

The Switching Behaviors of Customers from Conventional Banks to Islamic Banks: A Study Based on Bank Customers of Sri Lanka

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Abstract

Purpose: The purpose of this research is to identify the switching behaviors of customers from conventional banks to Islamic banks in Sri Lanka.

Design/Methodology/Approach: A quantitative research approach is used in the study. It was carried out via an online survey of banking customers in the Kandy district of Sri Lanka and the sample of the study included 230 from the bank customers. SPSS Software was used to analyze the data.

Findings: This study found that the majority of the customers are switched from conventional banks to Islamic banks for various purposes. This study can identify that Islamic banks provide a more satisfactory service than conventional banks and found that switching of bank customers from a conventional bank to an Islamic bank was influenced by profitability, better financial services, Sharia compliance and satisfaction with banking innovations.

Practical implications: In Sri Lanka's financial sector, Islamic banking is a comparatively recent banking service. This study identifies the variables that encouraged those bank customers to switch to Islamic banks from conventional banks. Implementing the required marketing strategies is beneficial for the growth of Islamic banking industry.

Research limitation: Switching behavior refers to the practice of customers switching from one service provider to another. This research was limit to the Kandy district based Islamic banking and finance customers.

Originality value: This study has contributed to the development of banking sector like Islamic banks and develops their marketing strategy. Identifying the switching behaviors of customer is most important to Islamic banking sector to development of the financial industry of country.

Keywords: Customers, Islamic bank, Switching behaviors