

Factors Influencing of Islamic Banking by Customers: A Case Study in Northern Malaysia

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Abstract

This research develops the understanding of the methodology and the application of Analytical Hierarchy Process (AHP) in the selection of the best criteria for Islamic banking. The AHP is a general problem-solving methodology that is useful for complex multi-criteria decision-making with variables that do not have the exact numerical consequences. The research study was undertaken involving bank customers in the Northern region of Malaysia. The objectives of the study are to identify the most important criteria for selecting Islamic banking by customers and to determine the major factors of selecting Islamic banking based on demographic variables (gender, religion). The AHP evaluates a hierarchy of criteria of the study including bank status, facilities provided, convenience, religion status, bank reputation, Sharia' issues, staff friendliness, and profitability. The best criterion which was chosen by all respondents was Sharia' issues while bank status was the least preferred by the customers. In addition, in analyzing the major factors of selecting Islamic banking between demographic variables, the most important criteria chosen by gender was Sharia' issues for males and bank reputation for females. Furthermore, the most important criterion chosen by Muslims was Sharia' issues and convenience factor for non-Muslims. These findings benefit the banks and customers: the bank is able to identify their potential customers and specific customer segments, while creating awareness for customers to choose Islamic banking. Future research would include other variables in the survey instrument such as safety and security.

Keywords: Islamic Banking, Analytical Hierarchy Process, Northern Malaysia

Introduction

Throughout the 1970's, Islamic banking grew rapidly around the world and continues to show very positive growth to this day. The origin of Islamic finance dates back to the dawn of Islam 1,400 years ago and currently, Islamic banking is expanding not only in nations where a majority of the population are Muslims, but also in other countries where Muslims are a minority (Shahdila et al., 2017). A uniqueness of Islamic banking is the services, products, and operation that follow the Sharia'. The major difference between Islamic banking and

conventional banking is its system of banking. Islamic banking is an ethical banking system which practices Islamic principles. All banking transactions prohibited by Islam are not allowed such as *riba*. On the other hand, the system or institutions of conventional banks are based on fully manmade principles that are the rule made by humans, usually considered in opposition to concepts like divine law.

Islamic banking is the choice of customers for many reasons. Islam does not allow usury that is also called *riba* and offers low risk and all transactions have less interest. This is why Islamic banking attracts Muslim and non-Muslim investors alike. Islamic banking uses the Al-Quran and hadith as guidance "You who believe! Do not devour *riba* multiplying it over and keep your duty to Allah that you may prosper" as in the Sura Al-Imran (3:130). The advantages of Islamic banking are the chance to be aware of and share responsibility towards poverty, donate to charity, and reduce economic disparity.

Islamic banking has emerged as one of the fastest growing industries and is highly able to compete with conventional banking. The swift changes have caused the changes in customers' need and also their potential to have greater quality of banking services. For Malaysia, there are many products and services for banking sectors that can be chosen by customers to meet their needs and wants due to the existence of dual banking systems. Islamic banking needs to consider their bank's reputations and also the performance based on transaction speed in the delivery system, product diversity and banking convenience to attract more customers in order to purchase their products and services. Thus, before executing any Islamic products or services, the criteria based on individual perception need to be identified so that the desired outcomes in the future can be realized.

Islamic banking has been a rapidly growing sector particularly in Malaysia and possibly in the world, and it acts as an alternative to conventional banking nowadays. It is very important for the management of Islamic banking to ensure that all the transactions and products of Islamic banking are in accordance to the principles of *sharia* at all times and at all costs. According to (Abduh & Omar, 2014) there were six criteria, namely, bank reputation, bank status, profitability, facilities provided, staff friendliness, and *sharia* issues on banking products and activities to see how Islamic bank customers in Malaysia rank the criteria based on the level of importance. This is due to the fact that *sharia* requirements are the backbone of Islamic banking. A study conducted by (Amin, 2008) on the selection criteria on Islamic home financing in Labuan, Malaysia showed that there were five best criteria influencing customer choice, which were *Sharia* principles, lower monthly payment, transparency practice, interest-free practice and 100 per cent financing. The Islamic banks should not follow the way of the conventional banks and the Islamic banks need to increase compliance in accordance with the principles of *Sharia*.

Amongst the customers residing in the Klang-Valley, the *sharia*-compliant criterion was the highest option before a customer chooses an appropriate Islamic bank (Abduh & Omar, 2014) but (Awan & Bukhari, 2011) found the contradicting results showing *sharia* as the least important factor while the major factors of selecting Islamic banking in Pakistan were product features and service quality. Another study by (Naser, Jamal & Khatib, 1999) in Jordan showed that they were more focused on *sharia* issues to select the Islamic banking because the bank

operates with Islamic teachings so it maintains good reputation and provides confidence for the clients in conducting its operation and disclosing information.

A study conducted in Turkey showed that the majority of respondents put religious belief as the most important factor in dealing with banks (Okumus & Genc, 2013). Other studies showed that the respondents from seven public financial institutions in Malaysia also supported that the most important factor in choosing an Islamic bank is religious values (Idris et al., 2011), and one of the results from the study of efficiency of ASEAN bank from 2010-2013, as highlighted by a recent study by Wanke, Hassan, & Gavião (2017), found that that the principles of Islam is an important criteria in selecting Islamic banks.

Profitability is when the customers of the bank don't want to lose or have financial gain. The study by (Subhani, Hasan, Rafiq, Nayaz & Osman, 2012) said that high profit and low service charge were the main factors considered by the respondents in Pakistan in choosing Islamic banking. Facilities criterion provided by the Islamic bank was one of the factors that attract customers to choose Islamic banking. Based on the study by (Katircioglu, Tumer & Kılınc, 2011) the number of ATMs (facilities provided) was the most important selection criterion for Islamic banking by customers from two cities (Burcharest and Constanta) in Romania. Next, in a study conducted by (Naser et al., 1999) showed customer satisfaction on facilities provided by the Islamic bank because of physical evidence in the promotional material.

Staff friendliness showed by Islamic bank staff can also attract customers to choose an Islamic bank. In a study conducted by (Haron, Ahmad & Planisek, 1994) in looking at the differences in the criteria chosen by Muslims and non-Muslims, two different options emerged between them. The non-Muslims chose friendliness of bank personnel as the most important factor before choosing an Islamic bank, while the Muslims believed that religion was the main factor on why people maintain an account with an Islamic bank. Convenience is when the customers are able to proceed with something without difficulty. A study by (Marimuthu, Jing, Gie, Mun & Ping, 2010) showed four main factors, namely cost-benefit, service delivery, convenience, and influence by friends in choosing Islamic banking. This proves that the choosing of Islamic bank is not necessarily based on religious reasons although this study is conducted on Muslims and non-Muslims. Furthermore, for a bank to succeed, it needs to understand and fulfil the customer's wishes. Hence, the Islamic bank awares of the factors that are desired by Muslim customers, if Muslims chose Islamic banks based on the factor of "fast and efficient service" (Haron et al., 1994).

Every bank has its own reputation. For example, a bank with a good reputation can form bank-client relationships through lending financial support in cases of financial distress. Therefore, the customer needs to choose the bank based on the bank's reputation. The top most criterion chosen by the customers for Islamic home financing in Pakistan, in guaranteeing loyalty to the bank was the reputation of the bank (Hamid & Masood, 2011). The results are the same with the study conducted by (Ismail, Azmi & Thurasamy, 2014) stating that the majority of customers are confident of the Islamic home financing banks because the Islamic banks have a good reputation in Malaysia. This is supported by the study by (Bassir, Zakaria, Hasan & Alfani, 2014) conducted in the Klang Valley to study the major factors influencing Islamic home financing adoption - it showed the results that support the religiosity and reputation of banks were the highest factors. The bank has the responsibility to provide basic

banking services to customers as stated in the legislation. The bank status will basically take into consideration the most preferable banking services chosen among the banks by the customers. So, the bank status is the factor that convinces customers to select Islamic banking.

The Analytical Hierarchy Process (AHP) is a method used by (Saaty, 1987) to solve general problems for complex multi criteria decisions with variables that do not have exact numerical consequences (Batagarawa, William, Potts & Brown, 2015). With the presence of various attributes in the selection of Islamic banks (Abduh & Omar, 2014), The AHP is used as a major tool analysis. Several factors that influence the comparing of criteria for selecting Islamic banks in many countries are included in the AHP matrix of pairwise comparison. It aims to identify the most important criteria selected, and Malaysian banks (Abduh & Omar, 2014) to use the AHP to set up customer patronizing patterns, including Islamic banks. Furthermore, (Attaran & Celik, 2013) also used AHP as a method of analysis in their studies because the researchers want to see consumer ranking and the weight of the categories belonging to major green building rating system. Hence, to support (Abduh & Omar, 2014) and (Attaran & Celik, 2013), a study by (Ghasempour & Salami, 2016) was conducted to see the difference in the performance of Iranian banks based on the CAMELS rating system using the AHP to see which factors are most important. In Pakistan, a study by (Bukhari, Awen & Ahmed, 2013) was conducted using the AHP to analyze the corporate governance indexes on five Islamic banks and twelve conventional banks which provide Islamic banking facilities around Pakistan.

In the AHP, the pairwise comparison matrix is used for comparisons between criteria. The pairwise comparison matrix is calculated by using the geometric mean. A study by (Yadav & Jayswal, 2013) stated that the geometric mean was used for analysis of functional layout parameters. By using this method, the firm can increase their outcomes. Next, the geometric mean was also used by (Dong, Zhang, Hong & Xu, 2010) to measure the consensus degree among judgement matrices for AHP. Hence to support (Yadav & Jayswal, 2013), the study by (Kim, Kang & Kim, 2015) also applied the Geometric mean method to resolve data imbalance problems in business domains. Furthermore, the study by (Wedley, 1993) stated that the geometric mean can be used with incomplete comparisons matrix to predict the consistency ratio and the consistency index.

In this research, eight variables are identified. The variables are profitability, bank status, bank reputation, facilities provided, staff friendliness, convenience, Sharia' issues, and religion status. In addition, the importance of Islamic banking is in response to the needs of the Muslim community and that Islamic banking is suitable for all religions. The significance of the research study is important in determining the benefits of the study as it will give a huge impact to the customers and Islamic banks. For the bank customers, they will be able to figure out the best selection criteria by customers before selecting an Islamic bank. On the other hand, the Islamic banks will be able to find out the needs and wants of the customers. Thus, the research study will give an appropriate guide to the Islamic bankers in developing better policies in order to improve the quality of the banking system. The aim of this research is to investigate how individuals look and pick the criteria before using an Islamic bank's service.

Methodology

The primary focus of the research is Islamic banking and the scope of the research includes customers in Alor Star, Kedah, Georgetown, Penang, and Ipoh, Perak. These three locations were chosen because of their status as capital cities which involve all economies in the Northern region of Malaysia. In this study, 40 respondents were chosen as sample. The result are not affected by the small sample size as the AHP method was used to analyze the data (Sambasivan & Fei, 2008). The nonprobability sampling method has been conducted to get data from the respondents. It is a relatively simple method to obtain data in a shorter time. The AHP Scale was used to measure respondents' agreement with a variety of statements. There is five-point-comparison scale used to generate the quantitative measurement. The importance of criteria determined by the procedure and the factors influencing the criteria are decided by the AHP.

This research develops the understanding of the methodology and the application of the AHP for selecting the most important criteria by Islamic banking customers. The AHP evaluates a hierarchy of criteria including profitability, bank status, facilities provided, staff friendless, Sharia' issues, convenience, religion status and bank reputation. There are eight criteria that are used, such as profitability, bank status, facilities provided, staff friendless, Sharia' issues, convenience, religion status and bank reputation. The table below shows the definition for each criterion.

Table 1
Definition of criteria

Criteria	Explanation
Profitability	The degree to which a business or activity yields profit or financial gain.
Bank Status	The most bank that citizens choose for the services that are offered.
Various Facilities	Various facilities that customers can deal with the bank.
Staff Friendliness	Staff friendliness based on the behavior of staff.
Sharia' Issues	Sharia' requirements being the backbone of Islamic banking and its teaching to maintain good reputation of Islam.
Religion Status	Islamic bank provides Sharia' compliant products and the majority of respondents put religion as the most important factor in dealing with the bank.
Convenience	Convenience is when the customers are being able to proceed with something without difficulty.
Reputation	Belief and trust from respondents based on past performance

The Analytical Hierarchy Process (AHP)

The Analytical Hierarchy Process (AHP) is a decision tool for dealing with complex, unstructured, and multiple criteria decision making (MCDM). There are three major steps in the AHP. Firstly, there is the description of a complex problem such as a hierarchy. Second is the use of pairwise comparisons to estimate the importance of criteria on each level of hierarchy. Lastly is the integration of pairwise comparison to evaluate decision alternatives. The steps in AHP are as follows.

Step 1: List of Goal and Criteria in Hierarchy Structure

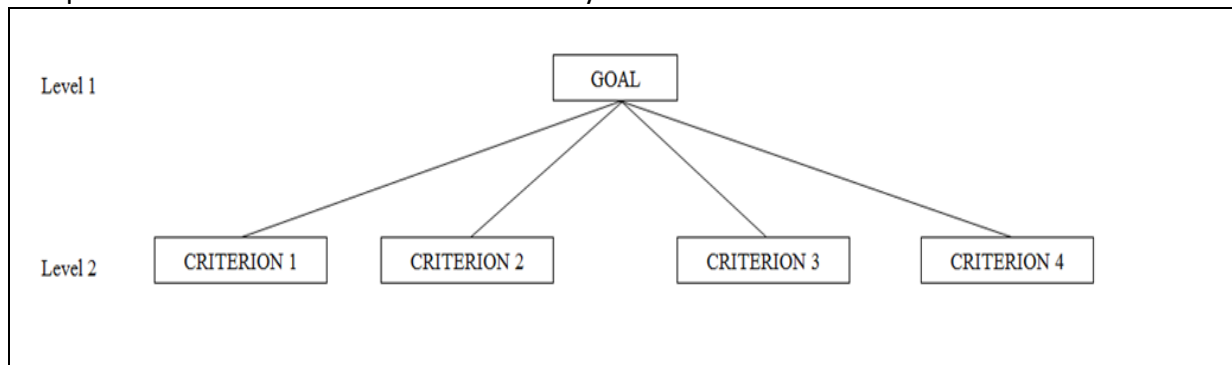


Figure 1. Structure of AHP

Step 2: Develop a Pairwise Comparison Matrix for criteria

- Develop a pairwise comparison matrix based on the relative importance between each pair of criteria. The matrix lists the criteria horizontally and vertically and has the numerical ratings comparing between the importance of criteria.
- The rating of the pairwise comparison is based on and referred to Table 2, which shows the intensity of importance with its definition labeled 1 to 9 (Byun, 2001). The range that indicates relative weight of alternative was changed from 1-9 to 1-5. Furthermore the rank of the priority of alternatives were also changed (Hossain, Adnan & Hasin, 2014)

Table 2

The AHP Ratings

Intensity of Importance	Definition
1	Equally important
2	Moderate importance of one over another
3	Essential or of strong importance
4	Very strong importance
5	Extreme importance

Examples:

- If profitability is strongly more important than bank status, then bank status must be strongly less important than profitability. Profitability is graded at 3 and bank status is 1/3.

Step 3: Priority vector according to the Geometry Mean

Multiply each element in every row and then to the power of 1/n and sum all the total row.

$$\bar{x} = \sqrt[n]{\prod_{i=1}^n x}$$

$$\text{sum the total row} = \sum \sqrt[n]{\prod_{i=1}^n x} \quad (3.1)$$

Step 4: Develop a Normalized Matrix

Normalize each total of the row by dividing the total row by the total sum of the rows.

$$\text{normalize: } \frac{\sqrt[n]{\prod_{i=1}^n x}}{\sum \sqrt[n]{\prod_{i=1}^n x}} \quad (3.2)$$

Step 5: Develop the Priority Vector

Average each row of the normalized matrix. These row averages form the priority vector of criteria preferences with respect to the particular criterion. The values in this vector sum to 1.

$$\sum \frac{\sqrt[n]{\prod_{i=1}^n x}}{\sum \sqrt[n]{\prod_{i=1}^n x}} = 1 \quad (3.3)$$

Step 6: Calculate a Consistency Ratio (CR)

- Determining the consistency Ratio

Step 6.1: For each row of the pairwise comparison matrix, determine a weighted sum by summing the multiples of the entries by the priority of its corresponding criteria. Weightage represents the results by the respondents based on the ranking between criteria.

Step 6.2: For each row, divide its weighted sum by the priority of its corresponding (row) alternative.

Step 6.3: Determine the average, λ_{\max} , of the results of Step 6.2.

Step 6.4: Compute the consistency index, CI, of the n alternatives by:

$$CI = (\lambda_{\max} - n)/(n - 1) \quad (3.4)$$

Table 3 shows random and cut-off consistency indexes.

Table 3
Saaty cut-off consistency indexes (Wedley, 1993)

	Size Matrix									
	3	4	5	6	7	8	9	10	11	12
Consistency index from randomly generated matrices	.58	.9	.12	.24	.32	.41	.45	.49		
Saaty's cut-off consistency indexes	.058	.090	.112	.124	.152	.141	.145	.149		
Acceptable (10%)	.116	.180	.224	.248	.264	.282	.290	.298		
Tolerable (20%)										

- It is tolerable if the ratio < 0.282

Step 6.5: Determine the random index, RI, from the following Table 3

Step 6.6: Compute the consistency ratio (CR)

$$CR = \frac{CI}{RCI} \tag{3.5}$$

Table 4
RCI values (Yadav & Jayswal, 2013)

N	1	2	3	4	5	6	7	8	9
RI	0.00	0.00	0.58	0.90	1.12	1.24	1.32	1.41	1.45

N = no. of items compared

The consistency of the subjective input in the pairwise comparison matrix can be measured by calculating a consistency ratio.

- $CR = CR/RCI$ ($CR \leq 0.1$) is good.
- For $CR > 0.1$, revise the judgments to locate the cause of the inconsistency and correct it

Results and Discussion

This section discusses the characteristics of the respondents. The result shown is the percentage of respondent characteristics involved in this study.

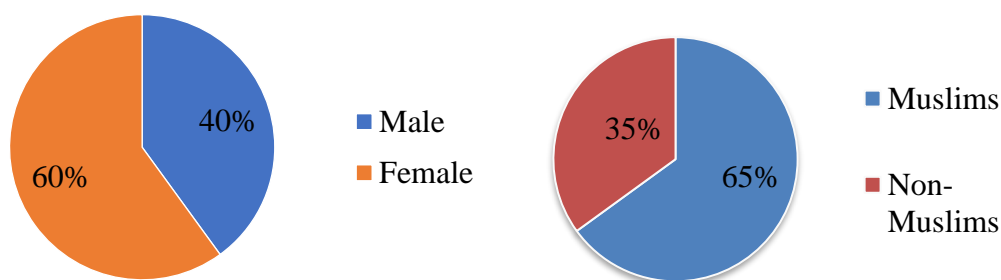


Figure 2. Percentage of respondents by Gender and Religion

Figure 2 shows the percentage of all respondents by gender and religion. From the findings, the female respondents have the higher percentage being involved in this study by 60%, while the male respondents have the lower percentage of 40%. For the percentage of all respondents by religion, the findings indicate that the Muslim respondents have the higher percentage being involved in this study by 65% and the non-Muslim respondents have the lower percentage of 35%.

The data was analyzed using the AHP procedure to show the significant criteria. The total for each priority vector for every respondent should be equal to 1 and the result should be consistent for pair wise comparison matrix less than 0.1, as a value of more than 0.1 is not recommended by many of the experts. Therefore, the matrix must be adjusted and calculated: a consistency ratio (CR) can be obtained by dividing consistency index (CI) by random index (RI). There was a calculation of CR for the first respondent. The table below shows the pairwise comparison matrix, normalized matrix and priority vector for respondent 1.

Table 5

Names of Criteria

Criteria	Name of Criteria
C1	Profitability
C2	Bank status
C3	Various facilities
C4	Staff friendliness
C5	Sharia' issues

C6	Religion status
C7	Convenience
C8	Reputation

Table 6

Pairwise Comparison Matrix

	C1	C2	C3	C4	C5	C6	C7	C8
C1	1	3	0.25	0.25	0.3333	1	1	1
C2	0	1	1	0.3333	2	0.3333	1	1
C3	4	1	1	0.3333	2	1	0.3333	0.3333
C4	4	3	3	1	3	0.3333	3	0.3333
C5	3	0.5	0.5	0.3333	1	0.25	1	0.3333
C6	1	3	1	3	4	1	3	1
C7	1	1	3	0.3333	1	0.3333	1	1
C8	1	1	3	3	3	1	1	1

The priority vector indicates relative weights among the criteria that the research wants to compare. To calculate priority vector, this study used the geometric mean method to compute it.

- i. First multiply all element in row and power by $1/n$ where n is number of criteria. Then, calculate for each criterion :

$$\text{criteria 1: } (1 \times 3 \times 0.25 \times 0.25 \times 0.3333 \times 1 \times 1 \times 1)^{\frac{1}{8}} = 0.707106781$$

- ii. Then, sum all the total row and divide each total row by sum of total row to obtain the priority vector. After this, calculate for each criterion:

Sum of total row

$$= 0.707106781 + 0.722284473 + 0.858945834 \\ + 1.56508458 + 0.616374758 + 1.795469241 + 0.871685543 \\ + 1.509803648 = 8.64675486$$

$$\text{Priority vector for Criteria 1: } \frac{0.707106781}{8.64675486} = 0.081777128$$

Table 7

Normalized Matrix and Priority Vector

Criteria	Normalized Matrix	Priority Vector
1	0.707106781	0.081777128
2	0.722284473	0.083532433
3	0.858945834	0.099337364
4	1.56508458	0.181002539
5	0.616374758	0.07128394
6	1.795469241	0.207646599
7	0.871685543	0.100810715

8	1.509803648	0.174609281
Total	8.64675486	1

iii. Calculate the consistency index(CI)

$$CI = (\lambda_{max} - n)/(n - 1)$$

$$= \frac{(8.64675486 - 8)}{(8 - 1)}$$

$$= 0.092394$$

iv. Calculate the consistency ratio(CR)

$$CR = \frac{CI}{RCI}$$

*random consistency index (RCI) for 8 criteria is 1.41

$$CR = \frac{0.092394}{1.41}$$

$$= 0.065527$$

Table 8

Table of Consistency

Consistency Index	0.092394
Random Consistency Index	1.41
Consistency Ratio	0.065527

This step should be computed for 40 respondents - after that, all CR can be calculated by total of all CR for each respondent divided by the total of respondents. Table 9 shows the consistency ratio for each respondent.

Table 9

Consistency ratio for respondents (partial of respondents)

Respondent	R1	R2	R3	R4	R5	R6	R7	R8
CR	0.1778	0.1641	0.1771	0.1727	0.1523	0.1098	0.2332	0.1624

Respondent	R8	R10	R11	R12	R13	R14	R15	R16
CR	0.2791	0.3153	0.3484	0.0377	0.0628	0.0138	0.0711	0.0863

Respondent	R17	R18	R19	R20	R21	R22	R23	R24
CR	0.2541	0.0883	0.128	0.1387	0.158	0.2786	0.1185	0.0957

Respondent	R25	R26	R27	R28	R29	R30	R31	R32
CR	0.0667	0.1047	0.1091	0.1047	0.0655	0.2679	0.1792	0.2378

Respondent	R33	R34	R35	R36	R37	R38	R39	R40
CR	0.1674	0.27	0.3543	0.0787	0.0554	0.2438	0.1245	0.2796

Average of CR = $6.5331/40 = 0.1633$

If the value of consistency ratio is less than 10%, the consistency is acceptable but if the consistency ratio is greater than 10%, it needs to be revised using the subjective judgment. Besides that, this indicates the data as being inaccurate. In this study, the consistency ratio came from the average of consistency ratio for every respondent. There are eight criteria in this study: refer to table above which shows the size matrix is 8 and tolerable for Saaty's cut-off was 0.282. The consistency ratio for this study is 0.1633 that is below 0.282 of Saaty's cut-off consistency indexes. Thus, the result for this consistency ratio is tolerable.

Weightage of Criteria

This section discusses the weightage values for each alternative that can be compared to create a rank order of their performance related to the all the criteria, as provided by all the respondents (Saaty 1987). The results show the ranking of criteria chosen by the respondents.

Table 10

Weightage of Criteria

Criteria	Weightage	Rank Of Criteria
Bank Status	0.0779	8
Profitability	0.1323	4
Facilities Provided	0.1055	7
Staff Friendliness	0.1155	6
Sharia' Issues	0.1602	1
Convenience	0.122	5
Religion Status	0.1325	3
Bank Reputation	0.1541	2

Table 10 shows the weightage and rank of all respondents for all criteria. From Table 4.1, the rank of criteria chosen by the respondents is sharia' issues followed by bank reputation, religion status, profitability, convenience, staff friendliness, facilities provided and bank status. From the findings, 16% of the respondents chose sharia' issues as the most preferable criteria with the weightage of 0.1602. Bank status is the least preferred criteria, having been chosen by 7.8% of the respondents with the weightage of 0.0779.

Weightage of Criteria by Demography

This section will discuss the weightage of criteria based on the demographic data of the respondents, such as gender, religion, and occupation. The results show the rank of each criterion, from most important to the least important, as chosen by the respondents.

Table 11

Weightage of criteria by gender: male and female respondents

Criteria	Weightage for Males	Rank of Criteria By Males	Weightage for Females	Rank of Criteria by Females
Bank Status	0.0871	8	0.0717	8
Profitability	0.1413	3	0.1262	5
Facilities Provided	0.1025	6	0.1075	7
Staff Friendliness	0.0977	7	0.1274	3
Sharia' Issues	0.1675	1	0.1554	2
Convenience	0.1196	5	0.1236	6
Religion Status	0.1406	4	0.1270	4
Bank Reputation	0.1437	2	0.1611	1

Table 11 indicates the weightage of criteria chosen, according to the respondents' gender. The highest ranked criterion by male respondents is sharia' issues followed by bank reputation, profitability, religion status, convenience, facilities provided, staff friendliness, and bank status. This is different for the female respondents- the highest ranked criterion is bank reputation, followed by sharia' issues, staff friendliness, religion status, profitability, convenience, facilities provided, and bank status.

From the findings, out of 40 respondents, 16 were male and 24 were female. The results show that the ranking of criteria for male and female is different. For the male respondents, 0.1675 (16.7%) of males have chosen sharia' issues as the most preferable criterion but for the female respondent, the sharia' issues is only the second preferred criterion with 0.1554 (15.5%) of the female respondents having chosen it. Bank reputation is the most preferred criterion for the female respondents with 0.1611 (16.1%) of females having chosen it, but for the male respondents, bank reputation has become the second preference, chosen by 0.1437 (14.4%) of them.

Table 12

Weightage of criteria by religion: Muslims and Non-Muslims

Criteria	Weightage for Muslims	Rank of Criteria by Muslims	Weightage for Non-Muslims	Rank of Criteria by Non-Muslims
Bank Status	0.0755	8	0.0823	6
Profitability	0.1213	4	0.1525	4
Facilities Provided	0.0933	6	0.1282	5
Staff Friendliness	0.0934	5	0.1567	3
Sharia' Issues	0.2158	1	0.0571	8
Convenience	0.0891	7	0.1831	1
Religion Status	0.1655	2	0.0712	7
Bank Reputation	0.1462	3	0.1689	2

Table 12 shows the weightage and the percentage of Muslims and non-Muslims respondents by criteria. The highest ranked criterion for Muslim respondents is sharia' issues followed by religion status, bank reputation, profitability, staff friendliness, facilities provided,

convenience, and bank status and this differs from the non-Muslim respondents, where the criteria convenience, bank reputation, staff friendliness, profitability, facilities provided, bank status religion status and sharia' issues were ranked from highest to lowest.

From the findings, out of 40 respondents, 26 were Muslims and 14 were non-Muslims. The results show that the ranking of criteria for the Muslims and the non-Muslims is different. For the Muslim respondents, 0.2158 (21.6%) chose the sharia' issues as the most preferable criterion but for the non-Muslims, sharia' issues is the preference with the smallest percentage which is 0.0571 (5.7%). Convenience has become the most preferable criterion for the non-Muslim respondents with 0.1831 (18.3%), but for the Muslim respondents, convenience is the second least preferred criterion, having been chosen by 0.0891 (8.9%) of them.

Conclusions and Recommendation

In conclusion, the Analytical Hierarchy Process (AHP) is used to solve one of our daily life problems, which is selecting decision. By applying the Analytical Hierarchy Process (AHP) in the selection of Islamic banking criteria in Northern Malaysia, the results show that the best criterion chosen by all the respondents is Sharia' issues since the percentage of the criterion is the highest with the value of 16%.

Besides that, the most important criteria chosen by gender is Sharia' issues for the males and bank reputation for the females with the percentage values of 16.7% and 16.1% respectively. Next, the most important criteria chosen by religion is Sharia' issues for Muslims and Convenience for non-Muslims with the highest percentages standing at 21.6% and 18.3%, respectively.

The thoughts shared could be considered as avenues for future studies, possibly with the addition of other criteria such as economic reputation and product price factor. The future study should expand the study area to get more valuable research data.

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