



The Segmentation Bases of the Islamic Banks in Indonesia: A Qualitative Analysis

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Abstract

The market shares of several Muslim majority countries' Islamic banks have remained low (e.g., Malaysia, Turkey, and Indonesia) despite many Muslims. Targeted marketing can be an effective strategy to target potential customers, increase the market share, and ultimately Bank's revenue. This study firstly aims to explore potential segmentation bases for the customers of the Islamic Bank and the impact of segmentation analysis on the targeting and positioning of the Islamic Bank. This study applied an exploratory, qualitative research design. The data were collected via in-depth interviews with 30 Muslim participants using purposive sampling. The data were analyzed using inductive content analysis to find the emerged themes. The result shows that the psychographic segmentation would be more plausible to be used by the Islamic Bank than the demographic segmentation. Based on this finding, Islamic banks should consider using psychographic segmentation to target their markets.

Keywords : *Islamic bank; segmentation; demographic; psychographic.*

INTRODUCTION

Islamic Banking (IB) refers to a system of banking that follows the Islamic Law or Sharia principles and is guided by Islamic economics (Othman and Owen, 2001). Islamic Banking is also a system with a different spirit, cultural background,

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and practice from conventional bank operations (Othman and Owen, 2001). Islamic Banking has proliferated both in value and geographic reach. Over 70 countries globally have Islamic finance industries covering banking, insurance, and the capital market (Soemitra, 2016). Unfortunately, the market shares of several Muslim majority countries' Islamic banks have remained insignificant compared to the commercial banks (Ahmad and Haron, 2002).

In Indonesia, the first Islamic Bank was established in 1992. However, the market share of Islamic banks never rose to 5%; thus, the industry is experiencing a 5% trap until the end of 2016. In addition to its low market share, the Islamic Bank in Indonesia is experiencing declining growth (Karim Consulting, 2016). The market share may have declined due to the repatriation of the fund from abroad to the conventional Bank due to the tax amnesty program (Karim Consulting, 2016). A low market share and declining market growth may appear bizarre to a country with the most significant proportion of Muslims in the world (www.muslimpopulation.com, 2017).

The low number of consumers using Islamic banks might take place due to the market segmentation issue. Market segmentation plays a crucial role in modern marketing, as it is the foundation of the targeting and positioning of the company. It guides marketing strategy and resource allocation (Kotler and Keller, 2016; Lees and Winchester, 2014; Wind and Bell, 2007). Marketing is essential because the banking industry is more customer-centric compared to other industries.

The formulation of successful marketing depends highly on the target market of the consumer. To determine which target market is profitable to the company, the company should conduct a segmentation analysis (Armstrong and Kotler, 2005). To date, a limited amount of research has examined the segmentation of Islamic Banking consumers (Muhamad, Melewar and Faridah Syed Alwi, 2012) provide a worthy research gap. Hence, this study explores the most potential segmentation bases for the bank customers and the impact of the segmentation analysis on the targeting and positioning for better marketing strategy on Islamic Bank in Indonesia overall.



LITERATUR REVIEW

Segmentation Definition

Segmentation terminology was first introduced in 1956, referred to as the marketing strategy (Smith, 1956). Kotler (1989) challenged the idea by stating that segmentation is not a strategy but is an analytical process that precedes the development of a strategy. Segmentation refers to companies' process to divide large, diverse markets into smaller markets that can be effectively reached with services that fit their unique needs (Armstrong and Kotler, 2005). It involves partitioning the market into several segments based on the customer base's geographic, demographic, psychographic, and behavioral characteristics (Armstrong and Kotler, 2005).

There are four types of market segmentation: geographic, demographic, psychographic, and behavioral segmentation (Armstrong and Kotler, 2005). Many scholars have examined and applied those market segmentation to customers in the conventional banking sector (Erdener and Harcar, 2005; Hsieh and Shannon, 2004; Lees and Winchester, 2014; Machauer and Morgner, 2001; Stanley *et al.*, 1985). Segmentation has also been examined in the Islamic banking sectors (Ergec *et al.*, 2016; Muhamad, Melewar and Alwi, 2012; Muhamad and Alwi, 2015; Rashid and Hassan, 2009; Sayani and Miniaoui, 2013).

Geographic Segmentation

Geographic segmentation refers to the division of customers based on geographic locations (e.g., nations, regions, states, counties) (Armstrong and Kotler, 2005). In the banking sector, few studies have examined this concept. Traditionally, customer segments are geographically classified into regional, national and international banks (Kaynak and Harcar, 2005; Machauer and Morgner, 2001). The national and regional customer's perception regarding the bank service charge and overall confidence is different (Kaynak and Harcar (2005)

Financial and insurance industries rarely use geographic segmentation in delivering services. It is rarely used in the banking sector, as technological innovation drives customer utilization of branchless banking services. In addition, customer banking preferences are not parallel to geographic lines (Hakimi, 2014).



Demographic Segmentation

Demographic segmentation partitions customers based on gender, age, income, education, religion, occupation, race, generation, nationality, size of family, and family life cycle (Armstrong and Kotler, 2005). Numerous studies have examined the attitudes of Muslims toward Islamic banks based on demographic characteristics (Erol & El Bdour, 1989; Khan, Hassan, & Shahid, 2008; Muhamad & Alwi, 2015; Usman, Tjiptoherijanto, Balqiah & Agung, 2017). Khan *et al.* (2008) state that demographic variables (e.g., age, level of education, income) are related to the customer usage of Islamic bank products.

For Age factor, mixed results regarding the influence of age on Islamic banking behavior exist. Several researchers found that age may influence Muslim consumer behavior in choosing an Islamic bank (Khan *et al.*, 2007; Ltifi *et al.*, 2016; Metawa and Almosawi, 1998; Zakiah and Al-Aidaros, 2016). Other research found no significant influence of age on Islamic banking behavior (Awan and Bukhari, 2011; Haque *et al.*, 2009). In terms of gender as the most common criteria for segmentation (Holbrook and Schindler, 1996), previous studies show mixed results regarding the effect of gender on Islamic banking behavior. Some studies found a difference between male and female consumers about the Islamic banking perception (Haque *et al.*, 2009; Mokhlis, 2009). Others found no significant influence of gender (Al-Ajmi *et al.*, 2009; Khan *et al.*, 2007; Ltifi *et al.*, 2016). Next, few studies examined the impact of marital status on Islamic bank selection criteria. One study found that married respondents are more prone to choose Islamic banking services than their single counterparts (Zakiah and Al-Aidaros, 2016). For education, previous studies show mixed results regarding the effect of education on Islamic banking behavior. Several studies found a significant influence of education on bank selection (Metawa and Almosawi, 1998), while others found no significant influence of education on bank selection criteria (Al-Ajmi *et al.*, 2009; Awan and Bukhari, 2011; Haque *et al.*, 2009; Khan *et al.*, 2007). Regarding the occupation, mixed results regarding the impact of occupation on bank selection criteria exist. One study found a significant influence of occupation on the reason to deal with the Islamic Bank (Khattak and Kashif-Ur-Rehman, 2010). Other studies found no significant influence on the perception or behavior related to the Islamic Bank (Awan



and Bukhari, 2011; Haque *et al.*, 2009). Finally, related to the last demographic characteristics, income, Zakiah and Al-Aidaros (2016) found that the higher the consumer income, the higher their willingness to use Islamic banking services. These results are supported by Metawa and Almossawi (1998). In contrast, Haque *et al.* (2009) found no significant influence of income on the overall perception regarding the Islamic Bank.

Psychographic segmentation

Machauer and Morgner (2001) argue that segmentation based on demographic factors is often weak and propose customer segmentation based on psychographic factors (Machauer and Morgner, 2001). Psychographic segmentation divides customers into segments based on their activities, interests, opinions, needs, attitudes, personality traits, and values (Tynan & Drayton 1987).

Religion is considered a source of value (Rokeach, 1969). Religious-related variables (e.g., religiosity and spirituality) have been examined in Islamic banking studies. Spirituality refers to the broader conceptualization of personal beliefs in God or a higher power. In comparison, religiosity refers to the much narrower conceptualization regarding the organized behaviors intended to put spirituality into practice (Berry, 2005).

Mixed results exist regarding the influence of religiosity on Islamic banking consumer behavior. Erol and El Bdour (1989) showed that religious motives do not significantly influence Muslims to patronize Islamic banks. Usman *et al.* (2017) showed that customers should be differentiated into traditional and contemporary groups to examine the role of religiosity on Islamic banking patronage. Their study revealed that religiosity influences customers' decisions in the traditional group, but it does not significantly impact the new group. In contrast, Sayani and Miniaoui (2013) found that religious preferences are essential in choosing between Islamic and conventional banks.

Muhammad *et al.* (2012) and Muhamad and Alwi (2015) investigated the psychographic segmentation of Malaysian Islamic banking customers and segmented the customers into four groups: religious conviction, religious

conviction, and economic rationality; ethical observant; and economic rationality. Muhamad and Alwi (2015) divided customers into the following four psychographic segmentation variables (Figure 1):

The first group is: Religious conviction group. Muhamad and Alwi (2015) found that religiosity plays a role in influencing customers who fall into the religious conviction group. Many empirical studies show that choosing an Islamic bank is influenced mainly by religious criteria (Metawa and Almosawi, 1998; Naser *et al.*, 1999).

The second group is: Religious conviction and economic rationality group. Many studies found that religion is not the sole reason for a Muslim to choose an Islamic bank (Al-Ajmi *et al.*, 2009; Dusuki and Abdullah, 2007; Zaher and Hassan, 2001). Some Muslims may choose an Islamic bank due to the religious and economic returns (Muhamad and Alwi, 2015).

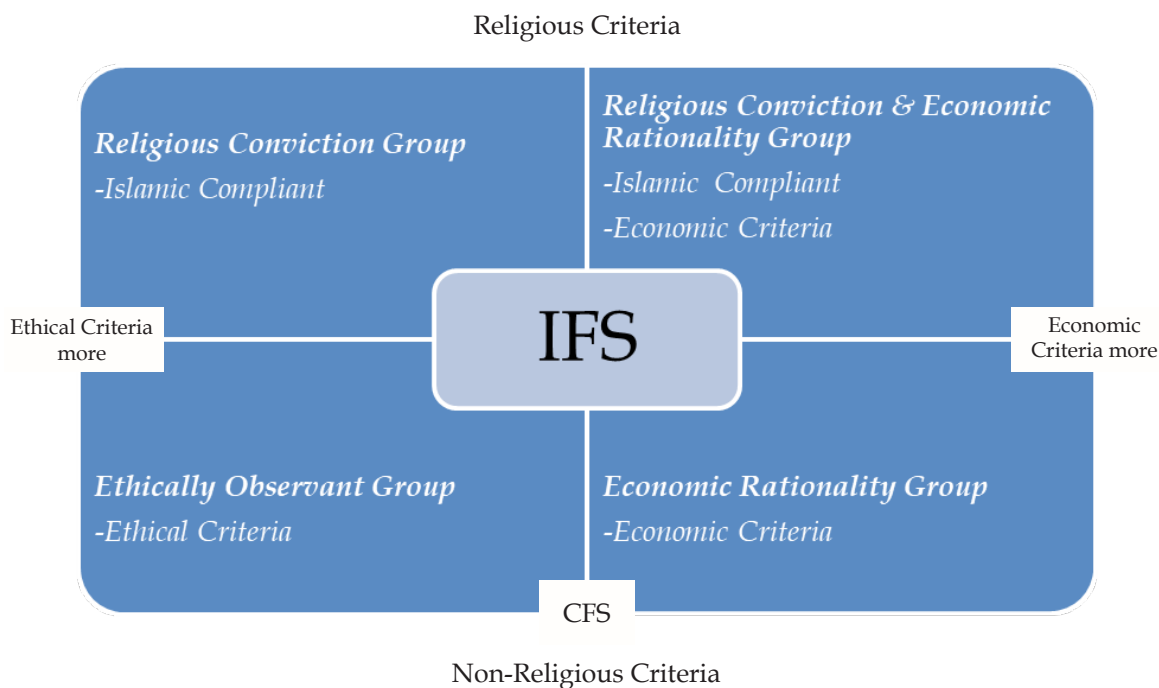
The third group is: Economic rational group. Not all Islamic adherence refers to Islamic principles in making decisions. Some Muslims are very rational and choose a bank based on its economic return or quality of services, resulting in the insignificant influence of religiosity on banking preferences. One study shows that some Muslim decision criteria to choose an Islamic bank, to some extent, is similar to that of non-Muslim consumers (Haron *et al.*, 1994). Religiosity does not indeed influence the Muslims who fall under the economic rationality group, which considers objective economic criteria (e.g., rate of return) as highly as choosing an Islamic bank (Muhamad and Alwi, 2015).

And finally: The Ethically observant as the last group. The Islamic Bank is perceived as having an ethical identity, as it developed its services based on religious principles (Haniffa and Hudaib, 2007). The ethical value only influences the consumers who choose a bank based on the Bank's compliance with the ethical value (Muhamad and Alwi, 2015).

The classification of the bank customers, developed by Muhamad and Alwi (2015), is presented in Figure 1.



Figure 1.
Typology of Islamic Bank Consumers



IFS: Islamic Financial Services

CFS: Conventional Financial Services

Source: (Muhamad, Melewar and Alwi, 2012)

Behavioral segmentation

Behavioral segmentation refers to the division of the consumers based on their usage or response to a product (e.g., benefit, loyalty, user rating, user status, or usage situation) (Tynan and Drayton, 1987). Behavioral segmentation has recently gained popularity due to the advancement of technology (Loyalty Square, 2017). Behavioral segmentation is very powerful in describing how a customer responds to the actual marketing program offered by the company (Loyalty Square, 2017). Behavioral segmentation usually relies more on past customer behavioral or post hoc data (Machauer and Morgner, 2001) collected through a technological database (Loyalty Square, 2017).

RESEARCH METHOD

The qualitative data was collected during in depth-interviews using the Indonesian language from 30 Muslim consumer banks. 15 Islamic and conventional bank account holders, 14 conventional bank account holders, and 1 (one) Islamic bank account holder were interviewed. The interviews were conducted in the Jakarta Greater Area. Participants were selected using the purposive sampling technique. Participants data were collected from the Indonesian Financial Services. The interview guide used in the study was developed by the researcher, together with the Islamic Banking Division of the Indonesian Financial Services. The interview guide consists of 133 questions. Each interview took approximately 2-3 hours. Three Marketing lecturers from Universitas Indonesia conducted the interviews. The data were collected over three weeks. In-depth interviews were digitally recorded and fully transcribed. The participants were required to fill out a short questionnaire at the end of the interview session, including socio-demographic data.

Inductive content analysis is used following the steps proposed by Cho and Lee (2014) to analyze data, which consist of: first, selecting the unit of analysis using interview transcripts and field notes, followed by open coding the transcripts, formulating preliminary codes out of data, data coding, then revise the codes, and finally developing the themes emerged from the codes found

Data analyses were structured around demographic and psychographic groups and their intentions and behaviors related to the Islamic Bank. The researchers used demographic and psychographic segmentation theory to construct Muslim consumer banking behavior.

The qualitative researcher needs to provide a credible, trustworthy research analysis (Dibley, 2009). In the positivist paradigm, the researcher generally assesses the credibility of the research based on the scientific holy trinity: validity, reliability, and generalisability (Carcary, 2009). To evaluate the qualitative research, the researcher usually uses the credibility (in preference to internal validity), transferability (in preference to generalisability), dependability (in preference to reliability), and confirmability (in preference to objectivity) criteria of qualitative studies (Lincoln and Guba, 1985; Shenton, 2004).



The researcher applied the triangulation process to achieve the credibility, dependability, and confirmability of the qualitative study (Mabuza *et al.*, 2014). The triangulation process can be classified into four categories: data triangulation, investigator triangulation, theory triangulation, and methodological triangulation (Patton, 1999). To enhance the reliability of the qualitative results, the researchers applied the triangulation of data and the triangulation of analysts. The data triangulation process was achieved through the consistency of the analysis through the 30 in-depth interview results.

In addition, the researcher applied the triangulation of the analysts by using three analysts to interpret the data. The triangulation of analysts was initiated during the data collection method by assigning three different interviewers to conduct an in-depth interview. The strategy was undertaken to avoid biases from a single person collecting data (Patton, 1999). The three researchers analyzed the interview verbatim dataset and compared the results of the analysis.

To ensure transferability, the qualitative researcher should provide a thick description and apply a purposive sampling technique (Mabuza *et al.*, 2014). Even though the saturation of the theoretical sampling might have been achieved between 6 to 12 data points, the researchers collected data from 30 bank customers in Indonesia to achieve a stable and finite theme.

RESULT AND DISCUSSION

Result

Financial and insurance industries rarely use geographic segmentation in delivering services (Hakimi, 2014). In addition, the current study also excluded behavioral segmentation in its inductive content analysis approach, as the behavioral segmentation relies more on past or post hoc customer behavioral data (Machauer and Morgner, 2001), collected through a technological database (Loyalty Square, 2017). Hence, the qualitative analysis will only be conducted based on the demographic and psychographic segmentation. However, before conducting the segmentation analysis, the researcher will discuss the participants' profiles.



Participants Profile

The descriptive statistical analysis (Table 1) illustrates that the majority (83%) of the participants were married (83%), aged 30-39 years old (47%), worked as either an entrepreneur or private employee (30%), had an average monthly income of US\$ 1,845-3,696 and had a conventional bank account (100%). Only 50% of the participants had an Islamic banking account, including one participant who only had an Islamic bank account.

Table 1.
Descriptive Statistics

	Variables	Total	Percentage
Marital Status	Married	25	83%
	Single	5	17%
Age	20-29	2	7%
	30-39	14	47%
	40-49	10	33%
	50-59	4	13%
	High School	1	3%
	College	1	3%
	Bachelor Degree	10	33%
Occupation	Master Degree	14	47%
	Doctoral Degree	3	10%
	Government Employee	3	10%
	Private Employee	9	30%
	Entrepreneur	9	30%
	Housemaker	2	7%
Religious Affiliation	Professional	5	17%
	Others	2	7%
Monthly Income	Yes	5	17%
	No	25	83%
	US\$ 1-362	3	10%
	US\$ 363-733	6	20%
	US\$ 734-1,844	5	17%
	US\$ 1,845-3,696	8	27%
Account	US\$3,697-7,333	6	20%
	Above US\$7,333	2	7%
	Conventional	15	50%
Account	Conventional and Islamic Bank	14	47%
	Islamic Bank	1	3%

Source: Qualitative data analysis



To examine whether the demographic variables will be the underlying factors that influence Muslim consumers' intentions and behaviors to choose Islamic banking, the researchers conducted a constant comparison analysis.

Age. Age was not found to affect ownership of an Islamic bank account significantly. It can be seen from the participants' age groups: 21 - 30, 31 - 40, 41-50, and 61 - 70 years. There appears to be a similar preference for bank types between the age groups, whereas participants can have different preferences on the bank type selected within the same age group.

The following excerpts illustrate the similarities and differences of ownership or preferences for Islamic bank accounts among the age groups:

Age group 21 - 30 years: Participants 4 and 5 were in this age group and had not yet opened an account in an Islamic bank. Both had a different attitudes towards Islamic banks.

"If I get married, I will open an Islamic bank account, as I have to guarantee that I only spend something on halal for my wife and my children."

(Participant 4, Muslim, male, unmarried, student, entrepreneur, 22 years old)

In contrast, Participant 5, in the same age group as Participant 4, had a prerequisite for an Islamic bank before opening a bank account. He will only open an account if the Islamic Bank meets his requirements.

"I am an entrepreneur. I need a Bank that can give excellent services to support my business. I will only open an account in an Islamic bank if it can provide excellent services which are at par with a conventional bank."

(Participant 5, Muslim, male, unmarried, entrepreneur, 26 years old)

Age group 31 - 40 years: The Participants from this age group have different attitudes towards Islamic banks. Participant 1, aged 38 years, tended to choose a conventional bank because of the offered return. Participant 12, who is 32-years-old, had a more positive attitude and behavior by having an account at the Islamic Bank.

"I am not truly Islamic. Some people think that, as a Muslim, you should only use Islamic banking services. I do not think I have to open an Islamic bank account just because my friends or family have done it. I do not think I have to do something just because of other people. I do not care about another person's perception of me. My in-laws have been on the pilgrimage. I have not, even though the pilgrimage is

a vital part of the Islamic pillars. I am not someone who is largely influenced by significant others' thoughts, let alone this (about Islamic account ownership)."

(Participant 1, Muslim, female, 38 years old)

Participant 12, who is in the same age group as Participant 1, had already opened an Islamic bank account. She shows a more positive attitude and behavior towards Islamic banks.

"The reason why I choose and use Islamic bank services is more because of the Islamic principle that it (Bank) applies. It aligns with the Islamic law."

(Participant 12, Muslim, female, 32 years)

Like the female participants, differences were also found in bank preferences among the males in the same age group. As can be seen from the quotes of participants 3 and 27 below:

"Yeah, surely everything should be halal. I know that the Islamic Bank applies a non-interest-based system, a profit-loss sharing system. However, I think the result would be just similar. If it is truly Islamic, the Islamic Bank's profit should be bigger than the conventional Bank. Based on my observation, the result is just similar."

(Participant 3, Muslim, male, 31 years old)

"I still use conventional banks, only for the emergency transactions, but I always try to open an account in an Islamic bank which maximizes its effort to be fully Sharia compliance. In the early development of the Islamic Bank, my friend suggested that I open an account in Bank Muamalat, as it is the Bank with the best Sharia compliance. So, I opened an account in Bank Muamalat. However, nowadays, I heard that BNI Syariah has the best commitment to Islamic law. That is why I became a Bank BNI Sharia account holder."

(Participant 27, Muslim, male, age 32 years old)

Age group 41-50 years: The attitudes and behaviors about Islamic banks are varied among the participants in the same age group. Participant 16 shows no interest in opening an Islamic bank account, while Participant 19 has a positive attitude and behavior towards an Islamic bank.

"Until now, I still do not have a thought to open an account in the Islamic bank because I do not need to do so."

(Participant 16, Muslim, male, 50 years old)



"I choose the Islamic Bank because it is a religious command to avoid riba; my wife also tries to avoid conventional banks. She only uses conventional bank services during an emergency."

(Participant 19, Muslim, male, 50 years old)

Age group 51 -60 years old: Despite being over 50 years old, Participants 28 and 30 did not show a positive attitude towards the Islamic Bank, nor were they interested in opening an account at an Islamic bank.

"Yes, I know that using the Islamic bank services is recommended by Sharia. However, why is the interest or the margin more expensive? That is why I finally ran to the conventional Bank."

(Participant 28, Muslim, male, 59 years)

"Despite the higher confidence of the public, I have not opened an Islamic bank account, as I have no interest yet."

(Participant 30, Muslim, male, 54 years old)

All participant responses show that the age factor is not the underlying determinant of opening an Islamic bank account. There is no consistent pattern within and between each age group.

Gender does not seem to determine whether someone will choose an account at an Islamic bank or not. Various perceptions of Islamic banks within the same-sex group exist.

Male. A variation exists within the male participants. Some male participants prefer conventional banks over Islamic banks. Some participants strictly prefer Islamic banks due to their Sharia compliance.

"From my very personal view, I feel comfortable with the existing conventional bank services that I use. I think there are no Islamic banks that can give equal services, as compared to the conventional banks, or maybe because I did not get enough information about the Islamic bank services."

(Participant 5, Muslim, 26 years old, male)

"I only use Islamic bank services, and there is none of my money that will be deposited in conventional banks. Not even a single penny."

(Participant 29, Muslim, 37 years old, male)



Female. Variations in opinion exist in the Muslim female group. Some female Muslims see that the conventional Bank offers higher benefits, as compared to the Islamic Bank.

"I am not truly Islamic. Some people think that, as a Muslim, you should only use Islamic banking services. I do not think I have to open an Islamic bank account just because my friends or family have done it. I do not think I have to do something just because of other people. I do not care about another person's perception of me. My in-laws have been on the pilgrimage. I have not, even though the pilgrimage is a significant part of the Islamic pillars. I am not someone who is largely influenced by significant other thoughts, let alone this (about Islamic account ownership)."

(Participant 1, Muslim, 38 years old, female)

"The reason why I choose and use Islamic bank services is more because of the Islamic principle that it (Bank) applies. I choose the Islamic Bank because it aligns with the Islamic law."

(Participant 12, Muslim, 32 years old, female)

Next, based on the results of this qualitative research, marital status does not seem to be a source of differences in attitude to account ownership in Islamic banks. Variations on the attitude and behaviour within and between the unmarried and married groups are visible.

Single. It can be seen from the comparison between Participants 4, 5, and 12 who are unmarried. Participant 5 does not show a positive interest in using an Islamic bank, while Participants 5 and 12 show positive attitudes and behaviors toward the Islamic Bank.

"I am an entrepreneur. I need a Bank that can give excellent services to support my business. I will only open an account in an Islamic bank if it can provide excellent services which are at par with a conventional bank."

(Participant 5, Muslim, male, 26 years old, unmarried)

Participant 4, who is not married, has already shown awareness and a positive attitude towards Islamic banks.

"If I get married, I will open an Islamic bank account, as I have to guarantee that I only spend something on halal for my wife and my children."

(Participant 4, Muslim, male, entrepreneur, 22 years old, unmarried)



Even Participant 12, who is single, had already shown positive behavior by using Islamic banking services.

"I had both the Conventional Bank and Islamic bank account. I use conventional bank services, as my company uses it as a payroll. I use Islamic bank services because I am confident that the Islamic Bank will only channel my money to fund halal businesses."

(Participant 12, Muslim, female, 32 years old, unmarried)

Married. Similar variations are also found in the married group. The responses of the married group participants varied, ranging from the continuum of a negative attitude towards a positive attitude and behavior.

" I do not want to have any business with any bank. Currently, I only have a conventional bank account. I do not want to open an Islamic bank account because I heard it is not beneficial to the customers, especially the margin it charges to its customers for the home financing products."

(Participant 20, Muslim, female, 45 years old, married)

"If the service is equivalent to the services given by the conventional bank, there is a possibility that I will open an Islamic bank account."

(Participant 7 Muslim, male, 42 years old, married)

"I feel secure to save my money in an Islamic bank. I believe that the Islamic bank system is already by the Islamic Bank."

(Participant 6, Muslim, male, 39 years old, married)

"I had both the conventional and Islamic bank account. However, the service delivered by the best Islamic Bank is prolonged, compared to the excellent services given by the best conventional Bank."

(Participant 8, Muslim, female, 41 years old, married)

"I am sure that the Islamic Bank offers something which is different, as compared to the conventional Bank. I do not care, even if the profit margin is lower than the conventional Bank's interest. As Muslims, we should only choose Islamic banks."

(Participant 10, Muslim, female, 36 years old, married)

Education is not an underlying factor for Muslim participants to use Islamic bank services. The attitudes and behavior toward an Islamic bank seem to vary both within and between the education group.

Elementary School Graduate. The participant who has a low education level shows no interest in opening an Islamic bank account.

“Despite the higher confidence of the public, I have not opened an Islamic bank account, as I have no interest yet.”

(Participant 29, Muslim, male, 54 years old, elementary school graduate)

College Student. The young college student shows a positive attitude and intention to open an Islamic bank account once he has gotten married in the future.

“If I get married, I will open an Islamic bank account, as I have to guarantee that I only spend something on halal for my wife and my children.”

(Participant 4, Muslim, male, entrepreneur, 22 years old, unmarried, college student)

Bachelor’s Degree. The participants who hold a bachelor’s degree show different attitudes and behaviors towards Islamic banks.

“Yeah, surely everything should be halal. I know that the Islamic Bank applies a non-interest-based system, a profit-loss sharing system. However, I think the result would be just similar. If it is truly Islamic, the Islamic Bank’s profit should be bigger than the conventional Bank. Based on my observation, the result is just similar.”

(Participant 3, Muslim, male, 31 years old, bachelor graduate)

“I want to have an Islamic bank account only. However, unfortunately, my employers always asked me to open a conventional bank account for the payroll. Whenever I started a new job in a new company, they always ask whether I have an account in the two largest conventional banks in Indonesia, such as Bank Central Asia (BCA) and Bank Mandiri.”

(Participant 11, Muslim, female, 40 years old, bachelor graduate)

“I feel secure to save my money in an Islamic bank. I believe that the Islamic bank system is already by the Islamic Bank.”

(Participant 6, Muslim, male, 39 years old, married, bachelor graduate)

Master’s degree. The master’s degree participants show different attitudes towards Islamic banks.



"I will open an account in an Islamic bank if I feel that there is a need for me to do so. Nevertheless, I will not open any account if there is no urgency."

(Participant 6, Muslim, male, 39 years old, married, master graduate)

"I only use Islamic bank services. None of my money will be deposited in conventional banks. Not even a single penny."

(Participant 29, Muslim, 37 years old, male, master graduate)

Doctoral Degree. Differences in attitudes and behaviors towards Islamic banks are also found in the high education group.

"Until now, I still do not have a thought to open an account in the Islamic bank because I do not need to do so."

(Participant 16, Muslim, male, 50 years old, doctoral graduate)

"I think the Islamic bank concept is not free of interest. It is not fully Sharia compliance. The concept is still developing. Thus, I think the conventional Bank and Islamic bank concept would just be similar."

(Participant 13, Muslim, male, 43 years old, doctoral graduate)

"I had bought Sukuk (Islamic bonds) with my husband. The return is quite good. We bought another series of Islamic bonds too, very recently. I also put my pension fund into the Islamic Bank. I want to open a savings account in an Islamic bank, but I have no time. I need the Bank that can give door-to-door services (laughing)."

(Participant 2, Muslim, female, 45 years old, doctoral graduate)

Variations are found between the different education groups, especially among the bachelor's, master's, and doctoral degree participants. It appears that a higher education level does not always create a more positive attitude and behavior towards Islamic banks.

Regarding the occupations of the participants, their response as follows:

Entrepreneur. Eight (Participants 4, 5, 7, 9, 19, 23, 27, and 30) from the 30 qualitative research sources have their own business. Those participants have different preferences for Islamic banks. Some do not have the desire to *use Islamic banks*:

"I am an entrepreneur. I need a Bank that can give excellent services to support my business. I will only open an account in an Islamic bank if it can provide excellent services which are at par with conventional banks."

(Participant 5, Muslim, male, unmarried, entrepreneur, 26 years old)

"Yes, I know that the Islamic Bank is recommended by Islamic law. Nevertheless, the administrative cost and the margin of the loan are higher. So, I finally ran to the conventional Bank."

(Participant 28, male, 59 years old)

"Despite the higher confidence of the public, I have not opened an Islamic bank account, as I have no interest yet."

(Participant 30, Muslim, male, 54 years old, entrepreneur)

Some entrepreneurs already had a positive attitude towards Islamic banks, even though they have not used Islamic bank services yet.

"I am very interested when hearing about Islamic banks. I have not opened an account yet, as I have no time to go there, and I have no perfect information regarding the Islamic bank products and the benefits it can offer."

(Participant 4, male, 21 years old, entrepreneur)

"If the service is equivalent to the services given by the conventional bank, there is a possibility that I will open an Islamic bank account."

(Participant 7 Muslim, male, 42 years old, married, entrepreneur)

"I try to use only Islamic bank services because it is a religious command. My wife uses conventional banks during an emergency only. I am also very interested in buying Islamic mutual funds. I will try my best to use only Islamic bank services. I do not care, even though it is much more convenient to use conventional bank services. I do not care if the conventional Bank IS better compared to an Islamic bank. I try to use only Islamic bank services, except when in an emergency, when the conventional Bank can only process my transaction with my business partner."

(Participant 19, Muslim, male, 50 years old, entrepreneur)

Even within the same occupation, of entrepreneurs or non-entrepreneurs, there is a variation of attitudes towards Islamic banks.

Non-Entrepreneur. There were twenty-two participants who were non-entrepreneurs. Within this occupation group, the attitudes and behaviors towards Islamic banks varied. The following quotes show the difference in attitudes of female participants whom both work as a lecturer.

"I had bought Sukuk (Islamic bonds) with my husband. The return is quite good. We bought another series of Islamic bonds too, very recently. I also put my pension



fund into the Islamic Bank. I want to open a savings account in an Islamic bank, but I have no time. I need the Bank that can give door-to-door services (laughing)."

(Participant 2, Muslim, female, 45 years old, lecturer)

"I am not truly Islamic. Some people think that, as a Muslim, you should only use Islamic banking services. I do not think I have to open an Islamic bank account just because my friends or family have done it. I do not think I have to do something just because of other people. I do not care about another person's perception of me. My in-laws have been on the pilgrimage. I have not, even though the pilgrimage is a vital part of the Islamic pillars. I am not someone who is largely influenced by significant other thoughts, let alone this (about Islamic account ownership)."

(Participant 1, Muslim, female, 38 years old)

Based on the variations within the occupation group itself, occupation probably does not serve as an underlying factor that influences Muslim attitude and behavior towards Islamic banks.

Group of Monthly Income US\$1-US\$362. There is no consistent pattern found within the low-income group regarding attitude, intention, and behavior towards the Islamic Bank.

"Yes, I know that the Islamic Bank is recommended by Islamic law. Nevertheless, the administrative cost and the margin of the loan are higher. So, I finally ran to the conventional Bank."

(Participant 28, male, 59 years old)

"If I get married, I will open an Islamic bank account, as I have to guarantee that I only spend something on halal for my wife and my children."

(Participant 4, Muslim, male, unmarried, student, entrepreneur, 22 years old)

"I am sure that the Islamic Bank offers something different compared to the conventional Bank. I do not care, even if the profit margin is lower than the conventional Bank's interest. As Muslims, we should only choose Islamic banks."

(Participant 10, Muslim, female, 36 years old)

Group of Monthly Income US\$363-US\$733. There is no consistent pattern found within this income group about the Muslim consumer's attitude, intention, and behavior towards the Islamic Bank.



"I am an entrepreneur. I need a Bank that can give excellent services to support my business. I will only open an account in an Islamic bank if it can provide excellent services which are at par with conventional banks."

(Participant 5, Muslim, male, unmarried, entrepreneur, 26 years old)

"I had both the Conventional Bank and Islamic bank account. I use conventional bank services as my company uses them as a payroll. I use Islamic bank services because I am confident that the Islamic Bank will only channel my money to fund halal businesses."

(Participant 12, Muslim, female, 32 years old, unmarried)

Group of Monthly Income US\$734-US\$1,844. In the \$734-\$1.844 monthly income group, an inconsistent pattern exists on the attitude and behavior towards the Islamic Bank.

"I know that Islam orders us to avoid interest. However, what if I found that the financing product from the Islamic Bank is much more expensive compared to the conventional Bank?"

(Participant 28, male, 59-year-old)

"I choose the Islamic Bank to avoid interest. It truly aligns with Islamic religious principles."

(Participant 26, male, 39-years-old)

Group of Monthly Income US\$1,845-US\$3,696. An inconsistent pattern exists in the attitude and behavior towards the Islamic Bank.

"I have no clear information on the Islamic banking system. I am not sure whether it is truly Sharia-compliant. Maybe it is only jargon."

(Participant 17, male, 41 years old)

"I had bought Sukuk (Islamic bonds) with my husband. The return is quite good. We bought another series of Islamic bonds too, very recently. I also put my pension fund into the Islamic Bank. I want to open a savings account in an Islamic bank, but I have no time. I need the Bank that can give door-to-door services (laughing)."

(Participant 2, Muslim, female, 45 years old, doctoral graduate)

Group of Monthly Income \$3,697-\$7.333. High-income participants have positive and negative attitudes towards the Islamic Bank.



"I am not truly Islamic. Some people think that, as a Muslim, you should only use Islamic banking services. I do not think I have to open an Islamic bank account just because my friends or family have done it. I do not think I have to do something just because of other people. I do not care about another person's perception of me. My in-laws have been on the pilgrimage. I have not, even though the pilgrimage is a vital part of the Islamic pillars. I am not someone who is largely influenced by significant others' thoughts, let alone this (about Islamic account ownership)."

(Participant 1, Muslim, female, 38 years old)

"Using Islamic bank services aligns with the Islamic values. All Muslims, including the government, should support the development of Islamic banks. Using Islamic banks gives me much higher psychological benefits. I feel more secure and relieved in using the service, compared with using Conventional bank services, which applies interest to its customers."

(Participant 24, Muslim, male, 39 years old, entrepreneur)

Group of Monthly Income above US\$7.333. Only one participant had a monthly income above \$7.333. This person had a positive attitude and behavior towards the Islamic Bank.

"I feel so secure to put all my savings in the Islamic Bank, as it is aligned with the Islamic rules. Nevertheless, I still use many other conventional bank services, as some of them offer very convenient services, including internet banking services that enable us to invest our money via the system."

(Participant 6, Muslim, male, 39 years, entrepreneur and professional)

No particular pattern was found for the segmentation based on the demographic variables for age, gender, education, occupation, or income. The results support the mixed results of all the previously mentioned variables on Islamic bank selection.

Table 2. Comparison of Attitude and Behaviour Based on Demographic Variables

Factor	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
Age																															
21-30				+	-	++													+												
31-40	-		-								-	-	++		-	-						++	+	+-	+-	+-	++			++	
41-50		++						-	++	-			+-			+	-			+-	++	+									
51-60																													-	+	
Gender																															
Male				-	+	-	++	-					+-			+	-	+	+-			++		+	+-	+-	++	-	++	+	
Female	-	++						++			-	-	++		-	-					++	+		+							
Marital Status																															
Single				+	-						-	++	+-		-					+											
Married	-	++	-			++	-	++			-					+	-		+-	++	+	++	+	+-	+-	+-	++	-	++	+	
Education																															
Elementary																															+
College student				+																											
Bachelor				-		-	++	++	-	-	-				-			-	+				+	+-						-	
Master	-							-				++		-						+-	++	+	++							++	
Doctoral		++											+-			+															
Occupation																															
Entrepreneur				+	-		-		-											+-			++		+-	+-	++	-		+	
Non-Entrepreneur	-	++	-			++	++				-	++	+-	-	-	+	-	+			++	+	++	+		+-	++		++		
Monthly Income																															
US\$1-US\$362				+								-								+											
US\$363-US\$733					-							++	+-		-							++								+	
US\$734-US\$1,844																															
US\$1,845-US\$3,696		++																													
US\$3,697-US\$5,547			-																												
US\$5,548-US\$7,407	-																														
Above US\$7,407						++																									

- Negative Attitude

+ Positive Attitude

++ Positive Behaviour (Having an Islamic Bank Account)

+- Having an account, but feel unsatisfied with the service

Psychographic Segmentation

Based on the inductive content analysis conducted by three analysts, all participants can be classified into the four typologies of Islamic bank consumers, similar as suggested by Muhamad and Alwi (2015). The classification of each participant into typology can be shown in Table 3.



Table 3.
Participant Classification based on Psychographic Variables

Participant	Religious Conviction	Religious Conviction and Economic Rationality	Economic Rationality	Ethically Observant
1			v	
2				v
3			v	
4		v		
5			v	
6		v		
7			v	
8			v	
9			v	
10			v	
11			v	
12		v		
13			v	
14			v	
15			v	
16			v	
17			v	
18			v	
19	v			
20			v	
21				v
22		v		
23			v	
24	v			
25		v		
26		v		
27		v		
28		v		
29	v			
30			v	
Total	3	8	17	2
Percentage	10.00%	26.67%	56.66%	6.66%

Source: Data Analysis

Economically Rational Group

Based on the data in Table 3, the majority (56.66%) of participants fell into the economically rational group. These participants consider marketing mix and service quality as essential factors that influence their decision to choose a conventional bank over an Islamic bank.

“Actually, in any business, the product quality is essential to the customer. Even though the Bank positioned itself as an Islamic bank, I do not think the consumer will buy it if it cannot deliver good service quality. I think the conventional Bank has much better service excellence positioning.”

(Participant 5, male, 26 years old, entrepreneur)

“My reason to choose a certain bank is based on the convenience that it can give me. It should be easy for me to find the location of the branches and ATM. It should also be easy for me to do an interbank transfer. I know that an Islamic bank is good due to the Sharia compliance system that it applies. However, I will only switch to the Islamic Bank when they can offer me comparable service quality, compared to the conventional Bank.”

(Participant 7, male, 42 years old, private employee)

Even though the participants are Muslim, some think there is no difference between the Islamic and conventional banks.

“I do not think the current Islamic Bank is truly complying with the Islamic law. I heard from my friends that the margin of financing for the Islamic Bank is much higher than the conventional Bank’s interest. If the Bank is truly Islamic, it should apply the Islamic law and Taawun concepts (cooperation). The Islamic banks should reduce the burden of the Muslim by charging lower margins, compared to the conventional Bank.”

(Participant 13, male, 42 years old, lecturer)

As most Muslim consumers fall under the economically rational category, Islamic banks potentially target this segment. However, as they are economically rational, Islamic banks should ensure that they can deliver excellent services at par with their competitors.

Religious Conviction and Economically Rational Group

Table 3 shows us that the number of participants who fall into this category is higher, compared to the religious conviction group only (26.67%). Some participants had shown their positive attitude towards the Islamic Bank. However, they also still used the conventional Bank due to a better marketing mix and service quality that the conventional banks offer.

“If one day I have already gotten married, I will only use Islamic bank services for my family transactions. However, for the business, I will just follow what my



business partner uses. However, mostly, my business partners use the conventional Bank. It depends on the individual, but I believe the Islamic Bank offers something better than conventional banks."

(Participant 4, Muslim, male, 21 years old, young entrepreneur)

"I feel so secure to put all my savings in the Islamic Bank, as it is aligned with the Islamic rules. However, I still use many other conventional bank services, as some of them offer very convenient services, including the internet banking services that enable us to invest our money via the system."

(Participant 6, Muslim, male, 39 years, entrepreneur and professional)

"I have a better perception of Islamic banks, as I think the Islamic Bank is more Sharia compliance. However, I admit that I still use a conventional bank, as its debit card gives us convenience, as so many merchants accept it."

(Participant 12, female, 32 years old, government employee)

Religious Conviction Group

Based on the content analysis and Table 3, only a few (10.0%) Muslim participants could be categorized into religious conviction groups. Among those four religious conviction participants, there was one participant who strictly owns an Islamic bank account.

"I only use Islamic bank services. None of my money will be deposited in conventional banks. Not even a single penny. I use Islamic bank services, as I try to follow just what is permissible in Islam and avoid something haram or impermissible. Even when I was abroad, I only wanted to use Islamic bank services as much as I can. I want Allah to give His blessing to the wealth that I have."

(Participant 29, Muslim, 37 years old, male)

Even though some participants were religious, the religious conviction group member who works as a Muslim entrepreneur shares a similar attitude and behavior towards conventional banking. All of the Muslim entrepreneur participants mostly still hold their conventional accounts for *business reasons*.

"We use an Islamic bank because it is according to a religious order. My wife and I use a conventional bank also, only in emergency ... My business is in the property sector. The majority of my consumers use conventional accounts, and they only want to pay their loans using the same conventional Bank that they use to avoid the administration cost for the interbank transfer."



(Participant 19, Muslim, male, 50 years, entrepreneur income US \$1850–\$3700 per month)

Participant 24 also uses conventional bank services due to business forces.

“I had already tried to convert all of my accounts to the Islamic Bank. The payroll system in our company too will be converted soon. However, I am still using the conventional Bank for my business, as sometimes some online stores only accept conventional bank accounts. However, using Islamic bank services aligns with Islamic values. All Muslims, including the government, should support the development of Islamic banks. Using Islamic banks gives me much higher psychological benefits. I felt more secure and relieved in using the service, compared with using Conventional bank services, which applies interest to its customers.”

(Participant 24, Muslim, male, 39 years old, entrepreneur, income US \$3,697–\$7,333 per month)

The majority of the religious conviction group has already had an Islamic bank account. Thus, the Islamic Bank should maintain the loyalty of this group by emphasizing the halal-ness of the Islamic bank product, as this group chooses the fully sharia-compliant bank services.

Ethically Observant Group

Only one (6.66%) participant was ethically observant.

“I want to invest my money in the Bank by choosing the type of product investment that will maximize public utility. I bought Sukuk, not because of the return that it gives, but because I believe that the Bank will channel the money to the project which benefits our society, such as the country infrastructure.”

(Participant 2, Muslim, female, 45 years old, doctoral graduate)

Discussion

The purpose of the present study is better to understand the psychographic segmentation of Islamic banking customers. Moreover, this study investigates the current account holder of both conventional and Islamic banks (and those who have those two types of accounts) to more thoroughly understand the psychographic factors that influence their preference on the banking type selection. This research was triggered by the fact that the growth of Islamic banking in Indonesia has been



stagnant for almost 25 years from its initiation in 1992 until the present, despite Indonesia being the highest Islamic Majority population country worldwide. As the development of Islamic banking became the responsibility of the Islamic Banking Division of the Indonesian Financial Services (OJK), they proposed this research to investigate the main reason for the dormant condition in Islamic Bank.

Analyzing the main reason Indonesian customers adopt the Islamic bank services and investigating those who feel reluctant on the Islamic banking concept through a qualitative research might give a deeper understanding of why the Islamic banking development in Indonesia has been stagnant for these long years. The qualitative research was also able to explore the reasoning behind their preference on the conventional bank services compared to the Islamic banks and the misconceptions of the actual services of Islamic banking in Indonesia. Furthermore, the qualitative research through in-depth interviews revealed the expectations of the Islamic Bank's target market on how they should perform their services according to the Islamic law and enlighten on how the Islamic banks should segment their market.

In the present study, based on the coding that was conducted, the demographic dimensions of segmentation did not appear to be the underlying themes that informants disclose as the essential factors that might influence their banking preferences, although some researches in the topic of Islamic banking confirmed its purpose on market segmentation (Hadi & Muwazir, 2020; Mansour *et al.*, 2010). Moreover, the demographic data is relatively more accessible for segmenting the customers due to advances in information technology. It is more beneficial to standardize the service offering of the banks through that particular segmentation (Machauer and Morgner, 2001), e.g., big data mining. Interestingly, Machauer and Morgner (2001) also stated that the correlation between demographic factors with customers' actual needs is often weak. Hence, banking sectors might not need to emphasize solely demographic segmentation based without digging deeper on the other segmentation bases. Next, the geographic dimension of the informants was also becoming the factors that hardly occurred in the in-depth interview of the present research. It might be why the Financial and Insurance research rarely used this segmentation base to divide the market for targeting their customers (Hakimi, 2014).

Moreover, for the behavioral segmentation that also did not come out during the interview, Machauer and Morgner (2001) explained in their research

that it might be due to the behavioral data that relies on the past or post hoc customer data and commonly quantitative. Therefore, it should be collected through a technological database of the existing customers (Loyalty Square, 2017). Nevertheless, although the three bases of segmentation: demographic, geographic or behavioural segmentations; were not appeared, the coding revealed a notable psychographic segmentation base that was repeatedly arisen specifically in terms of the exact needs and wants of the Islamic Bank's target market. The psychographic segmentation can balance standardization and customized service offering since it relates to the customer's needs (Machauer and Morgner, 2001). Henceforth, it might assist the Islamic banks in understanding the essential psychographic aspects of their target customers to serve them better and get out from the current dormant state in acquiring more customers.

The emerged themes might hint that the Islamic Bank can use the specific psychographic dimensions of segmentation to approach their target market. First, the bank customers' religiosity might aid the understanding of how they might strictly choose or neglect the obligation in Islam to save their money to the Islamic banks. The value in psychographic segmentation gives the Islamic banks information on the background of their target market. The level of the religious norm in religiosity is important to determine whether the customers willingly adopt the Islamic banks' offering since they believe in the necessity to obligate the Islamic law by only saving or doing the financial transaction through the Islamic Bank only (Usman *et al.*, 2017).

Next, the lifestyle of the bank customers might highly related to their primary economic motives when faced with a financial decision. The bank customers might prefer the banks that can give complete services with as minimum cost as possible to gain more opportunity cost from that. With the understanding that the Islamic context is heavily emphasized on the kindness and giving more benefit to others, they might expect that while Islamic Bank should be in line with those Islamic concepts, they should impose a lower interest when the customers are using the financing services; higher profit-sharing when they are using the saving services, either regular savings or term deposit. The balance of the expectations might result in a higher opportunity cost that the bank customers can save. This result lends support to the literature suggesting the same idea that the customers of Islamic Bank is more sensitive to the return of their financial investment and has no hesitation in withdrawing their account and switching to the other Bank that might offer them better revenue, such as the conventional



Bank (Aysan *et al.*, 2017).

The following three variables follow the AIO components (Activities, Interest, and Opinion) in psychographic segmentation. They are acted as the parameter that facilitates the understanding of bank customers' type of activities that they use to do in daily life; their main interest on a particular issue, for instance, the quality of the services, family or community; and their opinion regarding many aspects such as themselves or the products that they are consuming. For the activity that informants mentioned, it is notable that their entrepreneurial activity of the bank customers might influence how they might choose the Islamic Bank. Those who have their own small or medium business might feel reluctant to do their financial activities via Islamic banking since it might affect their business transaction with their business partners who are not familiar with the Islamic banking system. In the research of Khir, Gupta & Shanmugam (2008), it is revealed that for the case of Islamic Bank, the relationship between the Bank and its customer is more like entrepreneur and investor. Hence, the Islamic Bank should be aware of the factors that are important for their entrepreneur counterparts, such as the easiness of cross transaction with various banks for their business or the employee administrative payroll and the international transaction when the entrepreneur expands their business.

The bank customers are also well aware of their expectations on the Bank's service quality, especially on the Islamic banks, since they have prior experience and benchmark with the conventional banks. They require a helpful/thoughtful, and knowledgeable staff, good building as a tangible proxy, the security and assurance on their services, and reliable as the Islamic banks since they are carrying the burden of their classification as the "Bank with Islamic Religion". For the bank customers, the Islamic banks should convey the Islamic law, rule, and regulation thoroughly and provide excellent service quality to their customers as being taught in Islamic practices. Previous research indicates that service quality is an essential factor in the banking service for Muslim customers (Abdullrahim & Robson 2017). Hence, Islamic banks need to investigate the specific service quality dimension that matters most to their target market.

Finally, the bank customers rely on their opinion when judging the banking services that they will use. Since the communications made by the Islamic banks have not yet fulfilled the informative function for its audiences, many of the informants have some doubts that Islamic banking might not fully apply the Islamic law/concept yet. Moreover, since it gives almost no additional value



added compared to the conventional Bank, this tricky situation might hinder their interest in the Islamic banking adoption process. Such doubts are present and in line with the study from Aisyah (2018). Previous studies revealed that the certainty on the Sharia law application on Islamic banks holds a vital part in the determination of the Muslim customer in Islamic banking adoption consideration (e.g., Ltifi *et al.*, 2016). Additionally, previous research indicates that Sharia compliance's certainty might prevent the current Islamic bank account holder from migrating to the other Bank. The Islamic Bank should develop its communication and promotional aspect by emphasizing their business as the Bank that offers a harmonic value with the Islamic principles and eliminates any hesitation whether the Islamic banks are fully Sharia-compliant or not (Souiden and Rani, 2015).

CONCLUSION

The study details the potential segmentation bases to the Islamic banks, which is the psychographic segmentation. The specific psychographic factors/themes emerged from the present study, namely: bank customer religiosity level, the requirement based on their entrepreneurial activities, their economic motives, their opinion on the Islamic banks' compliance with the Islamic/Sharia law, and their significant interest on the excellent service quality in Islamic Bank might help the Islamic Bank and the regulator (Islamic Banking Department of Indonesian Financial Services Authority / OJK), to understand better about their current target market's inner desire on how the Islamic bank services should be performed and communicated. Based on such findings, the Islamic Banking Department of the Indonesian Financial Services Authority (OJK) should work hand in hand with the Islamic banks in Indonesia to better formulate their service as expected by their customer as far as it can be adjusted with the Islamic banks conceptual in financial services. They can, for instance, concentrate on communicating and emphasizing the Islamic banks' Islamic compliance since that strategy might at least lessen the doubts and open the opportunity for the potential customer to get further interest to utilize the Islamic banking services. Moreover, at the same time trying to improve all aspects of their service quality. They might also consider strengthening their cooperation with some significant banking nationally or internationally. Business people might gain more benefits and do their daily transactions with their partners without hesitation.



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