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FACTORS INFLUENCING CUSTOMER DECISION MAKING TO SELECT ISLAMIC BANKING IN THAILAND

Abstract:

The main purpose of this study is to identify factors influencing customers' decision to select with confidence Islamic banking in southern parts of Thailand as the mediating variable. Based on the Intermediation Theory and Consumer Behavior Theory, banks are to act as intermediaries by utilizing the depositors' money to provide banking products and services which meet their customers' needs and expectations. Gaining customers' confidence is important as banking business is based on trust and integrity. Hence, as mediating variable, customers' confidence in the way Islamic banking is conducted is hypothesized to strengthen the customers' decision to select Islamic banking in Thailand. This study employs a survey method, factor analysis and structural equation modeling. Self-administered questionnaires were obtained from 300 Islamic bank customers (representing 67 percent response rate). Based on the results, the study finds that 51.7 percent of the Islamic bank customers in southern Thailand are corporate customers, and they are mostly women entrepreneurs. This is an important demographic trend finding which shows that working women are becoming more extensive users of Islamic banking products and services. Based on factor analysis, factor which emerge as important in determining customers' confidence in Thailand are religion, reputation, knowledge, attitude, convenience and service. While confidence and religious motives are direct, and significantly related to bank selection, confidence is found to have a positive while religious motive a negative influence on Islamic bank selection. In terms of mediation effect, attitude, convenience and reputation through confidence exhibit full mediation effect. The findings imply that Islamic banks should emphasize.

Keywords:

Confidence, Islamic Banking, Bank Selection Decision