



ERF 26th Annual Conference

HOW DO WOMEN CHOOSE THEIR BANK TYPE IN A MULTICULTURAL CONTEXT?

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INTRODUCTION



Banking institutions gear up the growth prospects on diverse economic activities



Islamic Finance assets → 6% growth (2012-2017) to US\$ 2.44 trillion



IBs played a crucial role in developing the economy (2008 financial crisis)



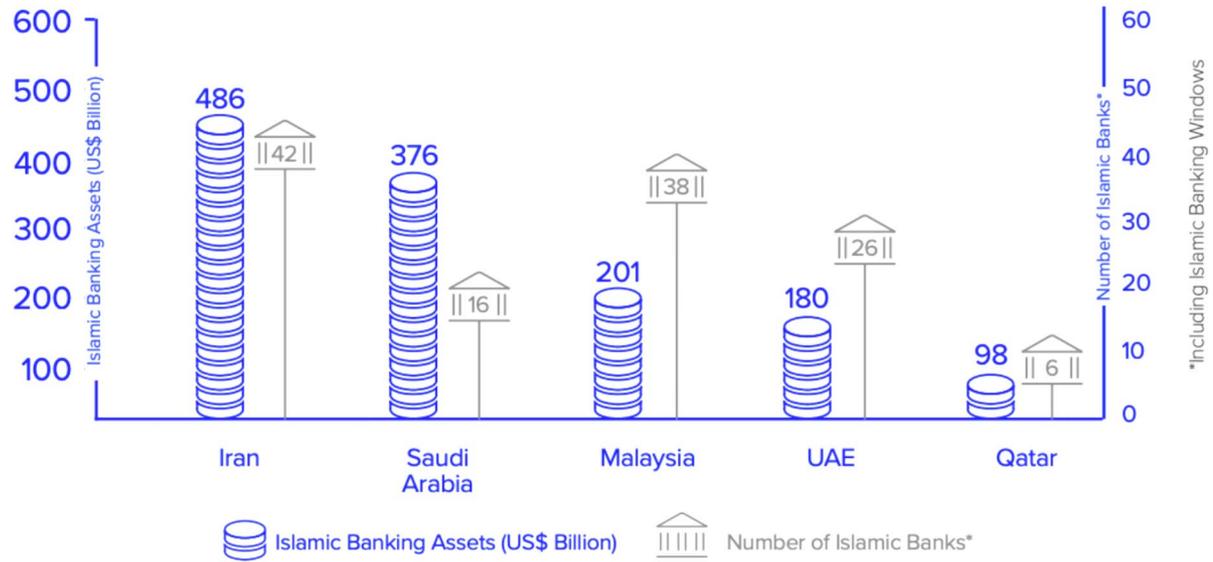
IBs → 505 in the world

Share of IB Assets → 6% in Total Global Banking Assets in 2017



Share of IBs → Malaysia 21.3%, UAE 21.6%, Kuwait 25.8%, KSA 51.2%

Top Global Islamic Banking Markets 2017



THOMSON REUTERS (2018)

MOTIVATION (1)

Despite high % of Muslim pop. & growth of IB sector, no comprehensive answer on **why IBs are unable to attract more clients** (Butt et al., 2018)

IBs need to discover the right strategies for generating favorable customer attitude

Majority of research on banking consumer choice → Western-based, focus on CBs

Influence of cultural background on consumption patterns is not much studied (Le Wong, 2014)

Gender is a crucial variable for marketing analysis (Haque et al., 2007)

Need to consider the effect of demographic factors on customer's decision for IB (Bodibe et al., 2016)

MOTIVATION (2)

In 2013, Dubai launched the Capital of Islamic Economy initiative → calls for innovative instruments to create the environment for IB expansion

UAE has stand-alone regulations for the IBs → gives much room of competition

UAE (Multicultural): Islam is the official religion, high number of nationalities with different beliefs

in a (multi-cultural, religion, nationality) city like Abu Dhabi, no study investigated if religion creates a biased consumer decision towards IB choice

UAE (Women): HD for women - most significant number of businesswomen in the region-presence in multi influential roles

OBJECTIVE



The study uses a multicultural context to investigate how women make their choice between IB & CB



We aim to confirm if marketing strategies should be segmented due to religious bias

LIT REVIEW

Much research has been done to investigate the determinants of bank selection by customers (kaufman, 1967; andaleeb et al., 2016; anderson et al., 1976; ross,1989; kaynack and yavas 1985; kازه and decker 1993; denton and chan, 1991; hegazi 1995; metawa and almossawi 1998; omar and orakwe, 2006; kamakodi and khan (2008); rao and sharma, 2010).

Mostly on CBs in western countries with only few studies focus on women's bank choice.

consumer choice theories such as Economic Man Theory (EMT) → decisions that will **maximize the utility** perception in return of minimum effort (Ajzen, 1985)

the Theory of Planned Behavior (TPB) → human behavior is affected by the **subjective norms**, attitude towards behavior & perceived behavioral control (Ajzen, 1985, 1991, 2002)

Research Hypotheses

- Developed through three main factors that mold the “credit attitude” to guide the consumer toward the ‘affective reaction’ of bank choice
 - Awareness (A),
 - Social Stimuli (SS),
 - Bank Attributes (BA)



H1

***Awareness
affects
women's
choice of
bank type***

H2

***Bank
Attribute
affects
women's
choice of
bank type.***

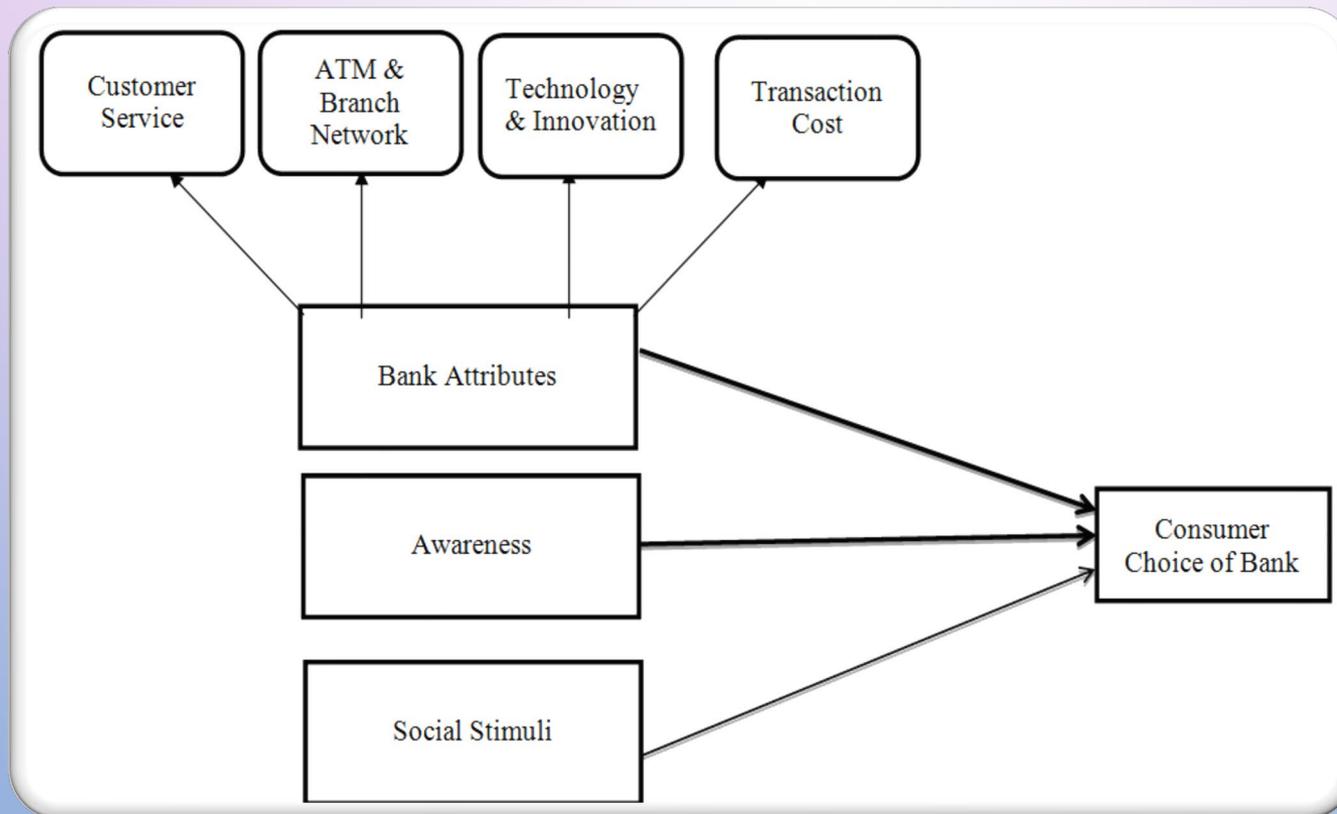
H3

***Social
Stimuli
affect
women's
choice of
bank type***

H4

***Religion
affects
women's
choice of
bank type***

RESEARCH DESIGN



DATA COLLECTION & RESEARCH METHOD

Structured questionnaire to collect primary data

Target population: Women in Abu Dhabi city

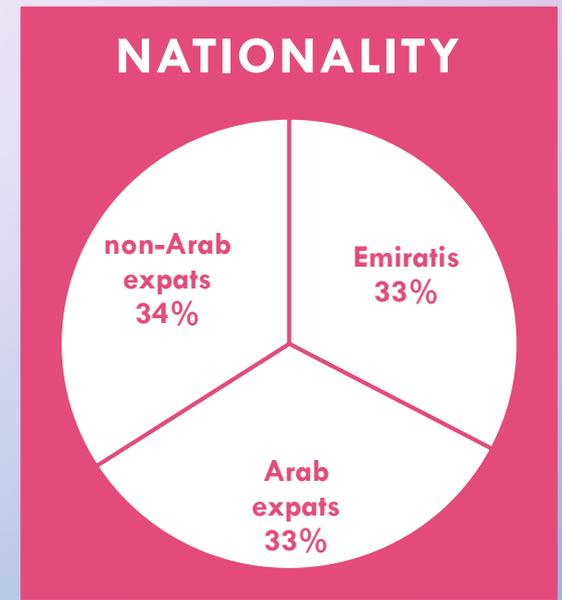
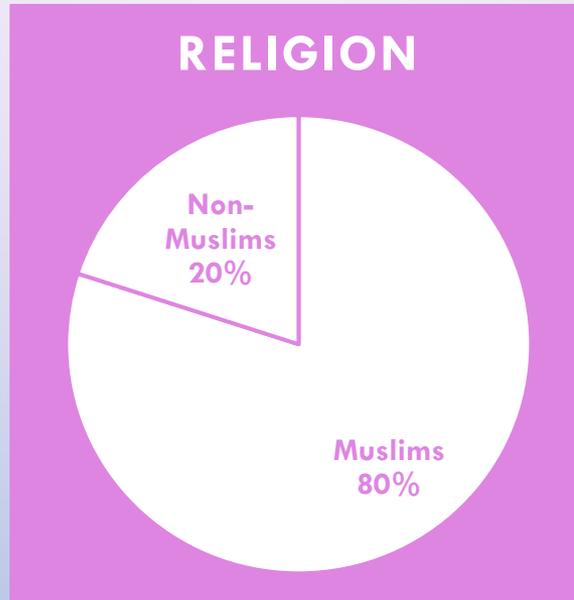
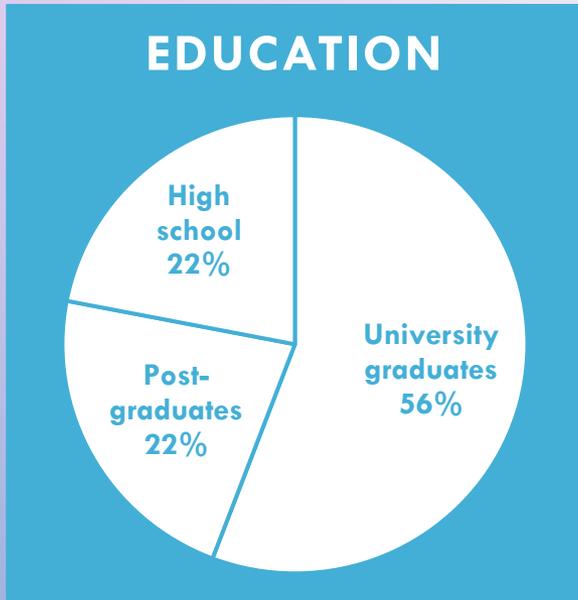
Judgmental & snowballing sampling

419 complete & valid responses (83.8% success rate)

Structure Equation Model (SEM) for data analysis

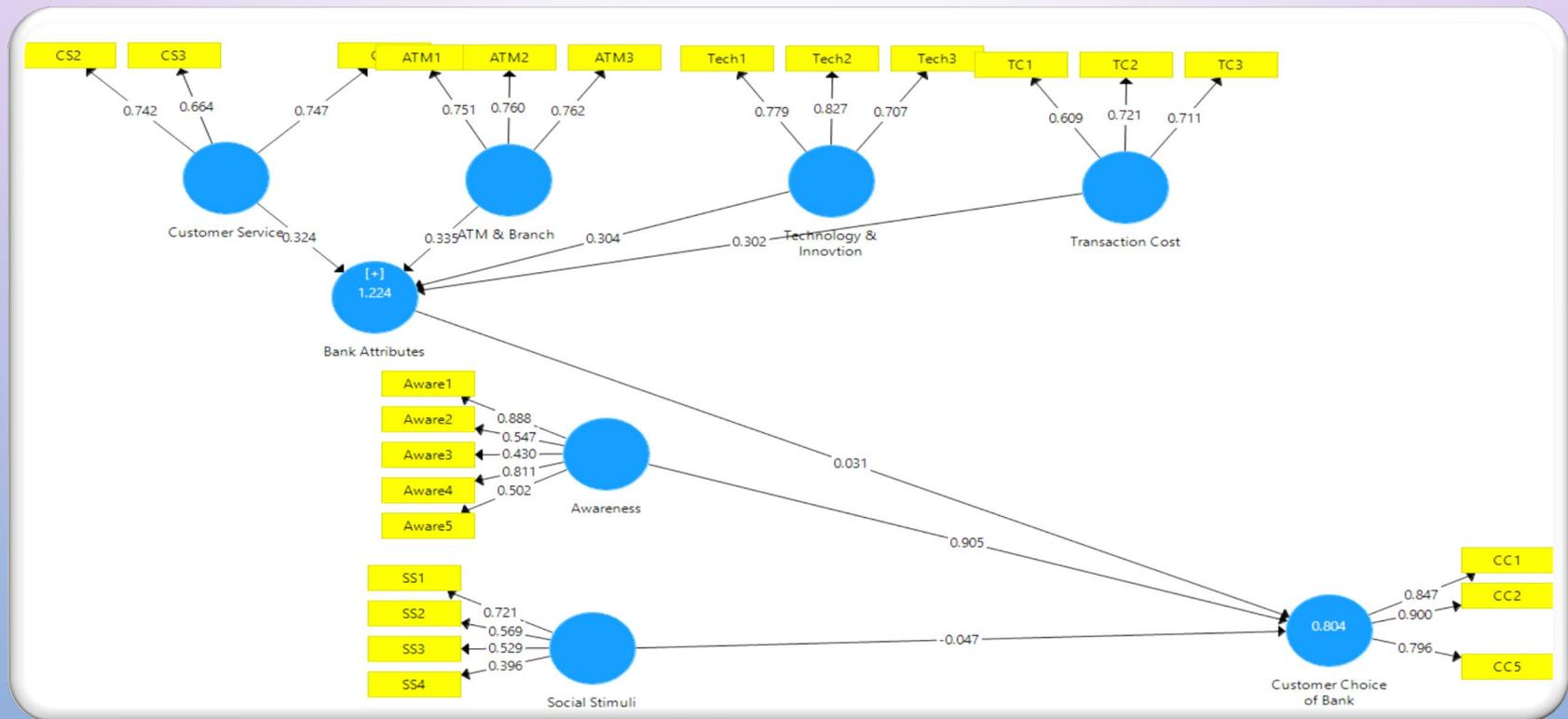
- Model validity: FA, CFA and CR
- Path analysis
- MGA

RESULTS (1): DESCRIPTIVE



RESULTS (2): VALIDITY & RELIABILITY

FACTOR ANALYSIS



RESULTS (2): VALIDITY & RELIABILITY CFA FOR MODEL FIT & CR

Ratio	CMIN/Df	GFI	CFI	NFI	RMSEA	RMR
Value	3.081	0.873	0.886	0.842	0.071	0.078

Table 2 Composite Reliability



Variable	Composite Reliability
Awareness	0.782
Bank Attributes	0.889
Social Stimuli	0.643
Customer Choice of Bank	0.885



RESULTS (3): SEM OF BANK CHOICE

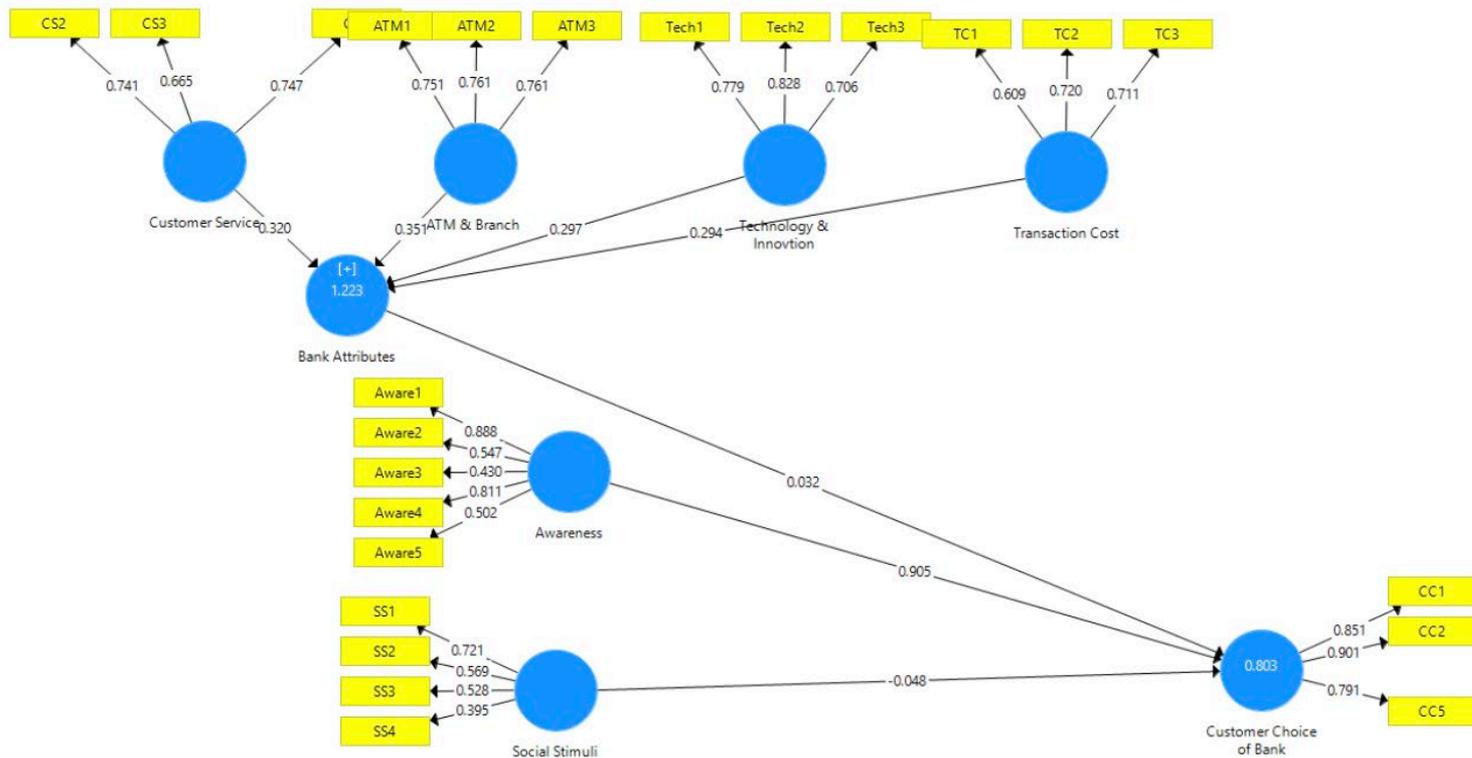


Figure 4 Structural Equation Model for Women's Bank Choice

SEM PATH COEFFICIENTS

- A is the only variable with a significant effect on the choice -only H1 is approved
- 90.5% of the effect on women's choice of IB is significantly explained by A
- neither BA nor SS affects the choice

Table 3 SEM path coefficients

	Path Coefficients	P Values	Hypothesis
Awareness → Customer Choice of Bank	0.905	0.000	Accept H1
Bank Attributes → Customer Choice of Bank	0.032	0.481	Reject H2
Social Stimuli → Customer Choice of Bank	-0.048	0.357	Reject H3

FURTHER
→ MGA

If religion affects the impact of IVs on women's choice

MGA of both Muslim females and non-Muslim females

Whether women get similarly affected by the determinants of consumer behavior theory in choosing their bank type?

RESULTS (4): MGA

Table 4 Multi Group Analysis for Women (Muslims & Non-Muslims)

	Path Coefficients (Muslim Females)	Path Coefficients (Non-Muslim Females)	p-Values (Muslim Females)	p-Values (Non-Muslim Females)
Awareness → Bank Choice	0.691	0.727	0.000	0.000
Bank Attributes → Bank Choice	0.095	0.063	0.027	0.463
Social Stimuli → Bank Choice	0.034	0.147	0.393	0.063

- The effect of A on women's choice of IB is significant for both groups
- higher for Non-Muslim females than Muslim females
- BA has an impact only on Muslim's choice
- Effect of SS for both groups is still irrelevant
- Thus, religion plays a role in how choice is affected by A and BA but not by SS

CONCLUSION (1)

Significant effect of A on women's choice of IB

90.5% of IB choice due to awareness of Islamic Finance principles

The lack of knowledge & misconception of the IB principles discourage IB choice

Alignment to ethical finance creates new potential to attract more women clients



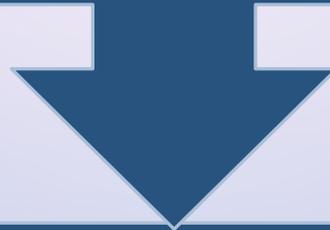
MGA: higher effect on the choice of Non-Muslims by 3.6%

→ religion plays a role in how choice is affected by A

The design of marketing with A content should consider non-Muslims to be more A sensitive

CONCLUSION(2)

Insignificant effect of BA on women's choice of IB



MGA: significant impact on Muslim's choice
9.5% of Muslim's choice of IB is due to the BA

→ religion plays a role in how choice is affected by BA

IB & policymakers should design marketing & service strategies for Muslim women with more focus on the content of BA

CONCLUSION(3)

Insignificant effect of SS on women's IB choice (both Muslims & non-Muslims)



challenges the role of subjective norms in TPB in affecting consumer choice

challenges the Evolutionary theory that describes women as more relational & influenced by a third party

we claim that the impact of 'A' on the choice offsets the impact of any other variable

The customer will not consider any BA or SS when she/he has an ambiguous understanding of the product itself

MANAGERIAL IMPLICATIONS

Islamic bankers who wish to **attract** new women clients or **retain** the existing ones in a **multicultural** context should:

- Adapt **informative marketing campaigns** to build **awareness & knowledge** base about Islamic finance **among women**
- **IB** should **not** deal with **religion** as the sole **motivation** for women to make the choice
- rather create **marketing segmentation strategies** that suit the **needs** of different **religious groups**





THANK YOU