21.

The second statistical construct in explaining the theory of planned behaviour was Subjective Norms. Subjective Norms comprises two statements (initially four statements in the online questionnaire – two relating to Australian banks and two relating to Islamic banks). Students' subjective norms were based on a seven-point scale, where 1 was "strongly disagree", 4 neither disagree nor agree, and 7 was "strongly agree". The two statements used to ascertain subjective norms were:

- Statement 1: *My family thought I should use the various facilities offered by Australian banks.*
- Statement 2: *My friends and colleagues encourage me to use the various facilities offered by Australian banks.*

The above statements concerning Australian banks had mean scores of 4.84 and 4.33 respectively and are shown in Table 6.21. This indicates an above average reliance on subjective norms when using the various facilities of Australian banks. However, this component was also influenced, albeit weakly, by one statement relating to perceived behavioural control. That is, this component based predominantly on subjective norms, has a small element relating to perceived behavioural control. Nevertheless, subjective norms contribute about 21.4 per cent towards influencing a student's banking intentions – see Table 6.21.

The final construct, Attitude, was comprised of two variables or statements. A student's attitude towards banking was based on a seven-point scale, where 1 was "strongly disagree" implying a very negative attitude, 4 neither negative nor positive, and 7 was

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"strongly agree" implying a very positive attitude. The two statements used to ascertain attitude were:

- Statement 1: *Overall, I think using the facilities of Australian banks is beneficial for me.*
- Statement 2: *Overall, I have a positive opinion about Australian banks.*

The above statements concerning Australian banks had mean scores of 5.91 and 5.43 respectively and are shown below in Table 6.21.

Table 6.21 Confirmatory factor analysis and the theory of planned behaviour

Variable / Statement	N	Mean	Factor Loading (a)	% of Variance (a)
Perceived Behavioural Control				
I feel in control when using the various facilities offered by Australian banks.	183	5.48	.781	46.777
I think that I have the resources, knowledge, and ability to use the various facilities offered by Australian banks.	183	5.61	.932	
Subjective Norms				
My family thought I should use the various facilities offered by Australian banks.	183	4.84	-.932	21.488
My friends and colleagues encourage me to use the various facilities offered by Australian banks.	183	4.33	-.935	
Attitudes				
Overall, I think using the facilities of Australian banks is beneficial for me.	183	5.91	-.781	11.646
Overall, I have a positive opinion about Australian banks.	183	5.43	-.907	

(a) Extraction method: Principal Component Analysis. Three components extracted. Rotation Method: Oblimin with Kaiser Normalization.

Table 6.21 indicates an above average or a very positive attitude towards Australian banks. Attitudes, the least dominant of the three constructs, contributed about 11.6 per cent towards influencing a student's banking intentions – see Table 6.21. The results of the three constructs, along with the factor loadings for each construct's two statements are shown in Table 6.21.

In conclusion, three observations are possible. First, the results support all three constructs that forms the basis of the theory of planned behaviour. Confirmatory factor analysis was able to distinguish between the three constructs, with the most dominant being perceived behavioural control followed by subjective norms and the least influential construct being attitudes. The theory of planned behaviour (based on all three separate constructs) is supported by this research and can hopefully be used to help explain and predict student banking intentions. Second, the construct Subjective norms is significant because it is also supported by the factor analysis results based on bank selection criteria; discussed in the previous section. That is, recommendations by family, friends and colleagues; which encompass the construct subjective norms, was identified as an important factor by all students when selecting a bank. Third, the results suggest that around 80 per cent of student banking intentions (adding the variance of the three constructs) can be explained by the three constructs that make up the theory of planned behaviour. This leaves 20 per cent of student banking intentions being explained by other variables.

6.7 Logistic regression and student banking behaviour

As stated in the previous Chapter (see section 5.5.2) logistic regression is used to identify variables likely to influence whether or not a customer is satisfied, likely to switch banks, or likely to recommend their bank. Some of these variables, the hypothesis variables, are based on the factor scores from factor analysis of responses to questions in relation to bank selection and to the theory of planned behaviour, which were discussed in sections 6.5 and 6.6 respectively.

Factor scores are generated only for those observations with responses to relevant questions. Where a question is marked by a respondent as "not applicable" it is coded zero and no score is generated. Due to this and the many not applicable responses to the various relevant questions, particularly in relation to the theory of planned behaviour, the sample for size for the logistic regressions is reduced to 189 observations, which represents 68 per cent of the full sample.

For the variables representing the theory of planned behaviour, factor scores are calculated for all observations for which the required data is available, that is for both

Muslims and non-Muslims. However, in estimating the Pattern Matrix only observations for non-Muslims with all data present are used (189), thus there is a limitation in assuming that the results are applicable equally to Muslims and non-Muslims and extrapolating the scores for non-Muslims.

Having conducted the factor analysis and created factor scores for the variables proxying for bank selection criteria and the theory of planned behaviour, the variables included in the full logistic regression model are explained next. The model includes 13 independent variables, which are considered likely to impact on student behaviour in relation to customer satisfaction, switching banks or recommending a bank. The logistic regression model used to test hypotheses five, six and seven are:

$$(CS_i, PS_i, RB_i) = \beta_0 + \beta_1 M\_NM_i + \beta_2 BSC\_R_i + \beta_3 BSC\_C_i + \beta_4 BSC\_\$ + \beta_5 BSC\_L_i + \beta_6 TPB\_PCB_i + \beta_7 TPB\_SN_i + \beta_8 TPB\_ATTI_i + \beta_9 Gender_i + \beta_{10} Age_i + \beta_{11} Income_i + \beta_{12} Study_i + \beta_{13} ComBA_i + \varepsilon$$

Where for each observation i

Dependent Variables (separately)

CS_i	=	**(i)** Customer satisfaction based on a seven point Likert scale where 0 = extremely dissatisfied (Likert scales 1 to 4) and 1 = extremely satisfied (Likert scales 5 to 7)
PS_i	=	**(ii)** Probability of switching banks based on a seven point Likert scale where 0 = definitely would change (Likert scales 1 to 4) and 1 = would not change banks (Likert scales 5 to 7)
RB_i	=	**(iii)** Recommend bank to others based on a seven point Likert scale where 0 = definitely would not recommend (Likert scale 1 to 4) and 1 = definitely would recommend (Likert scale 5 to 7).

Independent Variables

Variable Name		Variable Definition and Measurement	Predicted Direction		
			(i)	**(ii)**	**(iii)**
Hypothesis variables					
M_NM_i	=	Muslim or non-Muslim student. Muslim = 1, 0 otherwise	?	?	?
BSC_R_i	=	Factor score for Bank selection component "recommendations"	+	+	+
BSC_C_i	=	Factor score for Bank selection component "competence"	+	-	-
$BSC\_\$_i$	=	Factor score for Bank selection component "costs"	-	-	-
BSC_L_i	=	Factor score for Bank selection component "location"	+	?	?
TPB_PCB_i	=	Factor score for Theory of Planned Behaviour construct "perceived behavioural control"	+	-	+
TPB_SN_i	=	Factor score for Theory of Planned Behaviour construct "subjective norms"	+	-	+
TPB_ATT_i	=	Factor score for Theory of Planned Behaviour construct "attitude"	+	-	+
Control variables					
$Gender_i$	=	Female = 0 Male = 1	?	?	?
Age_i	=	Students aged 21 – 25 years =1, 0 otherwise	?	?	?
$Income_i$	=	Student income less than \$15,000 = 1, 0 otherwise	?	?	?
$Study_i$	=	Undergraduate students = 1, 0 otherwise	?	?	?
$ComBA_i$	=	Commercial bank account operated by a student = 1, 0 otherwise	?	?	?
ε	=	Error term			

Data used in this research for analysis using logistic regression was obtained from responses to the online questionnaire which surveyed student banking behaviour – see Appendix 9 questions 3, 4 and 5. This questionnaire asked students three related questions, based on a seven point Likert scale, regarding the satisfaction they had with their current bank or financial intermediary. The three questions related to the overall level of customer satisfaction, the probability of switching or changing their bank and, whether they would recommend their current bank or financial intermediary to other people or friends. Responses to these three questions form the separate dependent variables used in this part of the study.

The three question responses were recoded to provide a dichotomous outcome. In relation to the three dependent variables, the level of customer satisfaction was recoded where 0 = extremely dissatisfied (incorporating Likert scales 1 to 4) and 1 = extremely satisfied (incorporating Likert scales 5 to 7). The probability of switching or changing your bank was recoded where 0 = definitely would change (incorporating Likert scales 1 to 4) and 1 = would not change banks (incorporating Likert scales 5 to 7). Finally, recommending your bank to other people was recoded where 0 = definitely would not recommend (incorporating Likert scale values 1 to 4) and 1 = definitely would recommend (incorporating Likert scale 5 to 7). Understanding what influences these dependent variables has important consequences for Australian (and overseas) banks wanting to maintain and increase their market share.

The set of predictors or independent variables for this analysis involved 13 items taken from previous studies, the online questionnaire and the factor analysis results from this research with bank selection and variables related to the theory of planned behaviour – see sections 6.5 and 6.6. These thirteen independent variables were selected because they were appropriate factors identified from the theoretical underpinnings of this research and the prior literature likely to influence the three (separate) dependent variables: satisfaction with their bank, probability of switching banks and recommending their bank.

The predicted direction for each independent variable in relation to the three dependent variables is also shown above. The dependent variables are numbered i, ii, and iii and

correspond to overall customer satisfaction, switching banks, and recommending your bank respectively. The predicted direction or relationship of each independent variable to the three dependent variables is shown in the three columns on the right hand side under the heading independent variables. An uncertain or highly subjective relationship is indicated by a question mark (?), a positive or direct relationship is indicated by a plus sign (+) and, a negative or indirect relationship is indicated by a minus sign (-). The 13 independent variables are discussed below in relation to each dependent variable.

The first hypothesis variable relates to whether the respondent is a Muslim or non-Muslim student. This variable was highlighted in the online questionnaire and was coded Muslim = 1 and non-Muslim = 0. The predictive direction of being a Muslim or non-Muslim student is considered to be subjective, uncertain and not significant in determining the three dependent variables. Nevertheless, this variable forms the basis of the seven hypothesises to be tested and so is the variable of most interest.

The next set of hypothesis variables reflect the results from this research after application of factor analysis to the criteria on how students select their bank – see section 6.5. Factor analysis identified four components: 'Recommendations", "Competence", "Costs", and "Location", as being the key criteria used by students' when selecting a bank. These factors can play an important role in determining the level of customer service, influence the decision to switch or stay with a bank and form the basis of an individual's recommendation to promote or criticise a particular bank.

Bank selection criteria based on recommendations (BSC_Recommend), competence (BSC_Competence) and location (BSC_Location) can be expected to reflect a positive or direct relationship with customer satisfaction. Students are only likely to recommend their bank to others if they perceive that they have received acceptable customer service. A bank that is perceived as offering a competent service would suggest that students will be satisfied with their bank. A conveniently located bank is likely to be a factor supporting a customer being satisfied with his or her bank. Finally, bank selection criteria based on costs (BSC_$) indicates a negative or inverse relationship with customer satisfaction. A bank that has higher costs and fees is likely to result in students being dissatisfied with their bank.

Similarly, bank selection criteria based on recommendations (BSC_Recommend) would suggest a direct relationship with switching banks. That is, students are more likely to switch banks if recommended to by family, friends or colleagues. The bank selection criteria based on competence (BSC_Competence) and costs (BSC_$) suggests that a bank that displays incompetence in its activities and has high costs and fees will result in students switching banks, a negative relationship. Bank selection criteria based on location (BSC_Location) is considered uncertain because the growing use of internet banking has likely made bank location less important than in the past.

Finally, bank selection criteria based on recommendations (BSC_Recommend) would suggest a direct relationship with recommending your bank to other people and friends. That is, a student is likely to recommend his or her bank if this bank was recommended by his or her family, friends or colleagues. Bank selection criteria based on competence (BSC_Competence) and costs (BSC_$) suggests that a bank that displays incompetence in its activities and has high costs and fees is likely to result in students not recommending that bank, hence a negative relationship. Bank selection criteria based on location (BSC_Location) is considered uncertain in its association with recommendation because the growing use of internet banking is likely to have made bank location less important over time.

The next three variables used in the logistic regression model represent factor scores for the behavioural constructs from the theory of planned behaviour, they being perceived behavioural control, subjective norms and attitudes. These three constructs are part of the theory of planned behaviour and are expected to be important in explaining and predicting student banking intentions – see section 6.6.

The construct 'perceived behavioural control' is expected to show a positive or direct relationship with customer satisfaction; that is, if a student feels in control of his or her banking activities, then he /she is likely to be also a satisfied bank customer. The independent variable, 'subjective norms', is expected to have a positive or direct relationship with customer satisfaction. That is if the friends, colleagues and family of a student believe the bank provides good service, it is likely the student will also experience good customer service. The construct "attitude" is expected to have a

positive relationship with customer satisfaction. That is a positive attitude towards the bank is likely to be reflected in positive customer satisfaction.

In relation to switching banks, the construct called 'perceived behavioural control' is expected to have a negative or indirect relationship with switching banks. That is, if a student feels in control of their banking activities then he/she is less likely to switch banks. The independent variable 'subjective norms' is expected to have a negative relationship with switching banks. That is if the friends, colleagues and family of a student are happy with the bank, the student is less likely to switch banks. The construct "attitude" is expected to show a negative relationship with switching banks. A student with a positive attitude towards their bank is less likely to switch banks.

Finally, the construct called 'perceived behavioural control' is expected to have a direct relationship with recommending a bank to others. That is, if a student feels in control of their banking activities then they are likely to recommend their bank. The independent variable 'subjective norms' is expected to have a positive relationship with recommending a bank. That is if the friends, colleagues and family of a student are prepared to recommend the bank, the student is also likely to recommend their bank. The construct "attitude" is expected to have a positive relationship with recommending their bank to friends and family. That is, a student with a positive attitude towards their bank is likely to recommend their bank to friends and family.

The remaining five control variables – gender, age, income level, level of study and operating a commercial bank account – were coded to be included in the logistic regression model. These demographic variables; except for operating a commercial bank account, were used in various studies reviewed for this research (Tootelian and Gaedeke 1996, Pass 2006, Rao and Sharma 2010 and Narteh and Owusu-Frimpong 2011) and studies using logistic regression (Haque et al. 2009, Hinson et al. 2009, and Clemes et al. 2010). Finally, the variable commercial bank account was included as it forms the basis upon which a student will usually assess overall bank satisfaction, the possibility of switching banks and recommending their bank to other people and friends.

Gender was coded 1 for male and 0 for female. A student aged 21 to 25 years was coded as 1 and 0 for all other age cohorts. Students with an income less than $15,000 pa were

coded 1 and 0 for all other income levels. Undergraduate students were coded 1 and 0 for all other levels of study. This coding was based on the higher frequency of students falling into these categories based on the descriptive statistics reported in Table 6.3. Finally, students operating a commercial bank account were coded 1 and 0 for all other financial accounts.

The predictive direction of gender, age, income, level of education, and having a commercial bank account tends to be both subjective and uncertain for all three dependent variables: customer service, switching banks, and recommending their bank. These three dependent variables are interrelated; a satisfied customer is unlikely to switch banks and more likely to recommend their bank to other people. Gender, age, income, level of study and having a commercial bank account are expected to provide mixed directions; both negative and positive, to all three dependent variables. Hence all five demographic variables are considered to have an uncertain impact from a student perspective on customer service, switching banks and making recommendations. For this reason, even though direction for the hypothesis variables is predicted and could be set at one-tail significance levels, all tests are reported as 2-tailed significant levels.

A separate logistic regression was undertaken for each dependent variable. However, before examining these results, a series of descriptive statistics for the sample relating to the observations included in the logistic regression, shown in Table 6.22, are discussed. Next, Table 6.23 reveals the results of a Pearson Correlation between the 13 independent variables, which are discussed briefly. Finally, the results of separate logistic regressions for each dependent variable are reported.

6.7.1 Descriptive statistics and correlations for independent variables

This section compares differences between the descriptive statistics for the full sample (N=276) and the sub-sample of observations (N=189) used in the logistic regression model. Taking the sub-sample of observations for which all data is present for the regressions, shown in Table 6.22, it can be shown that the demographic variables with a significant difference between Muslim and non-Muslims are substantially the same as for the full sample, shown earlier in Table 6.3. Both samples show there is a significant difference between Muslim and non-Muslims at $p<0.050$ in relation to gender, an

income level less than \$15,000 pa, and being an undergraduate student. There is no difference between Muslim and non-Muslim students with regards to age or holding a commercial bank account.

In the sub-sample of observations there is generally no difference between Muslim and non-Muslim students in the factor scores relating to bank selection criteria or the theory of planned behaviour. Only with one observation, BSC_L_i which refers to the bank selection component "location" is there a difference. The overall mean factor score for this variable is -0.008. For non-Muslim students the mean is -0.060 while for Muslim students it is 0.362 and this difference is significant at $p < 0.026$.

Table 6.23 shows that there are low correlations between the independent variables. The highest correlation between the independent variables is -.506 between TPB_BC and TPB_ATT and thus multicollinearity is not of a level to be of concern.

Table 6.22 Descriptive statistics for observations in logistic regression (N=189)

	Full Sample N=189	Non-Muslim (n=166 or 87.8%)					Muslim (n=23 or 12.2%)					
	Mean	Min.	Max.	Mean	Std. Dev	Min.	Max.	Mean	Std. Dev	t	p-value (2-tailed)
M_NM	0.122										
BSC_Recommend	-0.032	-2.882	1.501	-0.059	0.870	-0.929	1.303	0.167	0.739	-1.703	0.098
BSC_Competence	-0.009	-2.844	1.840	0.007	1.034	-2.630	1.337	-0.126	0.936	-0.151	0.881
BSC_$	-0.027	-2.727	1.493	0.006	0.781	-3.518	1.161	-0.270	1.097	0.505	0.618
BSC_Location	-0.008	-2.158	1.812	-0.060	0.754	-0.635	1.725	0.362	0.658	-2.340	**0.026**
TPB_PCB	0.014	-3.243	1.565	0.056	0.957	-2.712	1.321	-0.288	1.191	1.326	0.196
TPB_SN	-0.012	-2.262	1.540	-0.003	0.984	-2.058	1.450	-0.079	0.983	0.347	0.731
TPB_ATT	0.001	-1.286	2.992	-0.015	0.957	-1.299	2.510	0.111	1.175	-0.492	0.627

Continued on next page

Table 6.22 Descriptive statistics for observations in logistic regression (N=189) Continued

	Full Sample N=189	Non-Muslim (n=166 or 87.8%)				Muslim (n=23 or 12.2%)				Chi-Sq	p-value (2-tailed)
	Mean	Minimum	Maximum	Mean	Std. Dev	Minimum	Maximum	Mean	Std. Dev		
Age	0.365	0	1	0.373		0	1	0.304		0.417	0.519
Study	0.794	0	1	0.819		0	1	0.609		5.470	**0.019**
ComBA	0.899	0	1	0.898		0	1	0.913		0.053	0.817
Income	0.376	0	1	0.410		0	1	0.130		6.714	**0.010**
Gender	0.444	0	1	0.410		0	1	0.696		6.693	**0.010**
Satisfied	0.851	0	1	0.855		0	1	0.826		0.129	0.719
Switch	0.534	0	1	0.542		0	1	0.478		0.332	0.565
Recommend	0.714	0	1	0.717		0	1	0.696		0.045	0.833

Legend: M_NM Muslim (coded 1) or non-Muslim (coded 0) student, BSC_Recommend = factor score for bank selection component called recommendation, BSC_Competence = factor score for bank selection component called competence, BSC_$ = factor score for bank selection component called costs, BSC_Location = factor score for bank selection component called location, TPB_PCB = factor score for the theory of planned behaviour construct called perceived behavioural control, TPB_SN = factor score for the theory of planned behaviour called subjective norms, TPB_ATT = factor score for the theory of planned behaviour called attitudes, Age – students 21 – 25 years old coded as 1, otherwise 0, Study – students studying at an undergraduate level coded as 1, otherwise 0, ComBA – students operating a commercial bank account coded as 1, otherwise 0, Income - students on income less than $15, 000 pa coded as 1, otherwise 0, Gender – male (coded 1) or female (coded 0) students, Satisfied = dependent variable based on overall customer satisfaction coded 1 = satisfied and 0 = not satisfied, Switch = dependent variable based on changing / switching your bank coded1 = no change and 0 = change bank, Recommend = dependent variable based on recommending your bank to friends coded 1 = recommend bank and 0 = not recommend.

Table 6.23 Correlations for independent variables (n=189) (2-tailed)

	TPB_PCB	TPB_SN	TPB_ATT	BSC_Recommend	BSC_Competence	BSC_$	BSC_Location	Satisfied	Switch	Recommend	Income	ComBA	Study	Age	Gender
TPB_SN	.264**														
TPB_ATT	-.506**	-.402**													
BSC_Recommend	.080	.009	-.132												
BSC_Competence	-.121	.287**	-.127	.164*											
BSC_$	.036	.009	-.039	.249**	.135										
BSC_Location	.013	.112	-.049	.179*	.113	.069									
Satisfied	.292**	.030	-.338**	.056	.149*	.077	.039								
Switch	-.035	-.025	.028	-.058	-.029	-.096	-.004	-.013							
Recommend	.200**	.002	-.164*	-.079	.104	-.039	-.027	.468**	.031						
Income	-.044	.096	-.048	-.106	.211**	-.079	.040	.172*	-.096	.152*					
ComBA	.000	-.004	.050	-.062	-.072	-.145*	.080	-.041	.878**	.022	-.068				
Study	-.035	-.019	.109	.107	.092	-.065	.149*	-.030	.092	.025	.153*	.090			
Age	-.004	-.004	.015	-.070	.060	-.001	.057	-.084	.060	-.007	-.044	.034	.169*		
Gender	-.039	.001	.066	-.138	-.041	.014	-.018	.015	.105	-.071	-.056	.051	.035	.162*	
M_NM	-.114	-.025	.042	.107	.011	-.045	.152*	-.026	-.010	-.015	-.188**	.017	-.170*	-.047	.188**

Legend: TPB_PCB = factor score for theory of planned behaviour construct 'perceived behavioural control', TPB_SN = factor score for theory of planned behaviour 'subjective norms', TPB_ATT = factor score for the theory of planned behaviour 'attitudes', BSC_Recommend = factor score for bank selection 'recommendation', BSC_Competence = factor score for bank selection 'competence', BSC_$ = factor score for bank selection 'costs', BSC_Location = factor score for bank selection 'location', Satisfied =overall customer satisfaction coded 1 = satisfied and 0 = not satisfied, Switch = switching your bank coded 1 = not change and 0 = change bank, Recommend = recommending your bank to friends coded 1 = recommend bank and 0 = not recommend, Income - income less than $15, 000 pa coded as 1, otherwise 0, ComBA – commercial bank account coded as 1, otherwise 0, Study –undergraduate level coded as 1, otherwise 0, Age – 21 – 25 years old coded as 1, otherwise 0, Gender – male (coded 1) or female (coded 0), M_NM Muslim (1) or non-Muslim (0),** Correlation is significant at the 0.01 level (2-tailed), * Correlation is significant at the 0.05 level (2-tailed).

6.7.2 Results: Logistic regression

A separate logistic regression was undertaken for each dependent variable. The results for each dependent variable are listed in Table 6.24. This Table is divided into three panels, as indicated by the headings, they being satisfied bank customers (Panel A), those likely to switch banks (Panel B), and customers likely to recommend their bank to others (Panel C). The results for each are discussed below.

6.7.2.1 Level of customer satisfaction

Logistic regression was performed to understand the extent to which the level of customer satisfaction can be predicted based on the 13 independent variables identified earlier and which of the variables are significant in explaining customer satisfaction. Two immediate observations from Table 6.24 Panel A are worth noting. First, as hypothesised (H5) there is no significant difference between Muslim and non-Muslim students in relation to customer satisfaction. Second, the three constructs that comprise the theory of planned behaviour vary in direction in relation to customer satisfaction. The model as a whole explained between 21.7 per cent (Cox and Snell R square) and 38.2 per cent (Nagelkerke R squared) of the variance in customer satisfaction, and correctly classified 88.3 per cent of cases. The finding supports Hypothesis 5, in relation to no expected differences between Muslims and non-Muslims in the overall satisfaction participants have with their bank.

Only one of the constructs relating to bank selection criteria is significant ($p<0.05$) – that relating to competence, which is made up of items related to bank service, security, reputation, safety and image, amongst others. All three constructs relating to the theory of planned behaviour make a significant contribution in explaining customer satisfaction. As expected there is a positive relationship between customer satisfaction and perceived behavioural control ($p<0.01$). This suggests that an individual that perceives to have control over their banking activities is likely to be more satisfied. However, although significant at $p<0.01$, a negative relationship is shown between satisfaction and the constructs "subjective norms" and "attitude" when a positive relationship was expected. In terms of the control variables, only Income of less than

$15,000 is significant (p<0.05) and negatively so. Direction was not predicted for this variable.

In summary, Table 6.24 Panel A reveals that five of the independent variables (four hypothesis and one control variable) make a statistically significant contribution to the model; (the factor score for bank selection component "competence" , the theory of planned behaviour construct "perceived behavioural control", the theory of planned behaviour construct "subjective norms" (in the direction opposite to that expected), the theory of planned behaviour construct "attitudes" (in the direction opposite to that expected), and income levels less than $15,000pa. The factor analysis components of bank recommendations, costs and location, age, being an undergraduate, operating a commercial bank account, gender and, as hypothesised, being either a Muslim or non-Muslim student, did not contribute significantly to the model.

6.7.2.2 Probability of changing bank

Logistic regression was performed to understand whether the probability of a student changing or switching their bank can be predicted based on the 13 independent variables identified earlier and the significance or otherwise of each variable in explaining the probability of switching. Two immediate observations from Table 6.24 Panel B are worth noting. First, as hypothesised (H6) there is no significant difference between Muslim and non-Muslim students in relation to the probability of changing banks. Second, only two constructs that comprise the theory of planned behaviour are significant in explaining the probability of changing banks. The model as a whole explains between 14.3 per cent (Cox and Snell R square) and 19.1 per cent (Nagelkerke R squared) of the variance in switching banks, and correctly classifies 65.1 per cent of cases. The findings support Hypothesis 6 in relation to differences between Muslims and non-Muslims in the probability of changing or switching banks. The explanatory power of the model is lower here than for the other logistic regressions.

In relation to the probability of changing banks, only two constructs make a significant contribution. Both construct "subjective norms" and attitudes" have a negative relationship as hypothesised. That is, a student is unlikely to change banks because of subjective norms or attitudes (both at p<0.01).

In summary, Table 6.24 Panel B reveals that only two of the independent variables make a unique statistically significant contribution to the model, they being the theory of planned behaviour construct "subjective norms" and the theory of planned behaviour construct "attitudes". No other variables, including age, the factor analysis components of location and bank competence, gender, the theory of planned behaviour construct "perceived behavioural control", having a commercial bank account, as hypothesised, being either a Muslim or non-Muslim student, being an undergraduate student or income are not significant in this model.

6.7.2.3 Recommending your bank to others

Logistic regression was performed to understand whether a student would recommend their bank to others is predictable based on the 13 independent variables identified earlier. Results are reported in Table 6.24 Panel C. First, again, as hypothesised (H7) there is no significant difference between Muslim and non-Muslim students in relation to recommending a bank. Second, only one construct (perceived behavioural control) that comprises the theory of planned behaviour is significant in explaining the probability of recommending a bank. The model as a whole explained between 11.5 per cent (Cox and Snell R square) and 16.5 per cent (Nagelkerke R squared) of the variance in recommending their bank to others, and correctly classified 77.2 per cent of cases. The findings support Hypothesis 7 in relation to differences between Muslims and non-Muslims in recommending their bank to other people or friends.

In relation to recommending a bank, only one construct makes a significant contribution. The construct "perceived behavioural control" has a positive relationship as expected with recommending a bank ($p<0.05$). That is, a student is more likely to recommend their bank if they feel in control of their banking activities with that bank.

Table 6.24 Logistic regressions

Dependent variable	Panel A Satisfied (Yes/No) (N=189) Hypothesis 5				Panel B Switch (Yes/No) (N=189) Hypothesis 6				Panel C Recommend (Yes/No) (N=189) Hypothesis 7			
	B	S.E.	Wald	Sig.	B	S.E.	Wald	Sig.	B	S.E.	Wald	Sig.
M_NM	.321	.866	.137	.711	-.219	.537	.167	-.683	.530	.578	.841	.359
BSC_Recommend	-.028	.294	.009	-.924	-.014	.184	.006	-.937	-.346	.208	2.780	-.095
BSC_Competence	.667	.292	5.213	**.022**	.266	.180	2.186	.139	.376	.194	3.737	.053
BSC_$	.278	.257	1.169	.280	-.246	.181	1.855	-.173	-.024	.191	.016	-.898
BSC_Location	.262	.275	.908	-.341	.026	.175	.022	.882	-.087	.188	.212	-.645
TPB_PCB	.908	.298	9.265	**.002**	.260	.203	1.651	.199	.551	.214	6.647	**.010**
TPB_SN	-1.005	.364	7.638	**-.006**	-.559	.200	7.804	**-.005**	-.410	.219	3.500	-.061
TPB_ATT	-.972	.315	9.553	**-.002**	-.752	.212	12.558	**-.000**	-.278	.219	1.620	-.203
Age	.652	.523	1.557	.212	.075	.343	.048	.827	.058	.374	.024	.876
Study	.441	.705	.391	.532	.140	.426	.108	.742	-.228	.462	.244	-.622
ComBA	-.268	.957	.079	-.779	.096	.537	.032	.858	-.340	.576	.349	-.555
Income	-1.472	.633	5.403	**-.020**	-.206	.352	.343	-.558	-.698	.397	3.090	-.079
Gender	-.344	.512	.453	-.501	.000	.335	.000	1.000	.347	.363	.913	.339
Constant	3.119	.702	19.744	.000	.204	.392	.270	.604	1.235	.437	7.993	.005
Overall % correct	88.3%				65.1%				77.2%			
Nagelkerke R Sq	.382				.191				.165			
Cox & Snell R Sq	.217				.143				.115			
-2 Log likelihood	112.161				231.937				-203.056			

Legend: M_NM Muslim (coded 1) or non-Muslim (coded 0) student, BSC_Recommend = factor score for bank selection component called recommendation, BSC_Competence = factor score for bank selection component called competence, BSC_$ = factor score for bank selection component called costs, BSC_Location = factor score for bank selection component called location, TPB_PCB = factor score for the theory of planned behaviour construct called perceived behavioural control, TPB_SN = factor score for the theory of planned behaviour called subjective norms, TPB_ATT = factor score for the theory of planned behaviour called attitudes, Age – students 21 – 25 years old coded as 1, Study – students studying at an undergraduate level coded as 1, otherwise 0, ComBA – students operating a commercial bank account coded as 1, otherwise 0, Income - students on income less than $15, 000 pa coded as 1, otherwise 0, Gender – male (coded 1) or female (coded 0) students, otherwise   0,

In summary, Table 6.24 Panel C reveals that only one of the independent variables makes a statistically significant contribution to the model, the theory of planned behaviour construct "perceived behavioural control" at conventional levels. However, four of the independent variables make a weakly significant contribution to the model; the factor analysis component "recommendation" (negatively contrary to expectation and $p<0.10$ and "competence" (positive contrary to expectations and $p<0.10$), income levels less than \$15,000 (negative and $p<0.10$) and the theory of planned behaviour construct "subjective norms" (negative contrary to expectation at $p<0.10$). The factor analysis components of costs and location, student age, being an undergraduate student, having a commercial bank account, gender and, being either a Muslim or non-Muslim student did not contribute significantly to the model.

6.7.2.4 Conclusion

In conclusion, four observations can be made concerning the results from undertaking logistic regressions relating to student satisfaction with their bank or financial institution. First, there is no significant difference between Muslim and non-Muslim students in relation to customer satisfaction, the probability of switching banks, or recommending their bank to other people and friends. In each case the independent variable; Muslim or non-Muslim student, recorded a p-value greater than 0.300. Second, all three models revealed that at least one of the constructs relating to the theory of planned behaviour was significant; however, the model predicting customer satisfaction was revealed to be the only one with all three constructs significant. All three constructs contributed significantly in predicting customer satisfaction. Further, this model also explained most of the variance being investigated. Third, the statistical significance of each construct varied and their direction differed between the three models. The customer satisfaction model revealed a positive relationship with perceived behavioural control and a negative relationship with subjective norms and attitudes. In the probability of changing bank model, the constructs "subjective norms" and "attitudes" made a statistically significant contribution, with both revealing a negative relationship with changing banks. "Perceived behavioural control" was not significant in explaining students changing banks. Finally, the probability of recommendation model revealed that "perceived behavioural control" made a statistically significant contribution and

displayed a positive relationship with recommending your bank. "Subjective norms" and "attitudes" did not play a significant role in students recommending their bank. The fourth and final observation reveals that several variables such as age, being an undergraduate student, gender, operating a commercial bank account, and the factor analysis components relating to bank costs and location did not contribute significantly to any of the three models in predicting student banking behaviour.

The theory of planned behaviour would appear to play a mixed role in explaining and predicting student bank behaviour, for two reasons. First, confirmatory factor analysis, reported in section 6.6, reveals that perceived behavioural control is the dominant construct in explaining student banking behaviour. Second, logistic regression showed that all three constructs play a significant, yet varying role in predicting customer satisfaction, the probability of switching banks and the probability of recommending your bank. Thus a major contribution of this research on student banking reveals that the theory of planned behaviour plays a mixed and limited role in predicting student banking behaviour in Australia.

6.8 Chapter summary

This chapter has presented the quantitative and qualitative results from the online questionnaire. It began by discussing the preparation of data from the online questionnaire and then reporting the results from the online questionnaire using a variety of techniques including, means ranking, percentages, t-tests, theme analysis, factor analysis and logistic regression. Further, the majority of the hypotheses were supported. This section is divided into two parts. The first part is concerned with outlining the results of the seven hypotheses associated with this research. The second part of this section highlights three interesting themes that have emerged from this chapter.

This research is based on seven hypotheses, the results of each are discussed below.

H1   *There is no significant difference between Muslim and non-Muslim students in the selection and ranking of various criteria used in making banking choices.*

The results; using mean scores and independent t-tests, suggest that this hypothesis is supported. Based on mean scores, Muslim and non-Muslim students ranked internet banking facilities as the number one determinant in selecting a bank (see Table 6.4), while ranking differently the other determinants. Non-Muslim students ranked higher than Muslim students the following determinants of bank selection – overall low or no monthly service charges / fees, the bank's reputation, safety and image, and higher interest payments on savings / deposits. In contrast, Muslim students ranked higher than non-Muslim students the following determinants of bank selection – convenient ATM location, good customer service and a desire to feel secure.

Both Muslim and non-Muslim students identified similar selection criterion as being least important when selecting a bank; although ranked differently. The criterion considered by both student groups to be of least importance when selecting a bank were mass media advertising, the recommendation of friends and colleagues, availability of nearby parking, financial counselling, and the recommendation of family (parents) and relatives.

An independent t-test was also conducted that revealed similar results. Only three variables; out of a total of 19 revealed that a significant difference existed between Muslim and non-Muslim students in the criteria they used to select a bank. The three variables were higher interest payment on savings / deposits, convenient location being near home or work and, the provision of financial counselling.

Testing this hypothesis using factor analysis was not possible. This was because of the small Muslim sample size; which was been discussed earlier. Therefore, it was not possible to test whether any significant differences existed between Muslim and non-Muslim students in relation to the criteria used to select a bank. Nevertheless, factor analysis did reveal four factors that all students; both Muslim and non-Muslim, consider in selecting a bank – see Table 6.18. Overall, the use of mean scores and independent t-tests did support this hypothesis, while the use of factor analysis was not able to support this hypothesis.

H2   *There is no significant difference between Muslim and non-Muslim students in the main bank products and services they utilise.*

The results suggest that this hypothesis is supported. That is, there would appear to be no significant difference in the bank products and services used by Muslim and non-Muslim students in Australia; as shown in Table 6.6. Both student segments rated ATMs as the most used bank product, followed by savings accounts and internet facilities - although ranked differently. Both segments used debit cards more than credit cards. Furthermore, both segments did not rank highly or use extensively traveller's cheques, financial planning and safe deposit boxes.

H3 *Muslim students will be more aware of the fundamental terms and concepts used in Islamic banking and financing than non-Muslim students.*

The results suggest that this hypothesis is supported. That is, there would appear to be a significant difference in the level of awareness and attitude towards Islam and Islamic banking, between Muslim and non-Muslim students. Evidence of this difference can be found in Tables 6.11 and 6.12. The Tables show; whether using percentages, mean scores or chi-square tests that Muslim students were more aware of terms associated with Islam and Islamic banking compared to non-Muslim students. This is not a surprising result given the dominance religion plays for a Muslim.

H4 *There is no significant difference between Muslim and non-Muslim students in relation to the three constructs of the Theory of Planned Behaviour (TPB) and how they influence an individual's intention to undertake banking activities in comparison with their actual behaviour?*

The ability to test the theory of planned behaviour and use statistical analysis to compare if differences existed between Muslim and non-Muslim students was limited, to a certain degree, in this research. The limitations associated with testing the theory of planned behaviour were discussed earlier in section 6.6. As a result of these limitations, the theory of planned behaviour was tested using only non-Muslim students (N= 183) and based on factor analysis. Specifically, factor analysis was used to validate and investigate further the relative importance of the three constructs that make up the theory of planned behaviour – attitudes, subjective norms and perceived behavioural control. Furthermore, because of the limitations, the interpretation of results from this section will need to be treated with caution.

The results based on factor analysis (see section 6.6) reveal that the three constructs of the theory of planned behaviour, can in varying degrees help to explain an individual's intention to undertake banking activities in Australia. The results reveal that perceived behavioural control; which accounted for 46.7 per cent of the variance in banking intentions, was the dominant construct with students. The second most important construct in explaining student intentions was Subjective Norms. This construct contributed around 21.4 per cent towards influencing student banking intentions. The least important construct was attitudes, which accounted for 11.6 per cent of student banking intentions.

Combined, the three constructs of theory of planned behaviour explain around 80 per cent of an individual's intention to undertake banking activities in Australia. This research has shown that the three constructs can influence student intentions to undertake banking activities in Australia.

The results from the factor analysis of the theory of planned showed that this hypothesis could not be tested. The analysis was based on non-Muslim students only; Muslim students were excluded. Therefore, it was not possible to ascertain if there were any significant differences between Muslim and no-Muslim students. However, this was not the case with logistic regression.

The constructs that make up the theory of planned behaviour were also incorporated in the logistic regression models undertaken to predict customer satisfaction, which was examined in more detail in Section 6.7. Logistic regression was undertaken to understand whether the three aspects of customer satisfaction (the overall level of customer satisfaction, the probability of switching or changing their bank and, whether they would recommend their current bank or financial intermediary to other people) can be predicted based on 13 independent variables. One of these independent variables was whether the student was Muslim or non-Muslim, and whether this was significant in predicting customer satisfaction.

Two interesting observations can be made from the use of logistic regression. First, whether the student was Muslim or non-Muslim was not significant in predicting the overall level of customer satisfaction, the probability of changing banks, or whether

students would recommend their bank to others. Therefore, Hypotheses 4, 5, 6 and 7 are supported. Second, while at least one of the three constructs was shown to be significant, each construct varied in significance and direction in relation to the three aspects of customer satisfaction. The negative relationship of "subjective norms" and "attributes" in relation to all three aspects of customer satisfaction suggest they are not important in explaining and predicting student banking behaviour. Just one construct, "perceived behavioural control" is revealed to be positive and significant in relation to customer satisfaction and recommending your bank to friends.

H5   *There is no significant difference between Muslim and non-Muslim students in the level of overall satisfaction with their bank.*

H6   *There is no significant difference between Muslim and non-Muslim students in their probability of switching or changing banks.*

H7   *There is no significant difference between Muslim and non-Muslim students in recommending their current bank or financial institution to other people or friends.*

Results based on using (i) mean scores and independent t tests and (ii) logistic regression suggest that the above three hypothesises (H5, H6 and H7) are supported. There would appear to be no significant difference between Muslim and non-Muslim students in relation to the level of overall satisfaction with their bank; based on mean scores shown in Table 6.7. Both student segments had above mean average satisfaction with their bank. This is further supported by an independent t-test that showed no significant differences between Muslim and non-Muslim students in relation to overall bank satisfaction (t = 1.432, p=.160). This result suggests that hypothesis five (H5) is supported.

Bank satisfaction was also measured by questions relating to the probability of changing or switching their financial institution and by recommending their bank to others. Both student groups indicated, in Table 6.8, an above mean average probability of not changing or switching their bank or financial institution in the future. An independent t-test was conducted to compare the probability of switching banks between Muslim and non-Muslim students. The results indicate that there is no significant difference between

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Muslim and non-Muslim students in relation to switching banks (t = -0.187, p=.852), and hypothesis six (H6) is supported.

Both student groups reveal in Table 6.9, an above means average chance of recommending their bank to other people or friends. An independent t-test was conducted to compare any differences between Muslim and non-Muslim students in recommending their bank. The results indicate there is no significant difference between Muslim and non-Muslim students in relation to recommending their bank to other people or friends (t= -0.113, p=.910 and hence hypothesis seven (H7) is supported.

These three hypotheses (H5, H6 and H7) are also supported by using logistic regression, which was examined in more detail in Section 6.7.2. Logistic regression was undertaken to understand whether three aspects of customer satisfaction (the overall level of customer satisfaction, the probability of switching or changing their bank and, whether they would recommend their current bank or financial intermediary to other people) can be predicted based on 12 independent variables. One of these independent variables was being a Muslim or non-Muslim student. The results revealed that all three models; each representing an aspect of customer satisfaction, were statistically significant. More specifically, the model predicting customer satisfaction was revealed to be the most statistically significant. Furthermore, the results indicated that there was no significant difference between Muslim and non-Muslim students in relation to customer satisfaction (H5), the probability of switching banks (H6) and, recommending their bank to other people and friends (H7). Accordingly, the results from using logistic regression support all three hypotheses relating to customer satisfaction.

The second part of this section is concerned with revealing three interesting themes that have emerged from this chapter.

First, the results of this research need to be treated with caution given the limited sample size of Muslim students which has restricted the use of statistical techniques; like factor analysis.

Second, there would appear to be no significant differences in the banking behaviour of Muslim and non-Muslim students in Australia. The results indicate that there is no

significant difference between Muslim and non-Muslim students in relation to selecting a bank, the products and services they use, and the high level satisfaction they have with their bank.

Third, this chapter reveals the mixed importance of the theory of planned behaviour in explaining and predicting student banking behaviour in Australia. Results from factor analysis showed that perceived behavioural control was the dominant factor in predicting student banking intentions. This was followed by subjective norms, with attitudes being the least important construct. However, based on the results from the three logistic regression models, each construct varied in significance and direction in relation to the three aspects of customer satisfaction. The construct "perceived behavioural control" had a positive and significant relationship, as expected, with customer satisfaction and recommending their bank to others. The negative relationship of 'subjective norms" and "attitudes" in relation to all three aspects of customer satisfaction suggest that these two constructs are not important in explaining and predicting student banking intentions. Consequently, perceived behavioural control was the only construct of the three that contributed as expected, to explain and predict student banking intentions.

Chapter 7: Summary, conclusions and discussion

This concluding chapter provides an overview of the research undertaken, its contribution and makes some related observations. Section 7.1 provides a brief summary of this thesis. Section 7.2 discusses Australia's ability to capitalise on Islamic finance. Section 7.3 investigates the contributions of this research in understanding student banking behaviour and makes some related observations. Section 7.4 identifies and discusses the limitations associated with this research. Finally, section 7.5 examines areas for future research.

7.1 Brief summary of the thesis

This thesis developed a snapshot of student banking comprising four aspects of student banking, involving both Muslim and non-Muslim students: the selection of a bank or financial institution, particular bank products and services utilised, the level of satisfaction they have with their financial institution, and their attitude and knowledge about Islam and Muslim banking and finance. The thesis used the theory of planned behaviour and its three constructs – attitudes, subjective norms and perceived behavioural controls – and tests seven hypotheses to both better understand student choices and compare banking differences between Muslim and non-Muslim students in Australia. A mixed methods approach is used comprising focus groups, face to face interviews and an online questionnaire.

The results suggest no significant differences between Muslim and non-Muslim students in relation to selecting a bank, the products and services used, and the level of satisfaction they have with their bank. Further, the theory of planned behaviour played a mixed role in explaining and predicting student banking behaviour. Factor analysis revealed that the construct "perceived behavioural control" was a dominant factor in predicting student banking intentions.

Having provided a brief overview of the thesis the next section investigates a related issue to this research – Australia's ability to capitalise on Islamic finance.

7.2 Australia's ability to capitalise on Islamic finance

Australia has an efficient and competitive financial system and is located close to the world's most dynamic region – Asia. Islamic finance continues to grow rapidly and appears to be resistant to the instability of global financial markets (Ahmed 2010, Chazi and Syed 2010, Smolo and Mirakhor 2010). Moody's Investor Services report that Islamic finance has the potential to reach US$3 trillion over the next ten years (Wright 2016). Against this background, Australia would appear to be in a strong position to capitalise on the opportunities provided by Islamic finance. Incorporating Islamic finance would boost our aspirations as a financial hub in the region (Malley 2015). Furthermore, the introduction of Islamic finance will increase the depth and sophistication of the Australian financial system. Hopefully this research can, in some small way, help to promote the case for establishing Islamic banking in Australia, albeit from a student segment perspective. This section reviews the ability of Australia to capitalise on Islamic finance.

The opportunities associated with the development and growth of Islamic banking in Australia is enormous. Briefly, they include (Sherry 2010a):

- Australia's geographic position in the Asia-Pacific region will allow it to expand already strong trade links through the Islamic finance sector.
- Australia is next door to the largest Muslim nation – Indonesia. Further, 62 per cent of the world's Muslim population lives in our region.
- Australia has a Muslim population of over 470,000 (ABS 2012), which exceeds the combined Muslim population of Hong Kong and Japan and is more than half that of Singapore.
- Australia has world standard skills in real estate and infrastructure financing. These are two areas with potential for wholesale Islamic finance activity, as they both involve the use of underlying real assets. This is a key component for Shariah compliant projects.
- Islamic finance could provide an alternative source of funds for Australia's financial institutions.

- Offering retail Islamic finance products may foster social inclusion, enabling Australian Muslims to access products and services that are consistent with their beliefs.

- Widening the choice of products and services available to non-Muslims, for example participating in socially responsible investments that reflect the fundamental tenets underlying Islamic finance.

- Opportunities are not limited to the domestic Australian market. Leading Australian companies can offer Islamic finance products in the global market in order to tap alternative funding sources and invest in new areas.

Against this background of opportunities, the government has been active in encouraging Islamic finance in Australia. In 2008 the Australian government commissioned a report into how to position Australia as a leading financial services centre in the Asia-Pacific region. In 2010 the Government released the report, "Australia as a Financial Centre – Building on our Strengths", known as the Johnson Report. The Johnson Report made two specific recommendations on Islamic finance. First, the Report recommended the removal of regulatory barriers to the development of Islamic finance products in Australia and second, called for an inquiry by the Board of Taxation into whether Australian tax laws need to be changed to ensure that Islamic financial products have parity of treatment with conventional products (Australia as a Financial Centre – Building on our Strengths, 2010).

In April 2010 the Government announced that the Board of Taxation would examine Australia's tax laws as recommended by the Johnson Report. In May 2010 the then Assistant Treasurer Mr. Nick Sherry announced the terms of reference for a comprehensive review of Australian tax laws to ensure that they do not inhibit the provision of Islamic finance, banking or insurance products (Sherry 2010). The Board of Taxation submitted its financial report in 2012, however at this stage; there has been no detailed response by government.

In another government report, the 2014 Financial System Inquiry Report which was based on 237 submissions, made 44 recommendations regarding the Australian financial system. This report did not make a single reference to Islamic finance.

A study by Drummond and Loughnan (2010) identifies three potential legal obstacles involving the establishment of Islamic banking in Australia. First, Australia's tax system needs to be modified to ensure Islamic financial products are treated on par with the conventional Western system. For example, Murabaha and Musharaka contracts involve a seller transferring a capital item to a financial intermediary before it is passed onto the intending owner. This arrangement gives rise to two separate charges of stamp duty. In Victoria, legislative amendments have made Murabaha and Musharaka contracts a single transaction for stamp duty purposes. Other Australian states are considering similar amendments to accommodate Shariah compliant home finance contracts.

A second area of legal difficulty relates to an Islamic bank's inability to charge default interest if a customer fails to honour payments. While a fee may be placed on missing a payment, compound interest cannot be added. Nevertheless, the bank is able to reclaim the property should payment arrears reach a certain level.

Finally, Islamic banks are regulated by the international body Islamic Financial Services Board (IFSB). There are differences between the IFSB's prudential standards and the approaches put forward by the Basel II framework which forms the basis of the Australian regulatory regime. At this stage, no Islamic bank has applied for a banking licence and so the Australian Prudential Regulation Authority has not asked whether the standards it enforces are compatible with the Islamic system.

In relation to prudential standards, the key difference between Western and Islamic banking systems is in assessing risk on debt capital versus equity capital. According to Drummond and Loughnan (2010 p.66) "The standards applicable to Western banks rely on the premise that, allowing for acceptable tolerances, there is certainty of a fixed rate of return on investment funds secured by a suitable ratio of debt to valued assets whereas Islamic banking poses a more problematic calculation of returns in a system of profit sharing from the utilisation of jointly owned assets."

It is interesting to note that in July 2015, the Australian Prudential Regulatory Authority signed a Memorandum of Understanding (MoU) with its counterpart in the UAE, the Dubai Financial Services Authority, about cooperation in banking and insurance supervision – which includes Islamic finance (Mickhail 2015).

The 2015 China-Australia Free Trade Agreement is significant because China will draw upon funding sources, including Islamic finance, to finance its continental Silk (land and maritime) Road through Central and Southern Asia (Mickhail 2015). This is an opportunity for the Australian Islamic finance industry to grow and develop by participating in this international venture.

In the 2016-17 Federal Budget the Government announced measures to remove tax barriers to asset-backed financing arrangements, a move that is likely to facilitate interest-free transactions used in Islamic finance (Australian Treasury 2016). The government is seeking to ensure the tax treatment of asset backed financing is similar to other arrangements which are based on interest bearing loans. These measures will be effective from July 2018 and apply to transactions supported by assets, including deferred payment arrangements and hire purchase arrangements. Two common Islamic finance contracts are Murabaha, where a client buys a commodity on a deferred basis, and Ijara, an instalment-based leasing arrangement. This proposal comes six years after the Board of Taxation was asked to investigate Australian tax laws with reference to Islamic financing.

Based on the various events above, one would have thought that the arrival of Islamic banking in Australia is likely to occur soon. However, this is not likely to be the case. This author believes the government is being slow to promote Islamic banking in Australia for several (politically based) reasons. First, the Muslim population in Australia is relatively small and fragmented throughout Australia, therefore their voting or political clout or base tends not to be strong. Second, in the current social and political climate, Islam continues to be tarnished with many misconceptions. Islamic finance tends to be associated with the spread of terrorism, which the overwhelming majority of Australians are against. Hence, governments see no need to speed up the introduction of Islamic banking in Australia, despite strong economic and social

advantages. Finally, the Australian community and governments would seem to have become ambivalent about Islamic banking given that several Australian jihadists have joined ISIS in the Middle East (Chambers 2015), the increasing demonstrations against the building of Islamic mosques (Vedelgo 2015), and news that the authorities have been successful in uncovering potential terrorist attacks in Australia (Box and Stewart 2015).

Combined, the above factors have tended to delay the development of Islamic finance in Australia. As Malley (2015) succinctly states:

> When we see the energy and commitment being applied to the Islamic finance sector in Malaysia, and more broadly in Indonesia and elsewhere, I can't help but feel Australia's modest uptake is something of a missed opportunity. So too is the potential for enhanced business, finance and cultural linkages in key Asia Pacific and middle eastern markets that would come with a deeper engagement in sharia complaint finance.

Despite the obvious benefits stemming from the introduction of Islamic financing, the Australian financial system will continue to lack depth and sophistication, provide limited employment opportunities and restrict potential wealth for Australians. Similar to Mickhail (2015), the author of this thesis also believes Australia has been slow to capitalise on Islamic banking and financial opportunities.

7.3 Research contributions and observations

The previous section examined Australia's ability to capitalise on Islamic finance. This research has made several contributions to our understanding of student banking behaviour. This section focuses on seven important contributions that stem from this research.

The first contribution of this research is that it fills a gap in the literature by focusing on the banking behaviour of Muslim and non-Muslim students in a non-Muslim country – Australia. Comparing the banking behaviour of Muslim and non-Muslim students in a non-Muslim country has not been undertaken previously in the published literature. Australia has an increasing Muslim population whose banking and financial needs have

been dominated by a conventional interest-rate based banking system. The banking needs of this growing market segment need to be better understood and catered for in the future. A financial system that incorporates this banking niche is likely to help Muslims feel more comfortable about integrating into Australian society and promote social inclusion. However, as suggested in the previous section, the advent of Islamic banking in Australia is likely to be a slow (and frustrating) process.

Furthermore, the breadth of examination involved in this current research, is important for two reasons. First, this research provides a comprehensive snapshot of student banking which involves identifying the factors this segment considers when selecting a bank, the products and services used by students, identifying the level of student bank satisfaction and, ascertaining the attitude and level of awareness towards Islam and Islamic banking and finance. No other study has combined all these aspects, using a mixed methods approach, to provide such a comprehensive insight into student banking behaviour.

Second, this study applies the theory of planned behaviour to ascertain student banking intentions in relation to student bank satisfaction. To the author's knowledge, the theory of planned behaviour has not before been applied in such a context despite its known applicability in many other market segments.

Compiling both a snapshot of student banking and testing the application of the theory of planned behaviour to students, both Muslim and non-Muslim, has not previously been undertaken. This research project, despite some sampling issues, clearly fills a void in the literature. Further, this research provides a rich foundation or template upon which further research can be undertaken in relation to the banking behaviour of a relatively minor, yet growing, ethnic group. Overtime, most small ethnic groups are likely to become important market segments. Better understanding these market segments can assist banks and other financial institutions to develop effective strategies to maintain and develop both this market segment and their market share.

The second contribution of this research relates to the ability to replicate the results. That is, if this mixed methods study were undertaken now, the results are likely to be more difficult to obtain and different. In 2011 when the online questionnaire was

undertaken by students, there was little adverse publicity concerning Muslims, both in Australia and abroad. However, recent events, both domestically and internationally, have probably adversely changed the public perceptions of Muslims, in particular:

- young Muslims leaving Australia to fight for the so called "Islamic State",

- the massacre of staff and a customer at the Lindt Café in Sydney (December 2014),

- the alleged plot to kill police officers during the recent Anzac Day Ceremony in Melbourne (25 April, 2015),

- the massacre of French journalists working at *Charlie Hebdo* (January 2015) and Christian university students in Kenya (April 2015),

- ASIO (Australian Secret Intelligence Organisation) releasing maps of terrorist-recruiting hotspots in Melbourne and Sydney suburbs (June 2015),

- the shooting of tourists in Tunisia, bombing of worshippers in Kuwait and the beheading of a man in France (June 2015) and the Thai bombing (August 2015),

- a series of coordinated attacks in Paris at a football stadium, threatre, and cafes (November 2015),

- a suicide bomber attacked a Belgium metro station and airport (March 2016), and

- a truck driven through a crowd celebrating Bastille Day in Nice (July 2016).

These events, undertaken by extremists, are likely to make Muslims feel alienated and make it more difficult for them to integrate into their adopted societies. The media coverage of such adverse events does little to encourage acceptance of Muslims in Australian society and elsewhere.

Further, the lack of any reference to Islamic banking in the recent report into the Australian financial system (Financial System Inquiry Final Report 2014) has not enhanced the prospects for Islamic banking in Australia. Accordingly, had this research been undertaken now in Australia, it is likely that Muslim responses would be more

difficult to obtain, resulting in fewer insights and limited outcomes regarding student banking behaviour.

The ability to conduct deeper research in this area and assist in Muslim integration into their adopted societies will require concerted action on three fronts. First, politicians at all levels of government, together with respected Muslim community leaders need to be seen opposing intolerance and promoting social inclusion. Second, the benefits of Islamic banking and financing techniques need to be better understood, and be available, to all members of a society; both Muslim and non-Muslim. In particular, the benefits focusing on ethical investments and reduced risk are significant attributes that need to be explained. This will require a planned information and education campaign. Finally, if the government is serious about developing and promoting Australia's financial system, then Islamic banks need to be in the mix of new financial institutions operating in Australia. Surely, current obstacles preventing Islamic banking from operating in Australia can be overcome, just as they have in Britain and Singapore. In these two non-Muslim countries, Islamic banks operate successfully alongside conventional (Western interest-based) banks and fill an important market niche.

The third contribution of this research is that it supports the findings of Blankson et al. (2007) and Blankson et al. (2009). Both studies showed that there is no difference in bank selection criteria used by students from different cultural, economic, political and legal backgrounds. That is, countries at different stages of economic development can have similar bank selection factors. This research found that internet banking was a key determinant in selecting a bank in Australia – see Table 6.4. Internet banking was also found to be a key factor in studies conducted in industrial countries such as Holland (Rhee 2009) and Sweden (We and Lin 2013), in studies for newly industrial countries such as Singapore (Gerrard and Cunningham (2001), and studies in developing countries such as Pakistan (Akram 2012) and Bangladesh (Rashid and Bhuiyan 2012). Hence bank selection factors are transferrable between countries, even if they are at different stages of economic development.

The fourth contribution of this research is to reveal that there is no significant difference between Muslim and non-Muslim students in relation to testing six hypotheses to do

with banking behaviour. Only one hypothesis, (H4), relating to student awareness of Islam and Islamic banking, showed a significant difference between Muslim and non-Muslim students. This result was hypothesised and is supported in prior literature (Gerrard and Cunningham 1997, Loo 2010, and Ramdhony 2013), although no study tests this question in a non-Muslim country. While the sampled student cohort showed no significant differences between Muslim and non-Muslim students, subtle differences do exist. Nevertheless, this research reveals, that overall, this student group is heterogeneous. Making assumptions about this cohort as a whole would be dangerous, as priorities and preferences of its constituents do differ. For example, differences exist between Muslim and non-Muslim students in the criteria they use to choose a bank (see section 6.4.1) and the bank products and services they utilise (see section 6.4.2). As a result, banks will need to design digital tools and services that target and personalise services (KPMG 2015). Each of the hypotheses is briefly discussed below for convenience.

The first hypothesis (H1) relates to there being no significant difference between Muslim and non-Muslim students in their selection and ranking of criteria used to select a bank. The results, using mean scores and independent t-tests, suggest that this hypothesis is supported. Based on mean scores, Muslim and non-Muslim students ranked internet banking facilities as the number one determinant in selecting a bank (see Table 6.4), while ranking differently the other determinants. This finding is similar to studies by Rhee (2009), Hedayatnia and Eshghi (2011), Rashid and Bhuiyan (2012) and Wei and Lu (2013). The criterion considered by both student groups to be of least importance when selecting a bank were mass media advertising, the recommendation of friends and colleagues, availability of nearby parking, financial counselling, and the recommendation of family (parents) and relatives. These findings are similar to studies undertaken by Khazeh and Decker (1992), Ta and Har (2000), Cicic et al. (2004) and Mokhlis et al. (2008). While testing this hypothesis using factor analysis was not possible, the use of factor analysis did reveal four broad factors that all students; both Muslim and non-Muslim, consider in selecting a bank (see section 6.5).

While a diverse number of factors influence how students, both Muslim and non-Muslims choose their bank, two trends would appear evident in Australia. First, internet

banking, involving online and mobile technology, will continue to grow and develop. Improving the level of technology used by a bank in terms of speed, convenience and ease of use will continue to be important criteria used in choosing a bank and maintaining custom. Second, bricks-and-mortar branches will continue to play a role for those interested in personal face to face banking (KPMG 2014). Accordingly, branch location and appearance, along with their digital platforms, will continue to be key criteria in selecting a bank.

The second hypothesis (H2), which is supported, relates to there being no significant difference in bank products and services used by Muslim and non-Muslim students in Australia. The results are shown in Table 6.5. Both student segments rated ATMs as the most used bank product, followed by savings accounts and internet facilities - although ranked differently. These findings are similar to other studies by Lewis and Bingham (1991), Haron et al. (1994), Metawa and Almossawi (1998) and Pass (2006). Following on from the discussion concerning the previous hypothesis, it would appear that a bank's digital presence will be used by students to research and purchase their financial products. More specifically, Australian students are likely to increase their use of independent comparison websites, popular money magazines, and social media to evaluate rival banks' products and services and select products (KPMG 2014). As a result, the idea of a loyal or lifetime customer is likely to diminish and, students are likely to have accounts with multiple banks.

Australia has a growing Muslim population and Australian banks are likely to eventually need to develop products and services that incorporate Islamic banking and financing principles. For example, offering bank accounts with no interest and adapted housing loans based on a fee rather than an interest rate. Already several Australian banks have recognised this emerging market segment and have started to target the Muslim population (Invest Victoria (2010), Johnston (2010), and Henshaw (2012)). Further, non-Muslims could also be interested in Shariah-based products based on profit sharing and socially responsible / acceptable lending activities.

The third hypothesis (H3) relates to there being a significant difference in the level of awareness and attitude towards Islam and Islamic banking between Muslim and non-

Muslim students. The results reveal, whether using percentages, mean scores or Chi Square tests, that Muslim students are more aware of terms associated with Islam and Islamic banking compared with non-Muslim students. This is not a surprising result given the dominance religion plays for most Muslims. Nevertheless, the literature shows that the level of knowledge by Muslims towards Islamic banking products and services could be improved (Gerrard and Cunningham 1997, Hamid and Nordin 2001, Bley and Kuehn 2004, and Rammal and Zurbruegg 2007). As a consequence, the eventual establishment of Islamic banking in Australia will require these banks to undertake an educative campaign to inform non-Muslims (and perhaps also, but to a lesser extent, Muslims) about their Islamic products and services. The need for banks to better educate consumers (both Muslims and non-Muslims) about their Islamic products and services is explicitly supported in studies by Gerrard and Cunningham (1997), Hamid and Nordin (2001), Lateh et al. (2009), and Okumuş and Genc (2013).

The fourth hypothesis (H4) involves there being no significant difference between Muslim and non-Muslim students in relation to the application of the theory of planned behaviour. While this hypothesis is supported, the results concerning the applicability of the theory of planned behaviour to explain student banking intentions was not supported by factor analysis or logistic regression. The use of the theory of planned behaviour is discussed in more detail later in this section.

Hypotheses Five (H5), Six (H6) and Seven (H7) relate to there being no significant difference between Muslim and non-Muslim students in relation to three aspects of customer satisfaction. More specifically, there were no significant differences between Muslim and non-Muslim students in relation to overall customer satisfaction (H5), the probability of changing banks (H6), and recommending your bank to others (H7). These three hypotheses are supported in terms of mean scores, independent t-tests (see section 6.4.3) and the use of logistic regression (see section 6.7).

The fifth contribution of this research relates to testing the applicability of the theory of planned behaviour to student banking. Confirmatory factor analysis provided a ranking of the three constructs (perceived behavioural control, subjective norms and attitudes) and revealed that perceived behavioural control accounted for the largest variance in

banking intentions. Logistic regression revealed that perceived behavioural control was significant in explaining a positive relationship with customer satisfaction and recommending your bank to others. However, the direction of the other two constructs – "subjective norms" and "attitudes" – reflected a negative relationship with overall customer satisfaction, changing banks and recommending your bank to others. This negative relationship implies that these two constructs are not useful in explaining and predicting student intentions. Therefore, the theory of planned behaviour has been shown to have limited application to banking behaviour in this research.

There could be two possible reasons why the theory of planned behaviour was not able to contribute effectively to neither explaining nor predicting student banking intentions. First, the questions asked in the online questionnaire may not have been sufficiently specific. According to Fünfgeld and Wang (2009) the more defined the question the better the predictive powers of the constructs and the higher the correlation of the constructs to intentional behaviour. A possible second reason is that student banking has become more habitual, as opposed to reflecting intentional behaviour (Chai and Pavlou 2004). For many students in Australia, banking seems to have become a habit compared to being driven by thoughtful deliberation. As a result, perhaps the role and importance of the theory of planned behaviour is limited and inappropriate in explaining student banking intentions, which are now driven more by habit and basic necessity. The habitual approach may also reflect the oligopolistic nature of the Australian banking industry.

The sixth contribution of this research is in identifying how Muslim's justify maintaining an interest-based conventional bank account in a non-Muslim country, like Australia. A focus group conducted for this research revealed that while some Australian Muslim students were uncomfortable about holding an interest-based bank account, they nevertheless justified their banking behaviour in terms of:

- having no choice,
- donating any interest earned to charity,
- undertaking voluntary work to offset the interest earned and
- Islam being a flexible religion and God will forgive such actions.

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According to Souiden and Rani (2015), two further reasons why some Muslims (presumably non-students) would deal with interest-based banks are that they do not fully understand the "non-halal" aspect of conventional banks and, their low degree of religiosity. The reasons provided by the participants in this research, to the author's knowledge, have not been well identified and discussed before in the literature. Accordingly, the findings from the focus group together with those identified by Souiden and Rani (2015) add to our knowledge about the banking behaviour of Muslims, including students.

The seventh and final contribution of this research relates to providing some practical implications for conventional (commercial) banks. Conventional banks worldwide, including Australian banks, are keen to develop Islamic financing products for their growing Muslim client base. In relation to Australia, this research has implications for any financial institution (Muslim or non-Muslim) considering setting up or expanding an Islamic financial operation in a country with a small Muslim population. The results from the online questionnaire reveal five interesting observations about the student banking segment.

The first observation relates to bank advertising. Bank advertising is not rated highly as a factor, by either Muslim and non-Muslim students, when selecting their bank. This finding is supported in studies by Laroche et al. 1986, Haron et al. 1994, Kaynak and Harcar 2005, Aregbeyen 2011, and Selamat and Abdul-Kadir 2012. However, the results of this research, reveal a general lack of awareness by students (and probably the general population) of Islamic banking and financing techniques. This general lack of awareness is also reflected in respondents not being familiar with the Muslim Community Cooperative Australia (MCCA), as discussed in section 6.4.4. For the establishment of an Islamic bank in Australia, whether Australian based or overseas Islamic-based bank, from the findings reported in this thesis, here is a need to undertake an informative and educative campaign in order to establish and develop such a market segment. The findings of this current research are supported by Haron et al. (1994), Metawa and Almossawi (1998), Dusuki and Abdullah (2007), Rashid and Hassan (2009), and Ramdhony (2013). According to Rammal and Zurbruegg (2007), banks

need to communicate clearly to the populace about how Islamic banking products operate and educate customers about this way of undertaking banking transactions.

Second, this research has shown that internet banking plays a mixed role with students in selecting their bank. Based on the ranking of mean scores, internet banking facilities are the dominant student determinant in selecting a bank in Australia (see section 6.4.1). This finding is similar to studies undertaken by Rhee (2009), Hedayatnia and Eshghi (2011), Rashid and Bhuiyan (2012) and Wei and Lu (2013). Nevertheless, the mixed role of internet banking in this study could suggest that bank selection has little to do with demographic / religious factors, rather selection is based more on technology, convenience and the costs and charges associated with bank facilities. Banks need to ensure this service is of a high quality, is cost effective and constantly reflects student needs.

Advances in mobile technology, especially smart phones, will be a channel increasingly used to assess and purchase (via the availability of tap and pay and/or swiping) products and services (Duursma 2015). Such technology will change customer behaviour as we know it today, and reported in this research. Financial institutions based on bricks and mortar will diminish and be replaced by online services which are quick and can target consumer demands (Duursma 2015). In a sense, this research may have reached a tipping point, where current concepts, products and theories will need to be re-invented in the coming decades to remain relevant.

In contrast, factor analysis revealed that internet banking was not an important factor in choosing a bank. As explained earlier (see section 6.5), this could be because the internet was not seen as a discriminating variable by students when selecting a bank. That is, students considered that all banks offered basic internet facilities.

Third, this research has provided a useful template in assessing the merits of introducing niche banking into Australia, in this case Islamic banking. By developing a snapshot of banking, an online questionnaire and using, albeit in a limited sense, the theory of planned behaviour, this research has provided several unique insights into establishing Islamic banking into Australia. Briefly, this research has revealed that:

- quality internet banking / technology is a key determinant identified by all students when selecting a bank,

- banking products and services used are similar between Muslim and non-Muslim students,

- both Muslim and non-Muslim students are satisfied with their current bank, have a low probability of changing or switching banks, and would recommend their bank to others,

- Muslims tend to be more aware than non-Muslims of the teachings of Islam and Islamic banking and financing techniques,

- based on the work by Blankson et al. (2007, 2009) Islamic banking activities, products and services from overseas could be applied (maybe with some limitations) to an Australian Islamic financial institution,

- perceived control behaviour is the dominant factor influencing student banking intentions, and

- both Muslims and non-Muslims are not really aware of the existence of the MCCA – the main Islamic finance provider in Australia. Hence the need for an educative and informative marketing program.

The above issues need to be recognised and studied by any niche financial organisation, including Islamic, wanting to establish, develop and maintain a market share in Australia.

Fourth, the introduction of Islamic banking in Australia can take several routes. This could be:

- an Islamic bank from overseas begins operations in Australia,

- an Islamic bank from overseas acquires an existing financial institution,

- the MCCA acquires a bank license, or

- an existing conventional bank in Australia establishes an Islamic window – a secluded Islamic banking department within a conventional bank.

Assuming the establishment of an Islamic bank, it would have two strategic choices: concentrate and exploit the Islamic banking niche or compete head-on with existing

conventional banks. According to Garbois et al. (2012) either strategy has implications for consumer bank behaviour.

Exploiting the Islamic banking niche would reflect a consumer segment based mainly on individuals that strongly support Shariah compliant products and services, such as religious conservatives, and those employed in Islamic industries or organisations. Specific retail products could include financing for a pilgrimage to Mecca, offering socially responsible investments, and the provision of financial advice for high net-worth individuals. From a corporate perspective, relevant industries would include Islamic charities and firms operating in halal industries. These customers are unlikely to use conventional bank offerings, with Islamic products being priced more expensive than a conventional bank, however competitive with competing Islamic banks. Maintaining a personal relationship and developing "loyal" customers will be important. As a result, brick-and-mortar branches were customers and staff can meet will be important.

Competing head on with conventional banks would require an Islamic bank to attract customers who place less importance on Shariah compliant products and are competitive against conventional bank offerings. An Islamic bank will need to attract both Muslim and non-Muslim customers and tap into key differences, such as ethical banking products and the provision of personal services for small to medium entrepreneurs. To compete with a conventional banks' extensive branch network, an Islamic bank will need to explore online and phone banking, develop kiosk-style sales outlets for retail mass customers, and provide full service branches available for all customer segments. Domestic mergers and acquisitions will also allow Islamic banks to begin competing against the extensive branch network of conventional banks.

As a final observation, market participants such as lenders, bank management, investors and financial analysts can also employ this knowledge to better appreciate and understand the prospects for growing this niche market in Australia.

Having identified seven contributions that this research has made, the next section examines the limitations associated with this research.

7.4 Limitations

While the previous section examined the contributions of this research, this section examines the limitations associated with this research. This current research has revealed some interesting results; however, readers need to be aware of some limitations.

First, the use of an online survey limits the pool of respondents to internet users. As a result, the findings may not be applicable to non-internet users; a point raised by Tan and Teo (2000).

Second, the sample size of Muslim students poses a limitation. The small sample size (n = 32) limits the ability to uncover insights into the banking behaviour of Muslim students. With the majority of respondents being non-Muslim students, the results are likely to confirm what is already known in the literature and market place. Further, this small sample size limits the use of statistical techniques to compare the banking behaviour between Muslim and non-Muslim students. According to Bryman and Bell (2011) two possible reasons for a small sample size could be:

- the reduced novelty now for online surveys, compared to the late 1980s and 1990s, and

- a growing antipathy towards unsolicited emails among those online.

A third limitation relates to the absence of Islamic banking operations in Australia. This current situation is likely to limit the testing of the third hypothesis concerning student awareness and attitudes towards Islam and Islamic banking.

Fourth, the overall sample size (n = 276) poses another limitation. The findings of this research should be generalised to the entire student population in Australia only with care. In addition, given the focus on students, the ability to generalise these results to a larger (non-student or general) population is also limited. No study examines in a non-Muslim country, the Muslim versus non-Muslim population in terms of banking behaviour. The findings of this research are tentative and require further verification; in terms of an Australian wide questionnaire. Further, the sample was not randomly drawn

to represent a population to which findings could be generalised. Rather, it was a convenience sample and the ability to generalise the findings needs to be treated with caution. A future study with a larger representative sample, from all Australian states would be needed for more rigorous results.

Finally, several limitations relate to the use of the theory of planned behaviour. The use of theory of planned behaviour as a means of rationalising student banking behaviour highlights a possible mismatch between the use of the theory and its application to this research. Typically, the theory of planned behaviour is used to explain intentions to adopt or an intention to change. The theory of planned behaviour has been applied to a wide variety of behaviours over the years, including hunting wildlife (Hrubes et al. 2001), smoking (Harakeh et al. 2004), purchasing on the internet (George 2004), banking services (Jaruwachirathanakul and Fink 2005), and purchasing halal food (Alam and Sayuti 2011).

The use of the theory of planned behaviour in this research relates to student intentions to change banks from either a conventional bank (Western interest-based) to an Islamic bank (based on riba and social justice) or vice versa. Given the profile of respondents and the way the research was designed, there is no real desire or intention by the students to change banks. This is because the level of existing conventional bank satisfaction is high, the actual option to change to an Islamic bank is not possible currently in Australia, and many respondents are unlikely to understand the option presented by Islamic banking. Hence, this could account for the mixed findings arising from the use of this theory in this study.

Next, this research and the use of the theory of planned behaviour are based at a single point in time. Student intentions can change over time as the individual gains more experience (Venkatesh and Davis 1996, Mathieson et al. 2001, Venkatesh et al. 2003 – as cited in Wang et al. 2006). This change has implications for the appropriateness of the theory of planned behaviour in explaining student banking intentions over time. The use of a longitudinal study might be a better instrument for predicting beliefs and behaviour over time. Furthermore, this would enhance our understanding of the

causality and the interrelationships between variables that influence student banking behaviour (Wang et al. 2006).

Further, in an attempt to decrease the length of the questionnaire and increase the willingness to participate of respondents, the author used simplified measures of attitude, subjective norms and perceived behavioural controls to test the theory of planned behaviour. Such an action may have limited and or affected the results. One focus of this research is to ascertain whether the three constructs that make up the theory of planned behaviour could provide an insight into explaining student banking intentions; which could then be used by banks to inform their strategies. Although the results from this research suggest limited applicability of this theory in student banking behaviour, utilising the non-simplified measures may have yielded different results.

The final limitation associated with using the theory of planned behaviour relates to the possibility that student banking behaviour might be more habitual as opposed to intentional (Limaayen et al. 2001 – cited in Chai and Pavlou 2004). This research did not explicitly take into account the possibility of habitual student behaviour. That is, for many students, banking maybe becoming a habit compared to being driven by thoughtful deliberation. Therefore, examining behaviour from this perspective may provide greater insight into student banking behaviour (Chai and Pavlou 2004).

In conclusion, five limitations have been identified that relate to this research. Accordingly, the reader needs to be mindful of these limitations when reading this research. The next section identifies areas for future research.

7.5   Future research

Having examined the limitations of this research, this section identifies areas for future research. This thesis provides several opportunities for future research. First, this research resulted in a small Muslim student sample that limits insights into the banking behaviour of Muslim students compared to non-Muslim students. An opportunity exists to undertake a similar study comprising only Muslim students or the population more generally. This knowledge is important for banks to better understand this growing market segment. Furthermore, this knowledge and product and service offerings that

flow from it may help to reduce the feelings of alienation and help to integrate Muslims into Australian society.

Second, this research could be replicated at several levels, providing a comprehensive insight into bank customer behaviour in either Victoria or Australia-wide. For example, this study could be replicated for non-students or Generation Y bank customers, or examine the banking behaviour between rural and urban based students, or look at the banking behaviour of students throughout Australia – that is, survey students in all Australian States. A further extension of this research is for it to be replicated and undertaken simultaneously in countries with a minority Muslim population, such as Australia, New Zealand and Singapore. A comparison of the findings between these three countries would be most interesting.

The third area of future research involves undertaking a longitudinal study. Much of the research into the banking behaviour of customers is cross-sectional, examining the behaviour of bank customers at a point in time. Accordingly, it would be useful to undertake a longitudinal study that examines bank customer behaviour over a period of time, which should provide a greater insight into the changing habits of bank customers.

The fourth area of future research could be narrower in focus and concentrate on either the student or the general population segment. Studies could also be undertaken focusing on bank products and services – especially on the role of debit and credit cards for Muslim and non-Muslim students or non-students. Another study could investigate areas of student dissatisfaction with banks.

Fifth, this research has shown that differences between Muslim and non-Muslim banking behaviour by students in Australia would appear to be relatively minor. However, for older Muslims, the lack of readily available Islamic banking facilities in Australia may contribute to them feeling alienated, which in turn may hinder their ability to integrate into Australian society. A focus on the banking and social behaviour of older Muslims in Australia is also a potential area for future research.

A sixth area of future research stems from there being no Islamic banks currently operating in Australia. Accordingly, a possible approach to study the banking behaviour

of both Muslim and non-Muslim students would be to undertake a focus group before and then after a session introducing Islamic banking principles. By undertaking such an approach, the students' behaviour before and after knowing what to expect from Islamic banking could be ascertained, along with identifying implications for banks.

Finally, this research focuses on the theory of planned behaviour and students' banking intentions. This could be expanded to investigate bank customers in terms of personality traits, their areas of interest, their level of financial knowledge, their needs and opinions. Obviously, this would provide more depth to the demographic profile of bank customers and would assist banks to better target products and services.

In brief, this section has identified seven areas or possible opportunities for future research.

7.6 Chapter summary

This chapter provided an overview of this thesis and its contributions and limitations. Section 7.1 presented a brief overview of the thesis. Section 7.2 discussed Australia's ability to capitalise on Islamic banking. Section 7.3 identified the various contributions made by this research and provided some related observations. Section 7.4 highlighted some limitations associated with this research. Finally, section 7.5 discussed several areas for future research.

This research topic is extremely topical. It has implications for Australia's financial system, provides an insight into an ethnically diverse student segment, and offers a template for minority or faith based banking niches to develop. Research in this topic has a long way to go and will provide future investigators with a variety of angles to explore and thereby fill existing gaps in the academic literature.

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Appendices

1   Student bank selection criteria and methodology

2   General population (Non-student) bank selection criteria and methodology

3   Consent information statement (Interview)

4   Consent form (Interview)

5   Discussion guide for focus groups

6   Consent information statement (Pilot Test)

7   Pilot test of online questionnaire

8   Consent information statement (Final Questionnaire)

9   Final online questionnaire

10   Ethics approval

11   Change of thesis title approval

Appendix 1: Student bank selection criteria and methodology

Authors	Date	Country / Banking System	Student Sample • **Number of Respondents** • **Gender M / F** • **Muslim or Non-Muslim**	Education Levels • **Faculty** • **Undergraduate or post-graduate**	Methodology	Bank Selection Criteria (BSC) • **Number of criteria** • **Main BSC**
Lewis	1982	United Kingdom DB	716 Respondents M = 56% F = 44% PNMS	Law, Business and Teaching Training Undergraduate	Questionnaire Descriptive (%)	14 BSC Geographic convenience Parental influence
Lewis and Bingham	1991	United Kingdom DB	469 Respondents M = 57% F = 43% PNMS	NA NA	Questionnaire Descriptive (%)	NA BSC Location to work / home Availability of cash points
Schram	1991	United States CB	NA Respondents NA Gender PNMS	NA Faculty NA	Interviewed several students and banks officials	Convenience Family tradition
Khazeh and Decker	1992	United States CB	209 Respondents M = 131 persons or 63% F = 78 persons or 37% PNMS	NA Faculty NA	Questionnaire Descriptive (%)	22 BSC Service charges Reputation
Thwaites and Vere	1995	United Kingdom DB	324 Respondents M = 50% F = 50% PNMS	Science, Arts, Medicine, Education and Law	Questionnaire Factor Analysis PCA VR ES	31 BSC 8 BSC FA ATM proximity to college Free banking Overall student offer

Authors	Date	Country / Banking System	Student Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Education Levels • Faculty • Undergraduate or post -graduate	Methodology	Bank Selection Criteria (BSC) • Number of criteria • Main BSC
Tootelian and Gaedeke	1996	United States CB	338 Respondents M = 47% F = 53% PNMS	NA Faculty NA	Questionnaire Descriptive (%)	9 BSC Monthly charges Helpful/friendly service Established reputation
Thwaites, Brooksbank and Hanson	1997	New Zealand CB	322 Respondents M = 46% F = 54% PNMS	Management, Science and Engineering Undergraduate	Questionnaire Factor Analysis Cluster Analysis PCA VR ES	27 BSC 6 BSC FA Fast and efficient service Availability of free banking Proximity of ATMs
Ta and Har	2000	Singapore DB	176 Respondents NA Gender PNMS	NA Faculty Undergraduates	Mailed Questionnaire Analytical Hierarchy Process	9 BSC Interest rate on savings account Convenient location Quality of service
Gerrard and Cunningham	2001	Singapore DB	184 Respondents M = 108 persons or 59% F = 76 persons or 41% PNMS	Accountancy and Business, Engineering Undergraduates	Questionnaire Factor Analysis EFA VR ES	NA BSC 7 BSC FA Feel secure Electronic services Service provision
Bathula and Selvarajah	2001	New Zealand CB	181 Respondents M = 47% F = 53% PNMS	Business Faculty Postgraduates	Questionnaire Factor Analysis PCA VR ES	22 BSC 4 BSC FA Service quality Personalised service

Authors	Date	Country / Banking System	Student Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Education Levels • Faculty • Undergraduate or post -graduate	Methodology	Bank Selection Criteria (BSC) • Number of criteria • Main BSC
						Convenient location
Almossawi	2001	Bahrain DB	1,000 Respondents M= 45% F= 55% PMS	Business, Engineering, Education, Arts, and Science Undergraduates	Questionnaire Factor Analysis EFA VR ES	30 BSC 4 BSC FA Convenient ATM locations Bank reputation
Cicic, Brkic and Agic	2004	Bosnia and Herzegovina DB	300 Respondents M = 40% F = 60% PNMS	Economics Faculty NA	Questionnaire Factor Analysis FADND	26 BSC 3 BSC FA Friendliness at bank Low service charges
Tank and Tyler	2005	United Kingdom DB	115 Respondents M = 49% F = 51% PNMS	NA Faculty Undergraduate	Questionnaire Descriptive (%)	19 BSC Recommendation by friends / family Bank reputation and image
Pass	2006	United States CB	373 Respondents M = 43% F = 57% PNMS	NA Faculty NA	Questionnaire Descriptive (%)	5 BSC Cost of checking account Convenience – waiting time
Blankson, Cheng and Spears	2007	United States CB	338 Respondents NA Gender PNMS	NA Faculty NA	Questionnaire Factor Analysis EFA and CFA RDND SDND	22 BSC 4 BSC FA Access to my money Security
Blankson, Cheng and	2007	Taiwan CB	269 Respondents NA Gender	NA Faculty NA	Questionnaire Factor Analysis	22 BSC 4 BSC FA

Authors	Date	Country / Banking System	Student Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Education Levels • Faculty • Undergraduate or post-graduate	Methodology	Bank Selection Criteria (BSC) • Number of criteria • Main BSC
Spears			PNMS		EFA and CFA RDND SDND	Security Bank reputation
Blankson, Cheng and Spears	2007	Ghana DB	116 Respondents NA Gender PNMS	NA Faculty NA	Questionnaire Factor Analysis EFA and CFA RDND SDND	22 BSC 4 BSC FA Customer service Quick service
Ishemoi	2007	Tanzania DB	347 Respondents M = 66% F = 34% PNMS	NA Faculty Undergraduates	Questionnaire Descriptive (%)	NA BSC Service quality Financial factors Delivery systems
Mokhlis, Mat and Salleh	2008	Malaysia DB	281 Respondents M = 40% F = 60% PMS	Marketing, Social Policy, Accountancy, Maritime management, science, technology Undergraduates	Questionnaire Factor Analysis PCA RDND SDND	28 BSC 9 BSC FA Secure feeling ATM services
Mokhlis, Salleh and Mat	2009	Malaysia DB	281 Respondents NA Gender PMS	Marketing, Social Policy, Accountancy, Maritime management, science, technology NA	Questionnaire Factor Analysis PCA RDND SDND	29 BSC 9 BSC FA Secure feeling ATM services
Mokhlis	2009	Malaysia	368 Respondents	Marketing, Social	Questionnaire	30 BSC

Authors	Date	Country / Banking System	Student Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Education Levels • Faculty • Undergraduate or post-graduate	Methodology	Bank Selection Criteria (BSC) • Number of criteria • Main BSC
		DB	M = 39% F = 61% PMS	Policy, Accountancy, Maritime management, science, technology Undergraduates	Factor Analysis PCA VR ES	9 BSC FA Secure feeling ATM services
Blankson, Omar and Cheng	2009	Ghana DB	116 Respondents NA Gender PNMS	NA Faculty Undergraduate and Postgraduate	Questionnaire Factor Analysis EFA and CFA VR ES	22 BSC 3 BSC FA Good customer service Quick service Convenience
Blankson, Omar and Cheng	2009	USA CB	338 Respondents NA Gender PNMS	NA Faculty Undergraduate and Postgraduate	Questionnaire Factor Analysis EFA and CFA VR ES	22 BSC 4 BSC FA Accessibility to my money Security Good customer service
Foscht, Schloffer, Maloles and Chia	2009	Austria CB	242 Respondents M = 59% F = 41% PNMS	42% College Students 28% at School 30% Employed	Questionnaire Factor Analysis PCA VR SS	21 BSC 4 BSC FA Influence of parents *Weltspartag* School campaigns
Rhee	2009	Netherlands CB	210 Respondents M = 45% F = 55% PNMS	Economics, Law, Psychology, Medicine	Online and hard copy Questionnaire Factor Analysis PCA VR ES	31 BSC 8 BSC FA Internet banking Financial stability

Authors	Date	Country / Banking System	Student Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Education Levels • Faculty • Undergraduate or post -graduate	Methodology	Bank Selection Criteria (BSC) • Number of criteria • Main BSC
						Bank reputation
Rao and Sharma	2010	India CB	312 Respondents M = 64% F = 36% PNMS	Science, Commerce Postgraduate	Questionnaire Factor Analysis EFA VR ES	25 BSC 6 BSC FA Reliability Convenience Assurance
Chigamba and Fatoki	2011	South Africa DB	186 Respondents M = 53% F = 47% PNMS	Management and Commerce, Science, Social Sciences, Law and Education Undergraduate and postgraduate	Questionnaire Factor Analysis PCA VR ES	40 BSC 6 BSC FA Opening bank account ATM location / availability Fast / efficient service
Katircioglu, Fethi, Unlucan and Dalci	2011	North Cyprus CB	256 Respondents M = 54% F = 46% PNMS	Business, Economics, International Relations, Banking Undergraduate	Self-administered Questionnaire Descriptive (%)	30 BSC Availability of ATMs Speed / quality of service
Narteh and Owusu-Frimpong	2011	Ghana DB	223 Respondents M = 58% F = 42% PNMS	NA Faculty Undergraduate and Post- graduate	Questionnaire Factor Analysis EFA VR ES	26 BSC 4 BSC FA Minimum bank deposit Technology related products Number of bank branches
Mahmoud, Tweneboah-Koduah and	2011	Ghana DB	558 Respondents M = 55% F = 45% PNMS	Business, Social studies, and Science NA	Questionnaire Descriptive (%)	22 BSC Accessibility Proximity

Authors	Date	Country / Banking System	Student Sample • **Number of Respondents** • **Gender M / F** • **Muslim or Non-Muslim**	Education Levels • **Faculty** • **Undergraduate or post -graduate**	Methodology	Bank Selection Criteria (BSC) • **Number of criteria** • **Main BSC**
Danku						Local and regional networks
Mokhlis, Salleh and Mat	2011	Malaysia DB	482 Respondents M = 39% F = 61% PMS	NA Undergraduates	Questionnaire Factor Analysis EFA VR ES	32 BSC 9 BSC FA ATM locations Confidentiality Bank financial stability
Hin, Wei, Bohari, and Adam	2011	Malaysia DB	270 Respondents M = 29% F = 71% 135 Muslim students (50%) and 135 Non-Muslim students (50%)	NA NA	Structured Questionnaire Descriptive (%) Multiple regression	5 BSC **Muslim** Following Islamic principles Needs of university or company Convenient location **Non-Muslim** Needs of university or company Following Islamic principles Convenient location
Rashid and Bhuiyan	2012	Bangladesh DB	400 Respondents M = 67 % F = 33% PMS	NA Faculty Undergraduate and postgraduate	Questionnaire Factor Analysis EFA VR ES	30 BSC 5 BSC FA E Banking Competence Influence
Sarwar and Mubeen	2012	Pakistan IB	500 Respondents M = 50% F = 50%	Business Undergraduate	Questionnaire Binary logistic	12 BSC 4 BSC Logistic regression

Authors	Date	Country / Banking System	Student Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Education Levels • Faculty • Undergraduate or post -graduate	Methodology	Bank Selection Criteria (BSC) • Number of criteria • Main BSC
			PMS		regression	Bank marketing People influences Bank personnel
Akram, Raza, and Farhan	2012	Pakistan IB	250 Respondents M = 68% F = 32% PMS	Economics and Management, Science, Law, Commerce, Education, Engineering Undergraduate and postgraduate	Questionnaire Factor Analysis FADND	24 BSC 6 BSC FA ATM Facilities 24/7 Debit card / ATM card Electronic banking services
Tai and Zhu	2013	United States CB	89 Respondents M = 42% F = 58% PNMS	NA Faculty NA	Self-administered Questionnaire Descriptive (%)	10 BSC Secure feeling Proximity of branch and ATM services Banks reputation
An Exploration of retail banks'…	2013	North Wales, United Kingdom DB	152 Respondents M = 57% F = 43% PNMS	NA Undergraduate and postgraduate	Questionnaire Factor Analysis EFA VR ES	18 BSC 5 BSC FA Online banking Availability of ATM Ease to apply for debit and credit cards
Parekh and Pishchenko	2013	Sweden CB	124 Respondents M = 47% F = 53% PNMS	NA Faculty NA	Questionnaire Factor Analysis EFA RDND ES	18 BSC 5 BSC FA Recommendation of friends

Authors	Date	Country / Banking System	Student Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Education Levels • Faculty • Undergraduate or post -graduate	Methodology	Bank Selection Criteria (BSC) • Number of criteria • Main BSC
						and relations Ease of internet use Low service charges
Wei and Lu	2013	Sweden CB	101 Respondents 82 International students M = 56% F = 44% 19 Local Students M = 42% M = 58% PNMS	NA Faculty NA	Semi-open structure questionnaire Factor Analysis EFA VR ES	21 BSC 4 BSC FA Internet / online banking Fast and efficient service
Mwazha	2013	South Africa DB	139 Respondents M = 23% F = 77% PNMS	NA Faculty NA	Structured Questionnaire Factor Analysis EFA VR ES	14 BSC 4 BSC FA Functional ATM's Secured bank accounts Good customer relationship management (CRM)
Okpara and Onuoha	2013	Nigeria DB	186 Respondents M = 51% F = 49% PNMS	Agric-Business and Financial Management Undergraduate and postgraduate	Self-administered Questionnaire Factor Analysis PCA VR ES	40 BSC 6 BSC FA Ease of opening an account ATM location and 24 hours Fast and efficient service
Hinson, Osarenkhoe and Okoe	2013	Ghana DB	12 Respondents M = 6 persons (50%)	NA Faculty Undergraduate	Semi-structured interviews	10 BSC Convenience Bank staff relations

Authors	Date	Country / Banking System	Student Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Education Levels • Faculty • Undergraduate or post -graduate	Methodology	Bank Selection Criteria (BSC) • Number of criteria • Main BSC
			F = 6 persons (50%) PNMS			Banking services / financial benefits
Okoe, Osarenkhoe and Hinson	2013	Ghana DB	10 Respondents in the focus group NA Gender PNMS	NA Faculty Undergraduate	One Focus group discussion	Convenience Customer service Speed of service

Legend: CB = conventional Western banking system based on interest rates, IB = Islamic banking system, DB = dual banking system comprising both conventional banks and Islamic banks operating, M = Male, F = Female, NA = details not available or clearly identifiable from study, EFA = Exploratory Factor Analysis, CFA = Confirmatory Factor Analysis, PCA = Principal Components Analysis, FADND = Factor Analysis details not disclosed, VR = Varimax Rotation, OR = Oblique Rotation, RDND = Rotation details not disclosed, SS = Split sample, ES = Entire sample, SDND = Sample details not disclosed, FADND = Factor Analysis details not disclosed, BSC= bank selection criteria – the number of variables or factors used in the study, BSC FA bank selection criteria using factor analysis, PMS = predominantly Muslim sample assumed (not specified by author), PNMS = predominantly non-Muslim sample assumed (not specified by author).

Appendix 2: General population (non-student): Bank selection criteria and methodology

Author(s)	Date	Country / Banking System	Sample • **Number of Respondents** • **Gender M / F** • **Muslim or Non-Muslim**	Methodology	Bank Selection Criteria (BSC) • **Number of Criteria** • **Main BSC**
Anderson, Cox and Fulcher	1976	United States CB	466 Respondents NA Gender PNMS	Mailed Questionnaire Cluster Analysis and Determinant Attribute Analysis	15 BSC Recommendation of friends Reputation Availability of credit
Riggall	1980	United States CB	250 Respondents NA Gender PNMS	Telephone Interviews Descriptive Statistics	12 BSC Convenience of location Influence of friends
Martenson	1985	Sweden CB	558 Customers and 53 Branch Managers NA Gender PNMS	Mailed Questionnaire Descriptive Statistics	7 BSC Bank location Availability of loans
Tan and Chua	1986	Singapore DB	87 Respondents M = 48 persons (55%) F = 39 persons (45%) PNMS	Mailed Questionnaire Regression Analysis	10 BSC Family and friends Courteous bank personnel
Laroche, Rosenblatt and Manning	1986	Canada CB	142 Respondents NA Gender PNMS	Mailed Questionnaire Descriptive Statistics	25 BSC Speed of service Location convenience
Kaynak	1986	Canada	226 Respondents	Personal Interviews	11 BSC

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
		CB	NA Gender PNMS	Descriptive Statistics	Fast and efficient service Convenient location Hours of operation
Gupta and Torkzadeh	1988	Canada CB	210 Respondents M = 40% F = 60% PNMS	Mailed Questionnaire Factor Analysis FADND	15 BSC 5 BSC FA Careful management of accounts Rate of interest paid
Yavas	1988	Saudi Arabia DB	96 Male Respondents PMS	Self-administered Questionnaire Descriptive Statistics	17 BSC Bank experience Reputation Helpful bank staff
Sinkula and Lawtor	1988	United States CB	170 Respondents M = 38% F = 62% PNMS	Self-administered Questionnaire Factor Analysis PCA VR ES	15 BSC 5 BSC FA Employee competence Convenient banking hours
Erol and El-Bdour	1989	Jordan DB	434 Respondents M = 88% F = 12% PMS	Self-administered Questionnaire Factor Analysis PCA VR ES	19 BSC 5 BSC FA Fast and efficient service Bank image and reputation
Javalgi, Armacost and	1989	United States CB	87 respondents NA Gender	Mailed Questionnaire Analytic Hierarchy Process	9 BSC Safety of funds

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
Hosseini			PNMS		Interest on savings account
Erol, Kaynak and El-Bdour	1990	Jordan DB	434 Respondents M = 88% F = 12% PMS	Self-administered Questionnaire Factor Analysis PCA VR ES	19 BSC 3 BSC FA *Conventional Banks:* Bank confidentiality Bank reputation and image *Islamic Banks:* Fast and efficient service Bank reputation and image
Denton and Chan	1991	Hong Kong CB	120 Respondents M = 50% F = 50% PNMS	Questionnaire Factor Analysis PCA VR ES	35 BSC 8 BSC FA Professionalism and friendliness of bank staff Convenience – branches / ATMs
Kaynak, Kucukemiroglu and Odabasi	1991	Turkey DB	250 Respondents M = 59% F = 41% PMS	Personal Interviews based on questionnaire Factor Analysis FADND VR ES	15 BSC 5 BSC FA *Public Bank Customers* Fast and efficient service Knowledge of bank personnel *Private Bank Customers* Fast and efficient service

Author(s)	Date	Country / Banking System	Sample • **Number of Respondents** • **Gender M / F** • **Muslim or Non-Muslim**	Methodology	Bank Selection Criteria (BSC) • **Number of Criteria** • **Main BSC**
					Range of services offered
Schram	1991	United States CB	NA Respondents NA Gender PNMS	Article based on interviews with various students and bank officials	Convenience Family tradition
Boyd, Leonard and White	1994	United States CB	188 random respondents M = 126 (67%) F = 62 (33%) PNMS	Telephone Survey Descriptive Statistics	15 BSC Reputation Interest on savings accounts
Plank, Greene and Greene	1994	United States CB	238 Couples M = 50% F = 50% PNMS	Questionnaire	*Husbands* Personal recognition and attention by bank staff *Wives* Bank services
Haron, Ahmad and Planisek	1994	Malaysia DB	301 Respondents NA Gender 150 Muslim Respondents (50%) 151 Non-Muslim Respondents (50%)	Self-administered Questionnaire Factor Analysis EFA VR ES	26 BSC *Muslim Customers:* 7 BSC FA Fast and efficient service Speed of transactions *Non-Muslim Customers:* 8 BSC FA Friendliness of bank personnel

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
					Fast and efficient service
Yue and Tom	1995	United States CB	304 Respondents M = 50% F = 50% PNMS	Questionnaire Descriptive Statistics	17 BSC Efficiency of the service Bank reputation
Holstius and Kaynak	1995	Finland CB	258 Respondents M = 51% F = 49% PNMS	Self-administered Questionnaire Factor Analysis FADND VR ES	36 BSC 5 BSC FA Recommendation of friends External appearance of bank
Hegazy	1995	Egypt DB	400 Respondents *Islamic Bank Customers*: M = 95% F = 5% *Commercial Bank Customers:* M = 79% F = 21% PMS	Questionnaire Factor Analysis PCA VR ES	20 BSC *Islamic bank customers:* 7 BSC FA Efficiency of personnel Speed of banking service *Commercial bank customers:* 7 BSC FA Rate of return offered Efficiency of personnel
Zineldin	1996	Sweden CB	216 Respondents NA Gender PNMS	Mailed Questionnaire Descriptive Statistics	19 BSC Friendliness of bank staff Account accuracy Efficient in correcting mistakes

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
Kennington, Hill and Rawoska	1996	Poland CB	204 Respondents NA Gender PNMS	Questionnaire Descriptive Statistics	10 BSC Reputation Price Convenience
Kaynak	1996	Canada CB	226 Respondents NA Gender PNMS	Questionnaire Descriptive Statistics	11 BSC Fast and efficient service Convenient location
Elliot, Shatto and Singer	1996	United States CB	2,000 Respondents NA Gender PNMS	Computer Interactive Survey	Lower prices Higher transaction speeds Access to information
Reeves and Bednar	1996	United States CB	36% Response Rate NA Gender PNMS	Mailed Questionnaire	7 BSC Customer service Interest rates
Gerrard and Cunningham	1997	Singapore DB	190 Respondents NA Gender 29 Muslim respondents (15%) 161 Non-Muslim respondents (85%)	Questionnaire Factor Analysis PCA VR ES	22 BSC *Muslim Customers* 7 BSC FA Fast and efficient service Confidentiality of bank *Non-Muslim Customers* 7 BSC FA Fast and efficient service

Author(s)	Date	Country / Banking System	Sample • **Number of Respondents** • **Gender M / F** • **Muslim or Non-Muslim**	Methodology	Bank Selection Criteria (BSC) • **Number of Criteria** • **Main BSC**
					Higher interest paid on savings
Awang	1997	Malaysia DB	178 Respondents NA Gender PMS	Questionnaire	Fast and efficient service Bank image and reputation Convenient location
Metawa and Almossawi	1998	Bahrain DB	300 Respondents NA Gender PMS	Self-administered Questionnaire Descriptive Statistics	4 BSC Islamic principles Rate of return Recommendation of family and friends
Mylonakis, Malliaris and Siomkos	1998	Greece CB	811 Respondents NA Gender PNMS	Questionnaire Descriptive Statistics	20 BSC Local convenience Quality of services Bank reputation / trust
Owusu-Frimpong	1999	Ghana DB	225 Respondents M = 73% F = 27% PNMS	Self-administered Questionnaire Descriptive Statistics	9 BSC High interest paid on accounts Being understood Efficient service
Abratt and Russell	1999	South Africa CB	118 Respondents M = 83% F = 17% PNMS	Questionnaire Factor Analysis FADND	18 BSC 4 BSC FA Price Better relationship with bank

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
					Quality of service
Kaynak and Whiteley	1999	Australia CB	245 Respondents M =60% F = 40% PNMS	Focus Groups – electronically recorded using Group Support Systems (GSS) Technology	18 BSC Fast and efficient service Friendliness of bank staff Location near home / work
Naser, Jamal and Al-Khatib	1999	Jordan DB	203 Respondents M = 180 persons (89%) F = 23persons (11%) PMS	Questionnaire Descriptive Statistics	17 BSC Bank reputation Religious reasons
Al-Khulaifi, Al-Sulaiti and Metwally	2001	Qatar DB	385 Respondents M = 64% F = 36% PMS	Questionnaire Factor analysis PCA VR ES	26 BSC 6 BSC FA *Commercial bank customers:* Convenience and Reputation *Islamic bank customers:* Religious reasons
Metwally	2002	Qatar DB	385 Respondents M = 64% F = 36% PMS	Telephone Interviews Multiple Discriminant Analysis	*Islamic bank customers:* Female Relatively older people Low income / moderate education *Foreign Bank customers:*

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
					Male expatriates Well educated / high income *Local Conventional Banks:* Young male / well educated Professionals / good income
Devlin	2002	United Kingdom DB	6,700 Respondents M = 46% F = 54% PNMS	Questionnaire ANOVA	11 BSC Location Family relationships and recommendations
Devlin	2002a	United Kingdom DB	4,200 Respondents M = 42% F = 58% PNMS	Questionnaire ANOVA	13 BSC Professional advice Interest rates
Lee and Marlowe	2003	United States CB	32 Respondents M = 14 persons (44%) F = 18 persons (56%) PNMS	Use of both quantitative analysis and Focus Groups	11 BSC Convenience Low fees
Babakus, Eroglu and Yavas	2004	United States CB	262 Respondents M = 53% F = 47% PNMS	Questionnaire Economics of Information Theory Factor Analysis EFA OR ES	17 BSC 3 BSC FA Friendliness of personnel Bank confidentiality Bank integrity and competence

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
Devlin and Gerrard	2004	United Kingdom DB	7,036 Respondents M = 54% F = 46% PNMS	Questionnaire ANOVA	12 BSC Location / proximity to home Family relationships Recommendations
Okumuş	2005	Turkey DB	161 Respondents M = 79% F = 21% PMS	Questionnaire Descriptive Statistics	19 BSC Religious reasons Compliance with Islamic principles Staff friendliness
Devlin and Gerrard	2005	United Kingdom DB	495 Respondents M = 47% F = 53% PNMS	Questionnaire – face to face Descriptive Statistics	12 BSC Location Recommendation and family relationships
Kaynak and Harcar	2005	United States CB	394 Respondents M = 176 persons (45%) F = 218 persons (55%) PNMS	Questionnaire Factor Analysis PCA VR ES	31 BSC 6 BSC FA *Local Bank Customers:* ATM availability and convenience Fast and efficient service *National Bank Customers:* Accurate billing

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
					Lower service charges on check account
Kahn, Hassan and Shahid	2007	Bangladesh DB	100 Respondents NA Gender PMS	Questionnaire Profile analysis and Descriptive Statistics	4 BSC Religious principles Convenient location Recommendation family/friends
Dusuki and Abdullah	2007	Malaysia DB	750 Respondents M = 65% F = 35% PMS	Self-administered Questionnaire Factor analysis EFA VR ES	12 BSC 3 BSC FA Knowledgeable and competent personnel Friendly personnel Customer service
Saunders, Bendixen and Abratt	2007	South Africa DB	188 Respondents M = 61% F = 39% PNMS	Questionnaire Factor Analysis PCA RDND SDND	19 BSC 4 BSC FA Friendliness of bank personnel Location near home Speed of transaction
Omar	2007	Nigeria DB	200 Respondents M = 128 persons (64%) F = 72 persons (36%)	Questionnaire Descriptive Statistics	13 BSC *Male* Safety of funds

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
			PNMS		Efficient service *Female* Speed of Transaction Safety of Funds
Şafakli	2007	Northern Cyprus CB	250 Respondents M = 46% F = 54% PNMS	Questionnaire Factor Analysis PCA VR ES	35 BSC 6 BSC FA Confidence in bank management Fast and efficient services Services offered
Rehman and Ahmed	2008	Pakistan DB	358 Respondents NA Gender PMS	Questionnaire Factor Analysis PCA ES	20 BSC 3 BSC FA Banks' internal and external image Convenient banking hours
Kamakodi and Khan	2008	India CB	292 Respondents M = 79% F = 21% PNMS	Questionnaire Descriptive Statistics	50 BSC Safety of funds Secured / availability ATMs Reputation
Ahmad, Rahman, Ali and Seman	2008	Malaysia DB	334 Respondents M = 48% F = 52% PMS	Questionnaire Factor Analysis NFADD	27 BSC 7 BSC FA Availability of ATM machines

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
					Fast and efficient service
Rashid and Hassan	2009	Bangladesh DB	371 Respondents M =70% F = 30% PMS	Questionnaire Factor Analysis PCA VR ES	25 BSC 6 BSC FA *Female* Core banking Corporal efficiency *Male* Corporal efficiency Compliance
Al-Ajmi, Hussain, and Al-Saleh	2009	Bahrain DB	655 Respondents M = 57% F = 43% PMS	Questionnaire Factor Analysis EFA VR ES	19 BSC 5 BSC FA Quality of customer service Friendly personnel Knowledge and competent personnel
Sanyang	2009	Gambia CB	242 Respondents M = 62% F = 38% PNMS	Questionnaire	20 BSC Safety of funds Speed of transactions Convenient location
Hinson, Owusu-	2009	Ghana DB	1988 Respondents NA Gender	Opinion meters and Questionnaire Logit Regression	11 BSC Bank proximity / accessibility

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
Frimpong and Dasah			PNMS		Personalised service
Senyücel	2009	Cyprus CB	350 Respondents *Turkish Cypriots* M = 38% F = 62% *Greek Cypriots* M = 58% F = 42% PNMS	Self-administered Questionnaire	36 BSC *Turkish Cypriots* Availability of internet Banking Speed and quality of service *Greek Cypriots* High interest on savings account Effective and efficient customer service
Haque, Osman and Ismail	2009	Malaysia DB	485 Respondents M = 54% F = 46% PMS	Self-administered Questionnaire Logistic Regression	Quality of Service Confidence in the Bank Social and religious perspective
Masood, Chichti, Mansour and Iqbal	2009	United Kingdom DB	200 Respondents M = 48% F = 52% PNMS	Structured Questionnaire Descriptive Statistics	Low service charges Bank reputation
Masood, Aktan and Amin	2009	United Kingdom DB	46 Respondents M = 22 persons (48%) F = 24 persons (52%)	Questionnaire Descriptive Statistics	Low service charges Bank reputation

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
			Muslim and Non-Muslim		
Lateh, Ismail and Ariffin	2009	Thailand DB	462 Respondents M = 46% F = 54% Muslin (57%) and Non-Muslim (43%)	Questionnaire Descriptive Statistics	15 BSC *Moslem Customers* Interest free savings Interest free loans Religious reasons *Non-Muslim Customers* Bank Reputation / image Competent bank personnel Mass media advertising
Abduh and Omar	2010	Indonesia DB	260 Respondents NA Gender PMS	Questionnaire Logistic Regression	10 BSC Shariah compliant Safety of funds
Awan and Bukhari	2011	Pakistan DB	223 Respondents NA Gender PMS	Questionnaire Factor Analysis PCA VR ES	10 BSC 3 BSC FA Variety of financing options Profitability Low Service charges
Lee and Ullah	2011	Pakistan	357 Respondents	Questionnaire	4 BSC

Author(s)	Date	Country / Banking System	Sample · Number of Respondents · Gender M / F · Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) · Number of Criteria · Main BSC
		DB	NA Gender PMS	Descriptive Statistics	Shariah compliance Convenience Higher returns
Aregbeyen	2011	Nigeria DB	1750 Respondents M = 62% F = 38% PNMS	Structured Questionnaire Descriptive Statistics	25 BSC Safety of funds Quick / Prompt Service
Maiyaki	2011	Nigeria DB	417 Respondents M = 69% F = 31% PNMS	Questionnaire Descriptive statistics	18 BSC Size of bank assets Availability of large branch network across country Reputation of bank
Woldemariam	2011	Ethiopia DB	201 Respondents M = 77% F = 23% PMS	Questionnaire Factor analysis EFA VR ES	24 BSC 7 BSC FA Convenience / security Service provision Employer's influence
Hedayatnia and Eshghi	2011	Iran IB	798 Respondents M = 56% F = 44% PMS	Structured Questionnaire Factor Analysis EFA VR ES	38 BSC 11 BSC FA Bank appearance Quality of services Easy banking processes

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
Krisnanto	2011	Indonesia DB	140 Respondents NA Gender PMS	Questionnaire Factor Analysis PCA VR ES	20 BSC 7 BSC FA Bank location Bank reputation Competent bank employees
Parvin and Perveen	2012	Bangladesh DB	206 Respondents M = 76% F = 24% Muslim and Non-Muslim	Structured Questionnaire Factor Analysis PCA VR ES	20 BSC 7 BSC FA Easy account opening Location Good bank services
Abduh and Omar	2012	Malaysia DB	279 Respondents M = 40% F = 60% All Muslims Respondents	Questionnaire Analytic Hierarchy Process	20 BSC Shariah compliant Bank profitability Bank reputation / image
Selamat and Abdul-Kadir	2012	Malaysia DB	150 Respondents NA Gender 92 Muslim Respondents (61%) 58 Non-Muslim Respondents (39%)	Questionnaire Descriptive Statistics	22 BSC *Muslim Customers* Fast / efficient service Bank confidentiality Bank Reputation / Image *Non-Muslim Customers* Fast / efficient service

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
					Bank confidentiality
Rehman and Masood	2012	Pakistan DB	200 Respondents M = 72% F = 28% PMS	Questionnaire Factor Analysis PCA VR ES	23 BSC 8 BSC FA Secure feeling Banking services offered Efficiency
Subhani, Hasan, Rafiq, Nayaz and Osman	2012	Pakistan DB	300 Respondents NA Gender PMS	Questionnaire Descriptive Statistics	10 BSC High profit / low service charges Religious motives Quality of service
Coetzee, Zyl and Tait	2012	South Africa DB	550 Respondents M = 31% F = 69% PNMS	Questionnaire Factor Analysis EFA RDND ES	22 BSC 4 BSC FA Service and image Relationships and recommendations Convenience and accessibility Products and pricing
Frangos, Fragkos, Sotiropoulos,	2012	Greece CB	277 Respondents M = 44% F = 56% PNMS	Questionnaire Logistic Regression	46 BSC Predictors for bank loans: Personal marital status

Author(s)	Date	Country / Banking System	Sample - Number of Respondents - Gender M / F - Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) - Number of Criteria - Main BSC
Manolopoulos and Valvi					Customer service Shop design Interest rates
Saleh, Rosman, and Nani	2013	Malaysia DB	100 Respondents NA Gender Muslim and Non-Muslim Respondents	Structured Questionnaire Factor Analysis EFA RDND ES	25 BSC 6 BSC FA Accessibility (ATMS) Assurance (low charges / interest rates) Reliability (brand name)
Sayani and Miniaoui	2013	United Arab Emirates DB	246 Respondents M = 55% F = 45% PMS	Questionnaire Multiple Discriminant Analysis	17 BSC Shariah compliance Similarity with conventional banking but halal Religion
Ramadan	2013	Jordan DB	409 Respondents M = 85% F = 15% PMS	Questionnaire Descriptive Statistics	12 BSC Friendly personnel Islamic reputation and image Product price factor
Ramdhony	2013	Mauritius DB	232 Respondents M = 43% F = 57% Muslim (33%) and Non-	Questionnaire Factor Analysis PCA VR ES	22 BSC 4 BSC FA *Muslim Customers:*

Author(s)	Date	Country / Banking System	Sample • Number of Respondents • Gender M / F • Muslim or Non-Muslim	Methodology	Bank Selection Criteria (BSC) • Number of Criteria • Main BSC
			Muslim (67%) Respondents		Third party influences / Attraction Service delivery / status Internal ambience / return *Non-Muslim Customers:* Service delivery / status Return / convenience Ambience/ third party influences
Kamenidou, Mamalis and Priporas	2013	Greece CB	284 Respondents M = 55% F = 45% PNMS	Questionnaire Factor Analysis EFA VR ES	27 BSC 6 BSC FA Technology and innovation Reliability of the bank Quality of service
Okumuş and Genc	2013	Turkey DB	281 Respondents M = 80% F = 20% PMS	Questionnaire Descriptive Statistics	17 BSC Religious reasons Interest free institution Availability of products and services
Muzenda	2014	South Africa DB	135 Respondents M = 46% F = 54% PNMS	Structured Questionnaire Factor Analysis EFA VR ES	NA BSC 5 BSC FA Secured electronic banking /

Author(s)	Date	Country / Banking System	Sample • **Number of Respondents** • **Gender M / F** • **Muslim or Non-Muslim**	Methodology	Bank Selection Criteria (BSC) • **Number of Criteria** • **Main BSC**
					ATM Location Technology and products Service quality
Yildiz, Yildiz and Topal	2014	Turkey DB	467 Respondents M = 63% F = 37% PMS	Questionnaire Descriptive Statistics	25 BSC Run on Islamic law and principles Transparency in transactions Friendliness of personnel

Legend: CB = conventional Western banking system based on interest rates, IB = Islamic banking system, DB = dual banking system comprising both conventional banks and Islamic banks operating, M = Male, F = Female, NA = details not available or clearly identifiable from study, EFA = Exploratory Factor Analysis, CFA = Confirmatory Factor Analysis, PCA = Principal Components Analysis, FADND = Factor Analysis details not disclosed, VR = Varimax Rotation, OR = Oblique Rotation, RDND = Rotation details not disclosed, SS = Split sample, ES = Entire sample, SDND = Sample details not disclosed, FADND = Factor Analysis details not disclosed, BSC = bank selection criteria – the number of variables or factors used in the study, BSC FA bank selection criteria using factor analysis, PMS = predominantly Muslim sample assumed (not specified by author), PNMS = predominantly non-Muslim sample assumed (not specified by author)

Appendix 3: Consent Information Statement (Interview)

SWINBURNE UNIVERSITY OF TECHNOLOGY

FACULTY OF BUSINESS AND ENTERPRISE

Consent Information Statement (Interview)

Project Title: Islamic Banking in Australia: An Empirical Investigation

Investigator: Mark Tucker   PhD Candidate at Swinburne University of Technology

Introduction to Project and Invitation to Participate
The development of Islamic banking and finance is a growing market niche both worldwide and in Australia. However little is known about Islamic banking in non-Muslim countries like Australia. The development of Islamic banking niche in Australia will allow Australia's growing Muslim population and non-Muslims the opportunity to participate in "faith" banking. This project will investigate the banking and financing habits of Muslim and non-Muslim students in Victoria, Australia.

I invite you to participate in this unique research project.
Participation is completely voluntary, and for students will have no bearing on your assessment, on the subject(s) you are currently studying at the University, or on any present or future dealings with Swinburne University. Your participation in this focus group will add to our knowledge about the banking and financing behaviour of students in Australia.

What this project is about and why it is being undertaken
This project will examine and evaluate the findings of a questionnaire undertaken earlier to identify differences between Muslim and non-Muslim students in selecting a bank or financial institution, the products and services used by students, the level of satisfaction you receive from your bank and, the attitude and level of awareness towards Islamic banking and financing techniques.

The student segment is recognised by various researchers' as displaying several important features to the banking industry and worthy of investigation. Furthermore, this project will provide additional insights into consumer behaviour theory, identify factors necessary to maintain or attract new Muslim bank customers, and provide knowledge to better understand this growing market niche in Australian banking.

Project and researcher interests
This project is being undertaken to satisfy the requirements for a PhD qualification currently being undertaken by the investigator at Swinburne University of Technology.

What participation will involve – time, effort, resources, costs, compensatory payments, etc
Participation will involve discussing the general banking and financing behaviour of the participant. The discussion will cover how students select a bank or financial institution, the products and services they use, the level of satisfaction they have received from their bank and, the attitude and level of awareness towards Islamic banking and financing techniques. The duration of the interviews is expected to be around 60 minutes. Student participants will receive a $20 voucher or gift certificate as an expression of appreciation for their participation and time.

Participant rights and interests – Risks & Benefits/Contingencies/Back-up Support
There are no foreseeable risks to students and non-students from participating in an interview.
Participation in the interview will provide no direct benefit to non-student participants, although the opportunity to reflect on their banking habits and understanding of Islam may be of some benefit.

Participant rights and interests – Free Consent/Withdrawal from Participation

Participation is completely voluntary, and for students will have no bearing on your assessment, on any subject(s) you are currently studying at the University, or on any present or future dealings with Swinburne University.
You are free to not answer any questions you do not wish to answer and you may withdraw from the study at any time without question or explanation.

Participant rights and interests – Privacy & Confidentiality
All processed data will be stored electronically with pass word protection. No information about any individual will be given to Swinburne University, or to another individual or organisation.

Research output
The data will be analysed and used in completing my PhD.
In addition, findings from this project may be published in academic journals or presented a research forums or conferences. Data will be analysed and reported on an aggregate (group level) basis.

Further information about the project – who to contact
If you would like further information about the project, please do not hesitate to contact:

Mark Tucker (PhD Student)
Lecturer in Economics,
Room BA1116, Hawthorn Campus
Tel: 9215 7179
Email: mtucker@swin.edu.au

Dr. Nicholas Mroczkowski (Supervisor)

Senior Lecturer Accounting and Finance
Room BA 1104, Hawthorn Campus
Tel 9124 5316
Email: nmroczkowski@groupwise.swin.edu.au

This project has been approved by or on behalf of Swinburne's Human Research Ethics Committee (SUHREC) in line with the *National Statement on Ethical Conduct in Human Research*. If you have any concerns or complaints about the conduct of this project, you can contact:

Research Ethics Officer, Swinburne Research (H68),
Swinburne University of Technology, P O Box 218, HAWTHORN VIC 3122.
Tel (03) 9214 5218 or +61 3 9214 5218 or resethics@swin.edu.au

Appendix 4: Consent Form (Interview)

SWINBURNE UNIVERSITY OF TECHNOLOGY

FACULTY OF BUSINESS AND ENTERPRISE

Consent Form (Interview)

Project Title: Islamic Banking in Australia: An Empirical Investigation

Principal Investigator(s): Mark Tucker

1. I consent to participate in the project named above. I have been provided a copy of the project consent information statement to which this consent form relates and any questions I have asked have been answered to my satisfaction.

2. *In relation to this project, please circle your response to the following:*

   - I agree to be interviewed by the researcher   **Yes**   **No**
   - I agree to allow the interview to be recorded by electronic device   **Yes**   **No**
   - I agree to make myself available for further information if required   **Yes**   **No**

3. I acknowledge that:

   (a) my participation is voluntary and that I am free to withdraw from the project at any time without explanation;

   (b) the Swinburne project is for the purpose of research and not for profit;

   (c) any identifiable information about me which is gathered in the course of and as the result of my participating in this project will be (i) collected and retained for the purpose of this project and (ii) accessed and analysed by the researcher(s) for the purpose of conducting this project;

   (d) my anonymity is preserved and I will not be identified in publications or otherwise without my express written consent.

By signing this document I agree to participate in this project.

Name of Participant: ……………………………………………………………………

Signature & Date: ……………………………………………………….......................

Appendix 5: Discussion guide for focus groups

(1) Introduction

Welcome / thank you for agreeing to help with this research project.

Your participation in this Focus Group is voluntary and you are free to withdraw from this focus group at any time without explanation. Furthermore, non-participation in this focus group will in no way affect your academic assessment.

Explain the nature and format of this focus group – explore your thoughts on the growing market niche of Islamic banking and financing in Australia.

[I am not a Muslim, but my research in this area has opened my eyes up to the tremendous contribution of Islam to banking and finance. I apologise in advance if I do not express myself correctly – it is not my intention to offend. Please let me know if I say something that offends.]

Sound ground rules

- No correct answers – only opinions and feelings. Want to hear from everybody.
- Explain that session will be audio taped and why.
- Only one person speaks at a time – please no side discussions as some important comments could be missed.
- When making a comment could you identify yourself by initially saying "Person A" and then make your comment.
- Not interested in hearing your personal financial affairs and activities.
- Don't worry if you don't know much about a particular topic – it is OK and important for me to know. Don't be afraid to have different opinions, just express them.
- This is an informal discussion, a research project. Be honest and relax.
- Any questions?

I wish to better understand the banking and financial behaviour of students; in particular identify differences between Muslim and non-Muslim students. There are four areas I am particularly interested in; they are:

- The selection criteria used by students to select their bank or financial institution,
- The products and services used by a student
- The students level of satisfaction from their bank or financial institution
- The students' attitude and level of awareness towards Islamic banking and financing techniques.

Ask participants to read and sign Consent Form for this Focus Group

(2) Warm Up

Ask each participant one or two things about themselves. They are not obliged to give their name.

(3) Introduce the four topics/questions

- From a *general student viewpoint*, what are the *five* main factors or drivers you would considered when **selecting a bank** / financial account in Australia?

  Rank your factors/drivers from 1 to 5 (1 being most important) in order of importance to you when you opened a bank / financial account in Australia?

  Probe for clarification / differences of factors; factors religious and / or non-religious.

- Identify three **products and/or services you use** from your bank or financial institution?

  Rank these products/services in order of importance to you.

  Detail and clarification of features. Understand importance of identified features.

- **How satisfied are you** with the
  - (1) products offered by your bank or financial institution?
  - (2) services offered by your bank or financial institution? and
  - (3) overall satisfaction with your bank.

  Likes and dislikes? Problems? Detail particular products/services they are satisfied or dissatisfied with.
  Have you thought of switching your bank in the last 12 months?
  Would they recommend their bank to family/friends?

- **Awareness and attitudes** towards Islamic banking in Australia.

  Are participants aware of certain Islamic terms/concepts? Riba / Shariah / Zakat / Mudaraba / Modaraba / Takaful / Sukuk / MCCA
  Thoughts about some of the characteristics of Islamic banking – no interest charge, lending for projects that are halal, and transactions be free from risk and speculation.

Do you see any distinct advantages with an Islamic bank product compared to a conventional bank product?

How many of you would consider using an Islamic banking product / commercial bank?   Give reasons for your choice

(4) Close session with final thoughts

Summarise findings/thoughts on the above four areas.

Ask for any last thoughts, feelings or comments

(5) End of Focus Group

Thank participants for their cooperation and input.

Give each participant his or her gift voucher as an expression of appreciation for their time.

Appendix 6: Consent Information Statement (Pilot Test)

FACULTY OF HIGHER EDUCATION, LILYDALE

SWINBURNE UNIVERSITY OF TECHNOLOGY

Consent Information Statement (Pilot Test)

Project Title: Islamic Banking in Australia: An Empirical Investigation

Investigator: Mark Tucker PhD Candidate at Swinburne University of Technology

Introduction to Project and Invitation to Participate
The development of Islamic banking and finance is a growing market niche both worldwide and in Australia. However little is known about Islamic banking in non-Muslim countries like Australia. The development of Islamic banking niche in Australia will allow Australia's growing Muslim population and non-Muslims the opportunity to participate in "faith" banking. This project will investigate the banking and financing habits of Muslim and non-Muslim students in Victoria, Australia.

I invite you to participate in this unique research project.
Participation is completely voluntary, and will have no bearing on your assessment, on the subject(s) you are currently studying at the University, or on any present or future dealings with Swinburne University. Participation in this pilot test implies your consent to participate in this project. Your participation will add to our knowledge about the banking and financing behaviour of students in Australia.

What this project is about and why it is being undertaken
This project will examine the differences between Muslim and non-Muslim students in selecting a bank or financial institution, the products and services used by students, the level of satisfaction you receive from your bank and, the attitude and level of awareness towards Islamic banking and financing techniques.

The student segment is recognised by various researchers' as displaying several important features to the banking industry and worthy of investigation. Furthermore, this project will provide additional insights into consumer behaviour theory, identify factors necessary to maintain or attract new Muslim bank customers, and provide knowledge to better understand this growing market niche in Australian banking.

Project and researcher interests
This project is being undertaken to satisfy the requirements for a PhD qualification currently being undertaken by the investigator at Swinburne University of Technology.

What participation will involve – time, effort, resources, costs, compensatory payments, etc

Participation will involve filling out a draft questionnaire and identifying any areas that are not clear. The draft questionnaire is based on the banking behaviour of students and is divided into five sections. The draft questionnaire should take about 15 minutes to complete.

Participant rights and interests – Risks & Benefits/Contingencies/Back-up Support

There are no foreseeable risks to the student from participating in this pilot test of a draft questionnaire.

Participation in the questionnaire will provide no direct benefit to the participants, although the opportunity to reflect on their banking habits and understanding of Islam may be of some benefit.

Participant rights and interests – Free Consent/Withdrawal from Participation

Participation is completely voluntary, and will have no bearing on your assessment, on any subject(s) you are currently studying at the University, or on any present or future dealings with Swinburne University. Participation in the draft questionnaire implies your consent to participate in this project.

You are free to not answer any questions you do not wish to answer and you may withdraw from the study at any time without question or explanation.

Participant rights and interests – Privacy & Confidentiality

All draft questionnaires will be stored separately by Mark Tucker, and only shared with my supervisor after completion of the project.

No information about any individual will be given to Swinburne University, or to another individual or organisation. All processed data will be stored electronically with pass word protection.

Research output

The data will be analysed and used in completing my PhD.

In addition, findings from this project may be published in academic journals or presented a research forums or conferences. Data will be analysed and reported on an aggregate (group level) basis.

Further information about the project – who to contact

If you would like further information about the project, please do not hesitate to contact:

Mark Tucker (PhD Student)
Lecturer in Economics,
Room LA223, Lilydale Campus
Tel: 9215 7179
Email: mtucker@swin.edu.au

Dr. Nicholas Mroczkowski (Supervisor)
Senior Lecturer, Accounting and Finance

Room BA 1104, Hawthorn Campus
Tel 9124 5316
Email: nmroczkowski@groupwise.swin.edu.au

This project has been approved by or on behalf of Swinburne's Human Research Ethics Committee (SUHREC) in line with the *National Statement on Ethical Conduct in Human Research*. If you have any concerns or complaints about the conduct of this project, you can contact:

Research Ethics Officer, Swinburne Research (H68),
Swinburne University of Technology, P O Box 218, HAWTHORN VIC 3122.
Tel (03) 9214 5218 or +61 3 9214 5218 or resethics@swin.edu.au

Appendix 7: Pilot test of online questionnaire

Questionnaire on Student Banking

A growing market niche in Australian banking is the development of an Islamic banking and finance sector. While much as be written about Islamic banking and finance in Muslim countries, little is known in non-Muslim countries like Australia. The development of an Islamic banking and finance niche will allow Australia's growing Muslim population to invest in Islamic products, provide an opportunity for non-Muslims to participate and is a market segment that is being carefully monitored by Australia's main commercial banks.

I am currently a PhD student undertaking research involving a comparison of the banking and financing habits of Muslim and non-Muslim students in Australia. Current research shows that this segment displays several important features for the banking industry and is worthy of investigation. The results from this research will have both theoretical and practical significance.

As a respondent, this questionnaire provides an opportunity to reflect on your banking and financing habits and for some respondents; it will allow you to better understand the role of Islam in banking and financing. Furthermore, I would be prepared to provide you with the results of this survey if requested.

Attached are a series of questions concerning the banking habits of students. The questionnaire is divided into six sections. There are no right or wrong answers. The questionnaire takes about 15 minutes to complete. Don't think too hard about each question. Your first impressions and feelings are what are important, so please answer as completely and honestly as you can.

Participation is completely voluntary and anonymous – you will not be asked your name or any identifying information. You are free to not answer any questions you do not wish to answer, and you may withdraw from this study at any time.

Once you have completed the questionnaire please click on the finish button. Please make sure you have answered each question.

Your cooperation in completing the survey is very much appreciated and I thank you for your time in assisting my research.

Mark Tucker

1. Bank selection criteria:

1.How important are each of the following items in selecting your bank / financial institution? For each item please click the appropriate response that best describes the importance of this item in selecting your bank or financial institution.

Item	Not at all important	Unimportant	Neither important nor unimportant	Important	Very important
Convenient location, being near home or work	○	○	○	○	○
Good Customer Service	○	○	○	○	○
Recommendation of family (parents) or relatives	○	○	○	○	○
Recommendation of friends and colleagues (not family)	○	○	○	○	○
Desire to feel secure	○	○	○	○	○
Convenient ATM locations	○	○	○	○	○
Bank's reputation, safety and image	○	○	○	○	○
Friendliness of bank personnel	○	○	○	○	○
Available parking nearby	○	○	○	○	○
Reception received at the bank	○	○	○	○	○
Confidence in bank's management	○	○	○	○	○
Internet banking facilities	○	○	○	○	○
Lower interest rate charges on loans	○	○	○	○	○
Higher interest payment on savings	○	○	○	○	○
Overall low or no monthly service charges / fees	○	○	○	○	○
Mass media advertising	○	○	○	○	○
Confidentiality of bank	○	○	○	○	○
A wide range of student services offered - car loan, personal loan, mortgage and investment advice	○	○	○	○	○
Financial counselling provided	○	○	○	○	○

2. Bank products and services (facilities) used:

2. Based on the various bank products, services and facilities listed below please click the **five** main products, services and facilities you currently use.

- ☐ Savings Account
- ☐ Cheque Account
- ☐ Cash Management Account
- ☐ Investment Account
- ☐ ATM
- ☐ Credit Card
- ☐ Debit Card
- ☐ Ability to pay bills (BPay)
- ☐ Internet and telephone banking
- ☐ Travellers Cheques
- ☐ Safe Deposit Boxes
- ☐ Financial Planning Advice
- ☐ Provide loans / Mortgage
- ☐ International financial facilities (Foreign exchange)

3. Level of Customer Satisfaction

In the questions below, please click on the number that best reflects your response to the question.

3. Overall, how satisfied are you with your current bank or financial institution.

	1	2	3	4	5	6	7		N/A
Extremely Dissatisfied	○	○	○	○	○	○	○	Extremely Satisfied	○

4. What is the probability of switching or changing your bank or financial institution in the future?

	1	2	3	4	5	6	7		N/A
Definitely would change	○	○	○	○	○	○	○	Definitely would not change	○

5. Would you recommend your current bank or financial institution to other people / friends?

	1	2	3	4	5	6	7		N/A
Definitely would not recommend	○	○	○	○	○	○	○	Definitely would recommend	○

6. Have you changed your bank (in Australia) within the last 12 months?
   ○ Yes
   ○ No

4. Awareness and attitude towards Islam and Islamic banking

7. Recent studies show that a customer's level of awareness and attitude towards a particular financial product or service will influence their banking habits. How aware are you of the meaning / existence of the following Islamic financial terms and financial institution?

Terms / Financial Organisation	Aware and use	Aware and do not use	Not Aware
Riba	○	○	○
Shariah / Sharia / Shari'ah	○	○	○
Zakat	○	○	○
Mudaraba / Mudarabah / Mudharabah / Modaraba	○	○	○
Takaful	○	○	○
Sukuk	○	○	○
Muslim Community Cooperative of Australia (MCCA)	○	○	○

8. The next three questions are different for Muslim and non-Muslim students. Please select whether you are a Muslim or non-Muslim student.
   ○ Muslim
   ○ non-Muslim

Muslim Student Questions

9. Do you currently operate in Australia a commercial bank account; an account that offers interest or charges an interest rate?
   If you have answered "yes", could you briefly describe, in terms of your religious beliefs, how you feel and justify having an Australian commercial bank account that offeres or charges interest?

○ Yes

○ No

○ [   ]

10. If the opportunity existed, would you open an Islamic bank account in Australia? Please explain your answer.

○ Yes

○ No

[text box]

11. If the opportunity existed to open an Islamic bank account in Australia, would you close your existing commercial bank account?

○ Yes

○ No

○ Not sure

Non-Muslim Questions

9. Would you consider opening an Islamic bank account?

○ Yes

○ No

○ Already have an Islamic bank account

10. Could you give a reason for your answer in the previous question.

[text box]

11. Can you briefly identify some characteristics or features that distinguish Islamic banking from western commercial banking (as practiced in Australia)?

Next

5. Student Banking Intentions

Based on your overall thoughts about banking, please click on the number that best reflects your response to the question.
(1 = Strongly disagree 7 = Strongly agree)

12. Overall, I think using the facilities of Australian banks is beneficial for me.

	1	2	3	4	5	6	7		N/A
Strongly disagree	○	○	○	○	○	○	○	Strongly agree	○

13. Overall, I have a positive opinion about Australian banks.

	1	2	3	4	5	6	7		N/A
Strongly disagree	○	○	○	○	○	○	○	Strongly agree	○

14. Overall, I think using the facilities of an Islamic bank is beneficial for me.

	1	2	3	4	5	6	7		N/A
Strongly disagree	○	○	○	○	○	○	○	Strongly agree	○

15. Overall, I have a positive opinion about Islamic banks.

	1	2	3	4	5	6	7		N/A
Strongly disagree	○	○	○	○	○	○	○	Strongly agree	○

16. My family thought I should use the various facilities offered by Australian banks.

	1	2	3	4	5	6	7		N/A
Strongly disagree	○	○	○	○	○	○	○	Strongly agree	○

17. My friends and colleagues encourage me to use the various facilities offered by Australian banks.

                         1   2   3   4   5   6   7   N/A

    Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

18. If there was an Islamic bank in Australia, I believe my family would want me to use the various facilities offered by an Islamic bank.

                         1   2   3   4   5   6   7   N/A

    Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

19. If there was an Islamic bank in Australia, I believe my friends and colleagues would encourage me to use the various facilities offered by an Islamic bank.

                         1   2   3   4   5   6   7   N/A

    Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

20. I feel in control when using the various facilities offered by Australian banks.

                         1   2   3   4   5   6   7   N/A

    Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

21. I think that I have the resources, knowledge, and ability to use the various facilities offered by Australian banks.

                         1   2   3   4   5   6   7   N/A

    Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

22. I would feel more in control if I were able to use the various facilities offered by an Islamic bank.

                         1   2   3   4   5   6   7   N/A

    Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

23. I think that I have the resources, knowledge, and ability to use the various facilities offered by an Islamic bank.

                         1   2   3   4   5   6   7   N/A

    Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

24. In the future I intend to use an Islamic bank for my banking needs.

                      1   2   3   4   5   6   7   N/A

Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

25. In the future I intend to use an commercial bank for my banking needs.

                      1   2   3   4   5   6   7   N/A

Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

6. Background information:

Please read each question carefully. Answer the question by clicking on the response.

26. What is your gender?
- ○ Male
- ○ Female

27. What is your age?
- ○ Under 20 yeras
- ○ 21 - 25 years
- ○ 26 - 30 years
- ○ 31 - 40 years
- ○ Over 41 years

28. Which category represents your current level of study?
- ○ Diploma
- ○ Advanced Diploma
- ○ Undergraduate
- ○ Post Graduate

29. Which one of the following categories best describes your student status?
- ○ Australian student (non-Muslim)
- ○ Australian student (Muslim)
- ○ International students (non-Muslim)
- ○ International student (Muslim)

30. Recent studies show that the level of religious conviction can influence banking habits. Please indicate the extent of your devotion to a religious cause?

                 1   2   3   4   5   6   7   N/A

Casual ○ ○ ○ ○ ○ ○ ○ Devout ○

31. Where do you conduct most of your banking and financial transactions?
   - ○ Domestic Commercial Bank
   - ○ Credit Union
   - ○ Building Society
   - ○ Global / Investment Bank
   - ○ Other - please specify [   ]

32. Indicate the number of (separate) Australian banks with which you hold accounts.
   - ○ 1
   - ○ 2
   - ○ 3
   - ○ 4 to 6
   - ○ 7 or more

33. What is the level of your income?
   - ○ Less than $25,000 pa
   - ○ $25,001 to $50,000 pa
   - ○ More than $50,001 pa

Thank-you for your participation.
Please make sure you have answered **every question** before submitting this questionnaire.

FINISH

Appendix 8: Consent Information Statement (Final Online Questionnaire

FACULTY OF HIGHER EDUCATION, LILYDALE

SWINBURNE UNIVERSITY OF TECHNOLOGY

Consent Information Statement (Final Online Questionnaire)

Project Title: Islamic Banking in Australia: An Empirical Investigation

Investigator: Mark Tucker   PhD Candidate at Swinburne University of Technology

Introduction to Project and Invitation to Participate

The development of Islamic banking and finance is a growing market niche both worldwide and in Australia. However little is known about Islamic banking in non-Muslim countries like Australia. The development of Islamic banking niche in Australia will allow Australia's growing Muslim population and non-Muslims the opportunity to participate in "faith" banking. This project will investigate the banking and financing habits of Muslim and non-Muslim students in Victoria, Australia.

I invite you to participate in this unique research project.

Participation is completely voluntary, and will have no bearing on your assessment, on the subject(s) you are currently studying at the University, or on any present or future dealings with Swinburne University. Your participation in this questionnaire will add to our knowledge about the banking and financing behaviour of students in Australia.

What this project is about and why it is being undertaken

This project will examine the differences between Muslim and non-Muslim students in selecting a bank or financial institution, the products and services used by students, the level of satisfaction you receive from your bank and, the attitude and level of awareness towards Islamic banking and financing techniques.

The student segment is recognised by various researchers' as displaying several important features to the banking industry and worthy of investigation. Furthermore, this project will provide additional insights into consumer behaviour theory, identify factors necessary to maintain or attract new Muslim bank customers, and provide knowledge to better understand this growing market niche in Australian banking.

Project and researcher interests

This project is being undertaken to satisfy the requirements for a PhD qualification currently being undertaken by the investigator at Swinburne University of Technology.

What participation will involve – time, effort, resources, costs, compensatory payments, etc

Participation will involve filling out a questionnaire. The questionnaire is based on the banking behaviour of students and is divided into six sections. The questionnaire should take about 15 minutes to complete.

Participant rights and interests – Risks & Benefits/Contingencies/Back-up Support

There are no foreseeable risks to the student from participating in the questionnaire.
Participation in the questionnaire will provide no direct benefit to the participants, although the opportunity to reflect on their banking habits and understanding of Islam may be of some benefit.

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Participant rights and interests – Free Consent/Withdrawal from Participation

Participation is completely voluntary, and will have no bearing on your assessment, on any subject(s) you are currently studying at the University, or on any present or future dealings with Swinburne University.

Participation in the questionnaire implies your consent to participate in this project.
You are free to not answer any questions you do not wish to answer and you may withdraw from the study at any time without question or explanation.
Participants will be students from various Victorian universities and equivalent tertiary colleges.

Participant rights and interests – Privacy & Confidentiality
All questionnaires will be stored separately by Mark Tucker, and only shared with my supervisor after completion of the project.
No information about any individual will be given to Swinburne University, or to another individual or organisation. All processed data will be stored electronically with pass word protection.

Research output
The data will be analysed and used in completing my PhD.
In addition, findings from this project may be published in academic journals or presented a research forums or conferences. Data will be analysed and reported on an aggregate (group level) basis.

Further information about the project – who to contact

If you would like further information about the project, please do not hesitate to contact:

Mark Tucker (PhD Student)
Lecturer in Economics,
Room LA223, Lilydale Campus
Tel: 9215 7179
Email: mtucker@swin.edu.au

Dr. Nicholas Mroczkowski (Supervisor)
Senior Lecturer Accounting and Finance
Room BA 1104, Hawthorn Campus
Tel 9124 5316
Email: nmroczkowski@groupwise.swin.edu.au

Appendix 9: Final online questionnaire

1. Bank selection criteria:

1. How important are each of the following items in selecting your bank / financial institution? For each item please click the appropriate response that best describes the importance of this item in selecting your bank or financial institution.

Item	Not at all important	Unimportant	Neither important nor unimportant	Important	Very important
Convenient location, being near home or work	○	○	○	○	○
Good Customer Service	○	○	○	○	○
Recommendation of family (parents) or relatives	○	○	○	○	○
Recommendation of friends and colleagues (not family)	○	○	○	○	○
Desire to feel secure	○	○	○	○	○
Convenient ATM locations	○	○	○	○	○
Bank's reputation, safety and image	○	○	○	○	○
Friendliness of bank personnel	○	○	○	○	○
Available parking nearby	○	○	○	○	○
Reception received at the bank	○	○	○	○	○
Confidence in bank's management	○	○	○	○	○
Internet banking facilities	○	○	○	○	○
Lower interest rate charges on loans	○	○	○	○	○
Higher interest payment on savings / deposits	○	○	○	○	○
Overall low or no monthly service charges / fees	○	○	○	○	○
Mass media advertising	○	○	○	○	○
Confidentiality of bank	○	○	○	○	○
A wide range of student services offered - car loan, personal loan, mortgage and investment advice	○	○	○	○	○
Financial counselling provided	○	○	○	○	○

2. Bank products and services (facilities) used:

2.Based on the various bank products, services and facilities listed below please click the **six** main products, services and facilities you currently use.

- ☐ Savings Account
- ☐ Cheque Account
- ☐ Cash Management Account
- ☐ Investment Account
- ☐ ATM
- ☐ Credit Card
- ☐ Debit Card
- ☐ Ability to pay bills (BPay)
- ☐ Internet and telephone banking
- ☐ Travellers Cheques / Travel Foreign Exchange Card
- ☐ Safe Deposit Boxes
- ☐ Financial Planning Advice
- ☐ Provide loans / Mortgage
- ☐ International financial facilities (Foreign exchange)

3. Level of Customer Satisfaction

In the questions below, please click on the number that best reflects your response to the question.

3.Overall, how satisfied are you with your current bank or financial institution.

	1	2	3	4	5	6	7		N/A
Extremely Dissatisfied ○	○	○	○	○	○	○	○	Extremely Satisfied ○	

4.What is the probability of switching or changing your bank or financial institution in the future?

	1	2	3	4	5	6	7		N/A
Definitely would change	○	○	○	○	○	○	○	Definitely would not change	○

5. Would you recommend your current bank or financial institution to other people / friends?

	1	2	3	4	5	6	7		N/A
Definitely would not recommend	○	○	○	○	○	○	○	Definitely would recommend	○

6. Have you changed your bank (in Australia) within the last 12 months?

○ Yes

○ No

4. Awareness and attitude towards Islam and Islamic banking

7. Recent studies show that a customer's level of awareness and attitude towards a particular financial product or service will influence their banking habits. How aware are you of the meaning / existence of the following Islamic financial terms and financial institution?

Terms / Financial Organisation	Aware and use	Aware and do not use	Not Aware
Riba	○	○	○
Shariah / Sharia / Shari'ah	○	○	○
Zakat	○	○	○
Mudaraba / Mudarabah / Mudharabah / Modaraba	○	○	○
Takaful	○	○	○
Sukuk	○	○	○
Muslim Community Cooperative of Australia (MCCA)	○	○	○

8. The next three questions are different for Muslim and non-Muslim students. Please select whether you are a Muslim or non-Muslim student.

○ Muslim

○ non-Muslim

Muslim Student Questions

9. Our evidence shows that most Muslim students tend to operate a commercial bank account; that is, an account that offers interest or charges an interest rate. If this holds true, in your opinion, in what way do you believe that having such an account could be justified?

○ I do not have a problem at all

○ I have no choice, no Muslim banks operate in Australia

○ Any interest earned would be donated to charity

○ I would do some voluntary work to offset any interest

○ Islam is an accommodating / flexible religion

○ It is not a problem, there are other activities that are more sinful or worse

○ Other - please explain [   ]

10. If the opportunity existed, would you open an Islamic bank account in Australia? Please explain your answer.

○ Yes

○ No

○ Not sure

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11. If the opportunity existed to open an Islamic bank account in Australia, would you close your existing commercial bank account?

○ Yes

○ No

○ Not sure

Non-Muslim Questions

9. Would you consider opening an Islamic bank account?

○ Yes

○ No

○ Already have an Islamic bank account

○ Not sure

10. Could you give a reason for your answer in the previous question.

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11. Can you briefly identify some characteristics or features that distinguish Islamic banking from western commercial banking (as practiced in Australia)?

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Next

5. Student Banking Intentions

Based on your overall thoughts about banking, please click on the number that best reflects your response to the question.
(1 = Strongly disagree 7 = Strongly agree)

12. Overall, I think using the facilities of Australian banks is beneficial for me.

	1	2	3	4	5	6	7		N/A
Strongly disagree	○	○	○	○	○	○	○	Strongly agree	○

13. Overall, I have a positive opinion about Australian banks.

	1	2	3	4	5	6	7		N/A
Strongly disagree	○	○	○	○	○	○	○	Strongly agree	○

14. Overall, I think using the facilities of an Islamic bank is beneficial for me.

	1	2	3	4	5	6	7		N/A
Strongly disagree	○	○	○	○	○	○	○	Strongly agree	○

15. Overall, I have a positive opinion about Islamic banks.

	1	2	3	4	5	6	7		N/A

Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

16. My family thought I should use the various facilities offered by Australian banks.
                    1   2   3   4   5   6   7   N/A
Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

17. My friends and colleagues encourage me to use the various facilities offered by Australian banks.
                    1   2   3   4   5   6   7   N/A
Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

18. If there was an Islamic bank in Australia, I believe my family would want me to use the various facilities offered by an Islamic bank.
                    1   2   3   4   5   6   7   N/A
Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

19. If there was an Islamic bank in Australia, I believe my friends and colleagues would encourage me to use the various facilities offered by an Islamic bank.
                    1   2   3   4   5   6   7   N/A
Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

20. I feel in control when using the various facilities offered by Australian banks.
                    1   2   3   4   5   6   7   N/A
Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

21. I think that I have the resources, knowledge, and ability to use the various facilities offered by Australian banks.
                    1   2   3   4   5   6   7   N/A
Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

22. I would feel more in control if I were able to use the various facilities offered by an Islamic bank.
                    1   2   3   4   5   6   7   N/A

Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

23. I think that I have the resources, knowledge, and ability to use the various facilities offered by an Islamic bank.

                   1   2   3   4   5   6   7   N/A

Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

24. In the future I intend to use an Islamic bank for my banking needs.

                   1   2   3   4   5   6   7   N/A

Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

25. In the future I intend to use an Australian commercial bank for my banking needs.

                   1   2   3   4   5   6   7   N/A

Strongly disagree ○ ○ ○ ○ ○ ○ ○ Strongly agree ○

6. Background information:

Answer each question by clicking on the response that best reflects your view.

26. What is your gender?
- ○ Male
- ○ Female

27. What is your age?
- ○ Under 20 years
- ○ 21 - 25 years
- ○ 26 - 30 years
- ○ 31 - 40 years
- ○ Over 41 years

28. Which category represents your current level of study?
- ○ Diploma
- ○ Advanced Diploma

○ Undergraduate

○ Post Graduate

29. Which one of the following categories best describes your student status?

  ○ Australian student (non-Muslim)

  ○ Australian student (Muslim)

  ○ International student (non-Muslim)

  ○ International student (Muslim)

30. Recent studies show that the level of religious conviction can influence banking habits. Please indicate the extent of your devotion to a religious cause?

	1	2	3	4	5	6	7		N/A
Casual ○	○	○	○	○	○	○	Devout	○

31. Where do you conduct most of your banking and financial transactions?

  ○ Domestic Commercial Bank

  ○ Credit Union

  ○ Building Society

  ○ Global / Investment Bank

  ○ Other - please specify [   ]

32. Indicate the number of (separate) Australian banks with which you hold accounts.

  ○ 1

  ○ 2

  ○ 3

  ○ 4 to 6

  ○ 7 or more

33. What is the level of your income?

  ○ Less than $15,000 pa

  ○ $15,001 to $25,000 pa

○ $25,001 to $50,000 pa

○ More than $50,001 pa

Thank-you for your participation.
Please make sure you have answered **every question** before submitting this questionnaire.

Appendix 10: Ethics approval

To: Dr Nicholas Mroczkowski, FBE / Mr Mark Tucker
CC: Ms Anne Cain, FBE

 Dear Dr Mroczkowski,

SUHREC Project 2010/153 Islamic Banking in Australia - an empirical study
Dr Nicholas Mroczkowski, FBE / Mr Mark Tucker
Approved Duration: 10/08/2010 To 31/01/2012 [Adjusted]

I refer to the ethical review of the above project protocol undertaken on behalf of Swinburne's Human Research Ethics Committee (SUHREC) by SUHREC Subcommittee (SHESC4) at a meeting held on 16 July 2010. Your response to the review as e-mailed on 5 August 2010 was put to a nominated SHESC4 delegate for consideration.

I am pleased to advise that, as submitted to date, the project has approval to proceed in line with standard on-going ethics clearance conditions here outlined.

- All human research activity undertaken under Swinburne auspices must conform to Swinburne and external regulatory standards, including the National Statement on Ethical Conduct in Human Research and with respect to secure data use, retention and disposal.

- The named Swinburne Chief Investigator/Supervisor remains responsible for any personnel appointed to or associated with the project being made aware of ethics clearance conditions, including research and consent procedures or instruments approved. Any change in chief investigator/supervisor requires timely notification and SUHREC endorsement.

- The above project has been approved as submitted for ethical review by or on behalf of SUHREC. Amendments to approved procedures or instruments ordinarily require prior ethical appraisal/ clearance. SUHREC must be notified immediately or as soon as possible thereafter of (a) any serious or unexpected adverse effects on participants and any redress measures; (b) proposed changes in protocols; and (c) unforeseen events which might affect continued ethical acceptability of the project.

- At a minimum, an annual report on the progress of the project is required as well as at the conclusion (or abandonment) of the project.

- A duly authorised external or internal audit of the project may be undertaken at any time.

Please contact me if you have any queries about on-going ethics clearance. The SUHREC project number should be quoted in communication. Chief Investigators/Supervisors and Student Researchers should retain a copy of this e-mail as part of project record-keeping.

Best wishes for the project.

Yours sincerely

Kaye Goldenberg
Secretary, SHESC4
****
Kaye Goldenberg
Administrative Officer (Research Ethics)
Swinburne Research (H68)
Swinburne University of Technology
P O Box 218
HAWTHORN VIC 3122

Tel +61 3 9214 8468

To: Dr Nicholas Mroczkowski, FBE/Mr Mark Tucker

CC: Mr Justin Bell, Research Administrator, FBE

Dear Dr Mroczkowski,

SUHREC Project 2010/153 Islamic Banking in Australia - an empirical study
Dr Nicholas Mroczkowski, FBE / Mr Mark Tucker
Approved Duration: 10/08/2010 To 31/01/2012 [Adjusted]
Project Modification: June 2011

Thank you for the annual report for the above project received on 25 May 2011 which included a request to modify the protocol by an amendment to the questionnaire and its deliver - from paper-based survey to online. The request was put to a delegate of the relevant SUHREC Subcommittee (SHESC4) for consideration.

I am pleased to advise that, as submitted to date, the modified project/protocol may continue in line with standard ethics clearance conditions previously communicated and reprinted below.

Please contact me if you have any queries about on-going ethics clearance, citing the SUHREC project number. Copies of clearance emails should be retained as part of project record-keeping.

As before, best wishes for the project.

Regards

Kaye Goldenberg
Secretary, SHESC4
****
Kaye Goldenberg
Administrative Officer (Research Ethics)
Swinburne Research (H68)
Swinburne University of Technology
P O Box 218
HAWTHORN VIC 3122
Tel +61 3 9214 8468
Fax +61 3 9214 5267

>>> Kaye Goldenberg 10/08/2010 5:19 PM >>>

-----Original Message-----
From: resethics@swin.edu.au [mailto:resethics@swin.edu.au]

Sent: Monday, 6 July 2015 1:02 PM
To: Christine Jubb
Cc: RES Ethics
Subject: Acknowledgement of Report for SUHREC Project - 2010/153

Dear Christine Jubb,

Re: Final Report for the project (Report Date: 06-07-2015)

2010/153 'Islamic Banking in Australia - an empirical study'

The Final report for the above project (Report Date: 06-07-2015) has been processed and satisfies the reporting requirements set under the terms of ethics clearance.

Research Ethics Team

Swinburne Research (H68)
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PO Box 218
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Tel: 03 9214 5218
Fax: 03 9214 5267
Email: resethics@swin.edu.au

Appendix 11: Change of thesis title approval

Student ID: 6520758

21 October 2014

MrMark Tucker

████████ ████

Dear Mark

RE: CHANGE OF THESIS TITLE

I am writing to advise you that your application to change the title to your thesis was executively approved by the Director of Graduate Studies on **21/10/2014.**

The approved title is, as requested:

Student banking behaviour in Australia: A mixed methods study

Kind Regards

Yours

sincerely

Prof Pam Green
Director of Graduate Studies
Swinburne Research
Tel: +61 3 9214 5224
Email pamgreen@swin.edu.au

    cc.   Prof Christine Jubb

Change of thesis title

Mark Tucker

To: Nadine White
Cc: Christine Jubb

Wednesday, 15 June 2016   1.50PM

Hi Nadine,

One of my PhD examiners (Professor Worthington) has suggested that I change my thesis title - see Specific Point 1 in the examiner's report.

I am happy to change my thesis title from:

Student Banking Behaviour in Australia: A Mixed Methods Study

to

Student Banking Behaviour in Australia: A Mixed Methods Study of Muslim and non-Muslims

Many thanks,

Mark Tucker