



Arab American University
Faculty of Graduate Studies

**Determinants of customer loyalty in Palestinian
Islamic banks**

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**This thesis was submitted in partial fulfillment of the
requirement for the master's degree in strategic
planning and fundraising**

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Thesis Approval


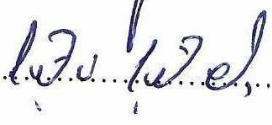
Determinants of customer loyalty in Palestinian Islamic banks

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Declaration

This thesis is submitted for the purpose of fulfilment of the requirement of Master Degree in the faculty of Strategic planning and fundraising, Arab American University –AAUP,2022, I declare that this research is my own, unaided work. It has not been submitted before for any other degree, part of degree, or examination at this or any other university

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Date: 20/6/2022

الإهداء

إليك يا خالقنا نتوجه بالشكر على نعمة العقل والعلم التي أنعمت بها علينا.

إلى من وسعنتي رحمتهما صغيراً وأسعدتني صحبتها كبيراً... والدتي العزيزة

إلى معلمي في الطفولة ومهجة قلبي وحياتي ... ابي الغالي

إلى سندي وقوتي ورفيقة دربي وابنة الغالي على قلبي ... زوجتي شهد

إلى من رافقتني طيلة حياتي بحلوها ومرها.....أختي ولاء

إلى الثغور الباسمة في حياتي.. أخي وصديقي العزيز يوسف شوامره

إلى أستاذي الفاضل الذي كان بمثابة الأب المعلم د. محمد ابو شربه

إلى كل أهلي وأقربائي وزملائي وكل من ساعدني في إتمام هذا البحث.

Abstract

The aim of the study is to identify determinants of customer loyalty in Palestinian Islamic banking to achieve the aim of the study the researcher collecting data from the customers of three Islamic banks and then analyzing the questionnaires using the t-test and anova statistical analysis methods. Data of 207 respondents from all branches of Islamic banks were used to determine the factors of customer loyalty to Islamic banks. The results show that customers are loyal to banks first through a network of social motive, and then it is a bank that operates under Islamic rules and legislation. The study recommended that Islamic banks motivate workers to give more and build stronger relationships with their customers. The study also recommended extending the powers of the Islamic Sharia Audit Department of banks and strengthening their role. Also recommended to review of the pricing policy and the development of banking systems. This research comes to focus on the factors of customers' choice of Islamic banks, which allows Islamic banks in Palestine to focus on the most important factors that raise the level of customer loyalty, in addition to attracting new customers from competing commercial and Islamic banks.

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Chapter 1: Introduction

1.1 Background

Banking systems play an important role in our economic lives because banks have a big role of the new economic system; it is impossible to conduct local and international trade activities without the involvement of banks. (Bouchrika, 2017) Islamic banking concept based on rule of no interest on cash exchange which mean just buy and sell with no any type of interests which defined in islam as RIBA (Abdul Qawi and Lin, 2001). There is a growing share of Islamic banking at the expense of conventional banks around the world and the current investment in Islamic banks is \$1.99 trillion growing at a rate of 14%. Islamic banking owns 6 percent of global banking assets. That is why it was important for Islamic banks to create real loyalty among their customers to attract a larger segment, as well as to know the reasons for enhancing loyalty with their current customers. It is therefore important to assess the degree of customer loyalty towards these growing financial institutions. In this research, we try to find out the degree of customer loyalty to their Islamic banks in the Palestinian case. (Mustafa, 2020).

In Palestine, there are two sorts of instructions on Islamic banks. They follow the regulation of Palestinian Monetary Authority's directions in addition to competing with commercial banks. It is also constrained by Islamic law's principles. They also have a higher proclivity for engaging in risky activities such as speculating or derivatives trading. Alternatively, granting loans or finance to particular interests engaged in activities that are not in accordance with Islamic Sharia. (Khan, 2010).

Since 2020, financial statistics reveal that Islamic financing has continued to rise. According to recent sources, the value of Islamic financial assets reached over 4.50 trillion dollars by the end of 2020, up from 2.1 trillion dollars in 2014. Islamic banks in

Palestine now account for around 25% of the banking sector's market share, up from 17.7% in 2020. (PMA, reports).

The researcher seeks to understand the critical criteria for choosing Islamic banks and how these banks can increase customer loyalty by reviewing numerous studies from various countries that confirm the existence of a relationship between the reasons why customers choose Islamic banks and the degree of customer loyalty based on why they choose Islamic banks. For example, a study in Pakistan entitled: “Customer’s Criteria for Selecting an Islamic Bank”, another in Bahrain entitled: “Important Selection Criteria in Choosing Islamic Banks” and another in Malaysia entitled: Empirical investigation among Malaysian bank customers. In Also, A study was undertaken in Palestine, in the city of Hebron, under name “Criteria for selecting clients for banks operating in Palestine” to determine the extent of consumer satisfaction with Islamic banks' services and their impact on customer loyalty to the bank. The researcher also found that religious factors affect the choice and other non-religious factors such as service quality, electronic services, recommendations of friends and family, availability of automated teller machines and electronic payment services also have an impact on increasing or decreasing customer loyalty.(abuznaid, 2011) In terms of numbers, Islamic banking is growing at a steady and consistent rate, with a growth rate of 27 % between 2016 and 2017, compared to only 13% for the overall banking sector. According to data from the Palestinian Islamic Bank, the number of branches linked with the banking sector would increase to 28% of the total number of branches in the banking sector by 2020. (Palestine Islamic Bank Report, 2020). As of 2019, the %age of ATMs used by Islamic banks in Palestine has increased to 16 % (PMA, 2020).

1.2 Research Problem

During the past two decades, with the advent of the Palestinian Authority and the granting of licenses to banks, which had become by 2016 approximately 17 banks, (PMA, 2016), this led to the creation of a market characterized by intense competition, as it increases the interlocking between banks, and in the presence of this competitive environment will inevitably be on the Banks to maintain their customers and create real loyalty to them, in this research we try to find the main determinants in creating customer loyalty and the degree of influence of these factors in the Islamic banking industry in Palestine, to get more loyal customers and find it difficult for them to transfer to other commercial banks, where A similar study in Pakistan entitled Determinants of customer loyalty in the banking sector notes: The case of Pakistan indicates that the mental image that the customer holds and the level of service affect the customer's loyalty towards the bank.(Afsar& Shahjehan, 2010). In another study conducted in Palestine entitled “Criteria for selecting clients for banks operating in Palestine. (Abu Zneid, 2011) It was found that poetry and the banking system are also related to the degree of loyalty of customers. Hence, the researcher had to put all of these factors together and try to find out which of these factors most affect the loyalty of customers in Islamic banks because of this direct impact on the profitability of banks Islam also ensures its survival and development, as this research will answer important questions about the degree of influence of each factor on the one and show the difference in the impact of each factor on the other.

1.3 Research Questions

1. What is the impact of religious factors on loyalty to Islamic banks in Palestine?
2. What is the impact of quality of service on the loyalty of Islamic banks in Palestine?
3. What is the impact of the Price of service on the loyalty of Islamic banks in Palestine?
4. What is the impact of friends, family, and bank employees on loyalty to Islamic banks in Palestine?
5. What is the impact of management information systems the on loyalty of Islamic banks in Palestine?
6. What is the level of customer quality in Palestinian Islamic banks?

1.4 Research Objectives

The study mainly aims to examine the reasons why customers choose Palestinian Islamic banks, to understand how well customers understand the quality of the services provided and whether the needs that make them go to Islamic banks have been met and therefore finding out these reasons is in the process of building customer loyalty because there are religious reasons and another factor that leads customers to choose Islamic banks in Palestine instead of going to traditional banks, the following is what this research aims to achieve.

1. To examine the impact of religious factors on customer loyalty in Palestine Islamic banks.
2. To examine the impact of quality of services on the loyalty of Islamic banks in Palestine.

3. To examine the impact of the price of service on the loyalty of Islamic banks in Palestine
4. To examine the impact of friends, family, and bank employees on customer loyalty in Palestine Islamic banks.
5. To examine the impact of the Management Information System on the loyalty of Islamic banks in Palestine.
6. To measure the level of customer quality in Palestinian Islamic banks.

1.5 Importance of Study

The study's significance in analyzing the determinants of dealing with Islamic banks from the perspective of dealers, and according to the researcher's knowledge, this study is one of the few in this area, confirming the need for such studies. This study is likely to yield results in the near future.

1. Islamic banks operating in Palestine, where they depend in their expansion and marketing plans on the factors of attracting customers and creating loyalty for them
2. Researchers, by conducting this study with the intent of other similar studies, and the researcher himself is working in the field of Islamic banking
3. Find out the most common reasons that lead to increased loyalty of Islamic bank customers.
4. Introducing the supervisory authorities to the societal orientation within the Palestinian environment so that they are able to give decisions that serve what is commensurate with the general trend in the Palestinian financial environment.
5. Investors who want to invest their money in the Islamic banking sector, where the information provided will be helpful to them in making their decisions.

1.6 Research Hypothesis

After reviewing the literature as explained in the previous literature review part, it was found that there is a clear relationship between the variables mentioned below and the level of loyalty among customers. For example, in the study carried out by Abu Zneid in 2011, it was found that there is a relationship related to the quality of service provided, and in (Vianto and Smaka, 2020) it was found The existence of a relationship in the religious variable and pricing, and in Al-(Hadrami & Al-Sharbt 2017) it was found that there is a relationship related to personal relationships and based on all these and other studies, the hypotheses below were formulated

The following hypotheses were developed to address the study problem and achieve the objectives set for it, where the hypothesis includes the main variables, both of which are dependent and independent variables, which were formulated in the zero-sum method to test the relational relationships between the variables, then analyze and interpret the response of these hypotheses to the study's objectives and methodology.

H₁: There is no statically significant impact of religious motivation on customer loyalty in Islamic banks.

H₂: There is no statically significant impact of quality of services on customer loyalty in Islamic banks.

H₃: There is no statically significant impact of pricing on customer loyalty in Islamic banks.

H₄: There is no statically significant impact of friends, family and banks employees on customer loyalty in Islamic banks.

H₅: There is no statically significant impact of Management Information Systems on customer loyalty in Islamic banks

1.7 Conceptual Model

Independent variable

Shape 1 Conceptual Model

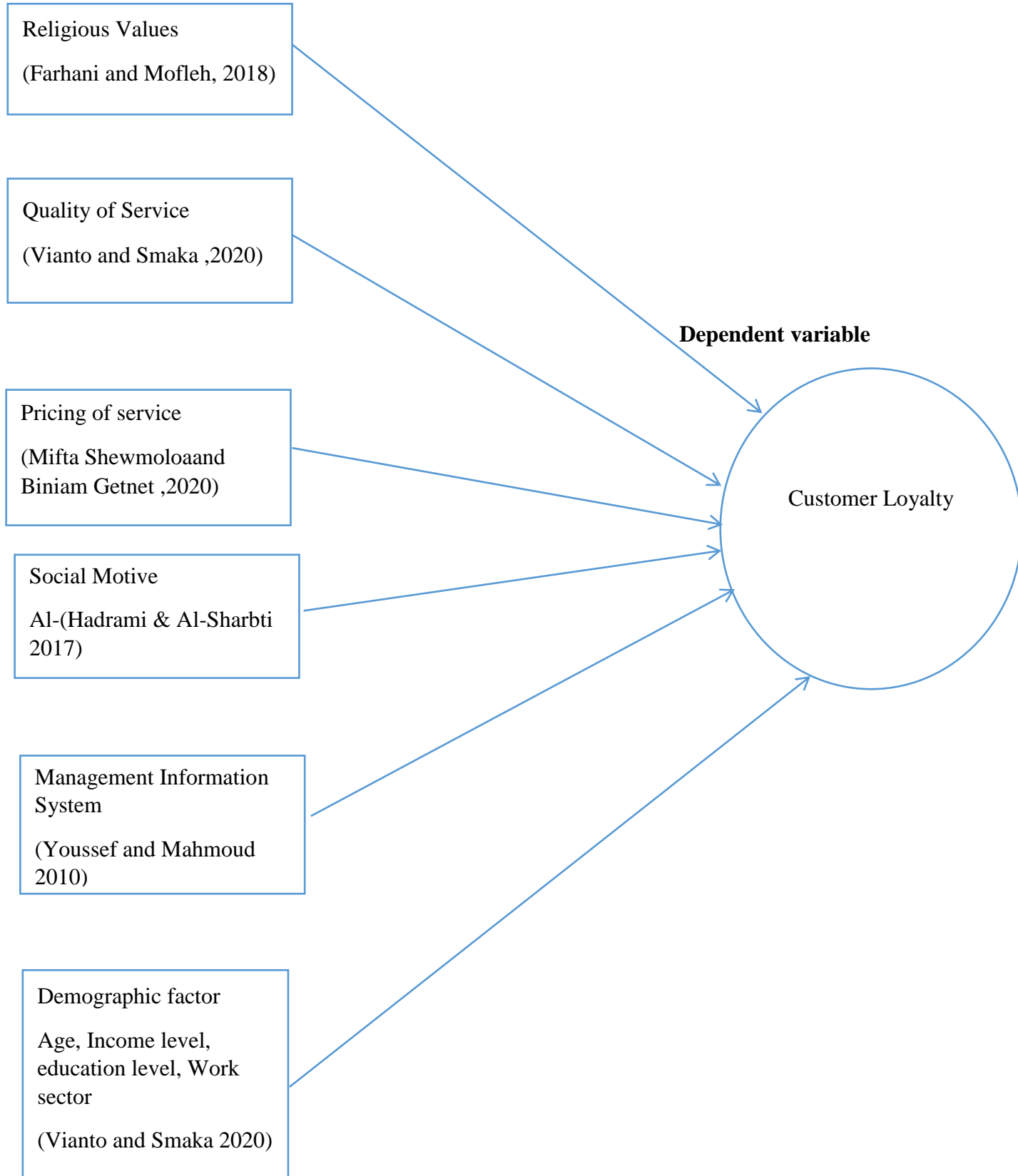


Table 1 operational definitions

Variable	Definition	Previous studies
Religious Values	Religious reasons influence the choice of an Islamic bank, since clients choose those who are religiously devoted to dealing according to Islamic law and standards.	(Farhani and Mofleh, 2018)
Quality of Service	Efficiency and effectiveness in banking operations, as well as providing service to customers as quickly as possible and without any obstacles.	(Vianto and Smaka ,2020)
Pricing of service	This is the profit rate of the Islamic bank, as well as the level to which the customer accepts it so that he does not complain that it is excessively expensive or uncompetitive.	(Mifta Shewmoloaand Biniam Getnet ,2020)
Social Motive	The social impact that the customer is exposed to in such a way that it influences his decision to choose an Islamic bank, or that he encounters a person he knows in the bank, such as a friend, who provides special assistance and clarifies the service to him, as well as his trust in the guidance of his friends and those close to him.	Al-(Hadrami & Al-Sharbt 2017)
Management Information System	Because the core banking system is versatile and suits my demands, I can provide services fast and easily.	(Youssef and Mahmoud 2010)
Demographic Factors	Age, income level, education level, work industry... etc	In all studies

Table 2 previous studies briefly

Study	Definition	Author	year
exploring Islamic banking switching intention	where the study confirms that the loyalty of Islamic bank clients is not limited to religious people only, but rather there are other factors that affect the selection and making of loyalty, price competition is a factor that matters to any customer	(Mifta Shewmoloaand Biniam Getnet,)	2020
The adoption of Islamic banking services in Malaysia. Journal of Islamic Marketing	The purpose of this study was to examine Malaysian customers' awareness of Islamic banks in Malaysia, as well as to evaluate their understanding of Islamic banking and banking, which directly effects the adoption of Islamic banking	Mahdzan and Zainudin	2017
Measuring factors affecting customer loyalty on Islamic banking deposit in Malaysia	study wants to show that customer satisfaction and the trust that customers place in the Islamic bank are the factors that impact customer satisfaction, and thus obtaining deposits from these customers does not come except through strengthening the relationship with the customer and providing him with a level of satisfaction with the service	Warsame	2015
Trust, commitment, customer intimacy and customer loyalty in Islamic banking relationships	This study was carried out in Indonesia, and 300 samples were distributed to several Islamic banks there. The demographics of the sample included 105 males (53%) and 95 females (47%). This study recommended that Islamic banks should improve the quality of their employees so that they have certificates of special standards and operating procedures through which they receive	(Tabranin& Nizam, 2018).	

	training in the true sense of marketing these banks' Islamic products, which usually go by the name Murabaha or other Islamic financing methods		
Islamic banks: Contrasting the drivers of customer satisfaction on image, trust, and loyalty of Muslim and non- Muslim customers in Malaysia	emphasized that any marketing activities must be linked to customer behavior, which is determined by the degree of their loyalty, and that companies that want to compete and survive must increase their customers' loyalty and search for what satisfies them	(Amin, 2013).	
The Determinants of Selecting Islamic Bank from the Point of View of Their Individual Customers at State of Kuwait	One of the most important determinants of customer loyalty, according to the literature, is religiosity, image, and the quality of banking services provided.	Farhani and Mofleh (2018)	
Choice criteria for Islamic home financing: Empirical investigation among Malaysian bank customers	This study supports previous research on the positive correlation between personal relationships and friendship between customers and employees, which clearly impact loyalty	(Hanudin 2013, Awan and Bukhari, 2011)	

Chapter 2: Literature Review

2.1 Theoretical foundations of research

Taylor (2004), dubbed the "Father of Scientific Management," believes that consumer behavior is a constantly changing phenomena, and that customer loyalty is one facet of that behavior based on various hypotheses. (Taylor et al., 2004) There is a theory called fairness theory that supports what Taylor says, as it asserts that entering into a new relationship on the part of the customer without prior experience with the institution is more difficult than entering the customer himself if he has historical experience, even if it is only once, with the same institution, and thus this theory says The good impression of the customer is built through respect and the right ability to serve him accurately (Van den Bos, 2001).

There is also a lens theory that boils down to finding a magnifying glass between you and the customer so that you become closer to him and listen to what he worries or needs, and thus the theory delves into the issue of developing customer loyalty through strong marketing and building relationships with customers, so creating a strong relationship with The customer, by opening channels between you and him, increases mutual trust, and will have a clear impact on increasing loyalty later on from this customer, and this part complies with the principles of Islamic banking. Linking to it through the first section and its impact on customer relationships and loyalty formation. (Halwell, 1996).

Most of the previous studies related to this field suggest that there are factors that affect the creation of loyalty among customers, and they are many factors that differ from one place to another and are affected by the culture of the Islamic peoples themselves

around the world, where what is commensurate with Pakistan does not necessarily agree with the Arab world or with a country such as Malaysia, for example in a study (Mifta Shewmoloa and Biniam Getnet), a study conducted in Malaysia, was the most important factor affecting the creation of loyalty is pricing, and this is consistent with the culture prevailing in Indonesian society and also this matter affects the level of the Islamic world because pricing is an important factor in all countries, but the degree of influence varies From one country to another, and as mentioned above, according to the prevailing culture within the community, while another study was conducted in an Islamic country not far from Indonesia, the quality of banking service was the most important and influential factor. The price value or any other incentive, bearing in mind that other incentives had a presence, but the strongest presence was for the quality factor and the accounting banking system as it is in the study that examined Raha (Mahdzan and Zainudin)

Returning to the Arab world, which we know well, the researcher found that social ties are the primary controller in the process of creating loyalty in the Islamic banking system. Conducted by Al-(Hadrami & Al-Sharbt 2017)

As for the rest of the other factors, there was a factor present in it and it is always the strongest factor, which is the one for which the Islamic banks were found, and it is the religious motive. It has been studied almost in most studies, and it is the most important we have in this study as it is closely related to the name of the bank and the essence of its work (Farhani and Mofleh, 2018) So this factor comes as the first motivating factor to attract clients in various Islamic countries, which provides a safe haven in terms of psychological reassurance for clients that they are not doing something that is contrary to Islamic law and the Islamic religion.

There are other studies that had other effects that were studied, such as geographical spread, expansion of branches and cleanliness of the place, but the most influential and famous among them were chosen for the researcher to test on them and also due to the limited ability to measure all variables, the most influential or mentioned variables were chosen in previous research and also The researcher documented the demographic factors of the respondents to see if they had an effect on creating loyalty among customers or not. In all cases, the researcher measured each factor and the degree of its impact separately to reach the highest degree of credibility in this regard.

2.1.1 Customer Loyalty

Companies use marketing to gain customer loyalty by influencing consumers purchasing attitudes and behaviors. Customers' sentiments toward the company and other companies that provide the same service are referred to as loyalty. (Salem, Walsh, & Salem, 2019). Other researchers like (Hussein, 2019) have discovered that loyalty is defined as the desire to buy, even if at a higher price, and acceptance of that price, but there is a key distinction in Islamic banks, which prioritize loyalty over any other attractions for customers from other commercial banks.

Islamic banks apart in terms of client loyalty is that customers resort to them for religious reasons, such as avoiding usurious interest, which is prohibited in the Islamic religion. Islamic banking attempts to share earnings and losses with their customers in a way that is compliant with Islamic law, which means that the customer and the bank are partners in sharing profits and losses in particular proportions agreed upon when the contract is signed. (Hati, 2020).

2.1.2 Religious Values

Religion is one of the most essential factors that build loyalty among Islamic bank customers. Because it was created largely for this purpose, and it is the notion upon which the Islamic banking organization is based, according to a study conducted in Indonesia, religion has a major impact on perceived value, customer happiness, and trust. The study also found a link between the value of Islamic banks and dealing with Islamic religious teachings and client loyalty, and that there is a clear link between the two. Furthermore, I discovered that religiosity had a moderate influence on enhancing trust in interacting with Islamic banks. (Dastgir, 2021) As a result, the religious image that carries and trusts as real and influential factors in creating this loyalty, the results show that as customers' commitment to their true Islamic religion grows, they tend to have a positive image of Islamic banks, which creates a bond with these institutions, and thus they become more loyal to the bank. The study also highlights the relevance of religion as a primary motivator for Islamic bank clients to maintain their banking relationships and behave positively toward the Islamic bank. Customers do not worry about the bank's image, even if it is negative, according to the survey, since they still promote the Islamic bank regardless of service quality: The study concludes that once the religious component is met, the remaining factors become insignificant. (Farhani and Mufleh, 2018).

There are both benefits and drawbacks to building client loyalty. The researcher discovered a set of determinants based on the previously described causes that contributed to the clients' decision to use an Islamic bank, and afterwards these reasons were responsible for the development of loyalty in them. As a result, the researcher referred to earlier studies. It has to do with these criteria, and based on them, he

developed a theoretical framework and conducted a literature evaluation in several nations. (Basheer, 2013)

Followed by (Basheer,2013), The purpose of this study was to determine the identity of Islamic banks in Kuwait from the perspective of their individual clients. The study also found a statistically significant link between religious motivation and Islamic bank selection. Working to increase service quality because the banking results showed no link between the customer's decision to use an Islamic bank and the degree of service quality. It was also suggested that banks help spread religious awareness among their customers, and that what distinguishes banking services from religious benefits be demonstrated, as approximately 70% of those polled believe that banking services in Islamic banks are religious in nature, and that 30% of them do not support having enough interest in these banks due to religious motivation. Working to increase service quality because the banking results showed no link between the customer's decision to use an Islamic bank and the degree of service quality.

Hanudin (2013) in this study that looked into the most critical variables of client selection for Islamic banks in Malaysia. These determinants were also arranged according to the selection criteria in the study. The demographic features of clients were also linked to these determinants, such as gender, marital status, and age, in this study. Religious devotion, lack of monthly payments, work transparency, and lack of usury are the most important drivers of consumer happiness, according to the conclusions of this study. The study looked at new concepts like Islamic finance for real estate and offered managers solutions for supplying new Islamic banking products.

2.1.3 Quality of Service

Efficiency and effectiveness in banking operations, as well as delivering service to consumers at the highest possible speed and without hindrances or problems, because employee behavior is one of the most important indications of service quality, an employee's responsible behavior within the institution, his interest in the customer, and his appearance in front of him in a good appearance leads to a good quality of service. (Bing,2019). Customers recognize the service quality of a bank based on physical factors such as availability of services, turnaround time for financing approval, and speed of financial operations, according to a study conducted by latifi in Tunisia. (Ltifi.2016)

Two Islamic banks in Malaysia, Bank Islam Malaysia Berhad BIMB and Bank Muamalat Malaysia Berhad BMMB, performed the research. The following are the reasons why these two banks were chosen: To begin with, these banks operate only in an Islamic environment. Second, all of these banks' transactions are conducted in accordance with Islamic Sharia and its principles.

The purpose of this study is to determine the criteria for Customer Loyalty in banks among customers in Mifta Shewmoloa and Biniam Getnet (2020) This research paper examines the factors that influence customers' choice of banking services in Rabi, Ethiopia. This research paper was not only conducted on Islamic banks, but also on commercial banks, and one of the most important findings of this study is that the factors that led to customers choosing these banks are attributed to the price and quality of service, groups, role, status, and family influence, all of which have a significant impact on consumer preference for banking services. As a result, the findings revealed

that the dimensions of service quality, as well as dependability in dealing, were among the customer interest criteria.

The study came to a close with recommendations, the most important of which was to consider the reasons for service, quality, and price competition as one of the most important factors for customers to come to these banks. This study was carried out by the researcher on three banks in Ethiopia.

Pakistan is considered as one of the largest Islamic countries, and Bukhari (2018) conducts research on Islamic selection criteria. This study included 250 traders with Islamic banks from various cities throughout Pakistan. The research was based on the distribution of questionnaires with two main sections, the first inquiring about the criteria for selecting customers for Islamic banks and the second on the social and demographic situation of customers. One of the study's most important findings was that the criteria for selecting and preferring the Islamic Bank were due to the quality of service provided, which performed a higher role in influencing the religious factor of choice. This study's findings, which connected demographic factors and selection criteria, greatly helped in the decision-making of Islamic banks' options.

Farhani and Mofleh (2018) define training and the religious image that banks carry and trust as real and influential factors in creating this loyalty, with the results indicating that as customers' commitment to their true Islamic religion expands, so does their loyalty, they develop an increasingly positive image of Islamic banks, which encourages a bond with these institutions and leads to increased loyalty to the bank. The study also highlights the importance of religiosity as a major motivator for Islamic bank clients to continue their banking relationship and act positively toward the Islamic bank. The study also discovered that customers do not care about the bank's image, even if it is

negative, as they continue to recommend the Islamic bank regardless of the quality of service. According to this study, if the religious factor is achieved, the rest of the factors become marginal.

2.1.4 Pricing of Service

It is the interest rate offered by the Islamic bank, as well as the extent to which the customer accepts it, so that he does not complain that it is high and non-competitive.

Through research published in the Journal of Marketing Services, it was discovered that service prices have a close and direct relationship to the level of loyalty of these customers to you in a study conducted on regular customers and the research behind the formation of their loyalty. (Journal of Services Marketing, 2011)

There is no doubt that debt is not the only way to bring customers, as price and competition in profit or interest rates have a great impact and influence through a study (Mifta Shewmoloaand Biniam Getnet, 2020), where the study confirms that the loyalty of Islamic bank clients is not limited to religious people only, but rather there are Other factors that affect the selection and making of loyalty, price competition is a factor that matters to any customer, regardless of the institution's sector of operation Furthermore, given that the effect of religiosity on loyalty is greater than the effect of other factors in most previous studies that we have dealt with, the main factor in our study will be religiosity and the religious influence, and the rest of the factors will be studied to determine the effect of each of them on creating loyalty and any factors influencing customer loyalty. In studies conducted in Kuwait, for example, the Islamic bank's accounting system had a relative influence in the issue of attracting and selecting customers for the Islamic bank. (Basheer, 2013), which indicates the effect of an accounting system effect, or the so-called Core Banking system, which actually

represents the bank's backbone All electronic transactions and related services, such as ATM services and online services, are performed on him, according to a study. (Abu Znid, 2011), where the electronic services and accounting system had a clear effect on attracting customers to the Islamic bank, and if there was genuine satisfaction with them, this created loyalty between Bank customers.

2.1.5 Social Motive

The social impact that the customer is exposed to in such a way that it influences his decision to choose an Islamic bank, or that he encounters a person he knows in the bank, such as a friend, who provides him with special assistance in the service and clarifies it to him, as well as his trust in the guidance of his friends and those close to him. Returning to the Arab world, particularly the Arab Gulf, which has the strongest economic financial market and a developed banking system in which the Islamic banking sector has taken over all banks, particularly Saudi Arabia, where there are only Islamic banks, this study was conducted in Bahrain. (Al-Hadrami & Al-Sharbt, 2017)

The purpose of this research is to identify the key selection criteria that customers consider when choosing Islamic banks in the Kingdom of Bahrain. As a research method, the LIKERT 5 and ANOVA surveys were used. According to the findings, religious factors are the most important selection criteria for Islamic banks. The study also discovered QoS (quality of services) to be the second most important selection criterion. This research is expected to help Islamic banks in Bahrain develop their own marketing strategies for attracting new customers and retaining existing ones. This study will also contribute to the literature by providing a pilot study in the region.

2.1.6 Management Information System

core banking system is flexible and meets my needs, and I can perform my services quickly and easily.

Youssef and Mahmoud (2010) published a research paper in which they examined the criteria for choosing between Islamic banks and traditional mortgage banks in a case study in Johor, Malaysia. The information was gathered from 350 customers from both parties. It also included private and public sector employees, as well as 14 independent variables. The study was designed to measure the extent of a bank's customer selection and preference, and some of these variables are: interest rate, debt, income, prior knowledge and the impact of others from relatives and friends, current trend and lifestyle, and other variables related to the relationship and revealed in this study. The study's findings were as follows: Positive attitudes of relatives and the influence of friends were issued, while other factors were taken into account. Religion and non-interest, as well as the quality of the price offered, came in second and third place, respectively. While the lifestyle factor and income level were positioned in the middle of the arrangement. Customers' last choice of bank is based on the banking service factor and the bank's accounting system

2.2 Previous Studies

Vianto and Smaka (2020) Examined the determinants of customer loyalty in Indonesia. This study was conducted on 362 samples, and the most important result of the study was that the quality of the service provided and the customers' feeling of satisfaction are among the most important factors that lead to creating true loyalty in Customers, noting that this study was conducted on banks owned by the state and the private sector, while the demographic characteristics went to conclusions that the sample tended to be of high

education and relatively good income while other factors were influential to a lesser degree. Other studies have shown that the quality, trust, and image that the bank carries are the foundation for building customer loyalty (Vianto and Smaka, 2020) and (Hanudin, 2013). These two studies also contribute to our understanding of the religious motive as the foundation for clients' loyalty intentions toward Islamic banks. Also, this result indicates that as customers' religious commitment grows, they tend to feel more belonging to the Islamic bank and become more loyal to the Islamic bank, and they have a positive image of the bank and increased confidence in dealing with it, which increases their loyalty. This study was conducted in India and deals with the impact of the banking system and quality on customer loyalty and attracting new customers to the bank, as well as how halal electronic banking platforms are. Creating a database of users who are loyal to the bank and find it difficult to change banks or switch to another bank. The study recommended that the modernization of the banking system be monitored and accelerated in accordance with technological advancements in the Indian and global markets; and that the incorporation of modern technology in the banking system would increase customer loyalty while also continuing to attract new customers. (Shankarn& Jebarajakirthy, 2019).

In a research paper, I was asked to investigate the role of trust in increasing customer loyalty, as well as to test the bank's image as an Islamic identity and its relationship to customer loyalty using a sample of 500 questionnaires. According to the findings of this study, trust and the Islamic identity of the bank have a significant relationship with customer loyalty. (Nizam, 2018).

Another study was conducted to investigate the relationship between trust, commitment, and intimate relationships with customers on customer loyalty, and it was concluded

that the customer becomes more loyal to Islamic banks when he is reassured that they are following Islamic law. This study was carried out in Indonesia, and 300 samples were distributed to several Islamic banks there. The demographics of the sample included 105 males (53%) and 95 females (47%). This study recommended that Islamic banks should improve the quality of their employees so that they have certificates of special standards and operating procedures through which they receive training in the true sense of marketing these banks' Islamic products, which usually go by the name Murabaha or other Islamic financing methods. Employees should also be responsive, intelligent, broad, customer-oriented, understanding, and compliant with Islamic law, according to the recommendations. They must have a high level of emotional intelligence. (Tabrani & Nizam, 2018).

One of the most important determinants of customer loyalty, according to the literature, is religiosity, image, and the quality of banking services provided. Farhani and Mofleh (2018) and Basheer (2013).

According to one of the most important studies conducted by Mahdzan and Zainudin (2017) investigated Malaysia is considered the mother of the Islamic banking sector. The purpose of this study was to examine Malaysian customers' awareness of Islamic banks in Malaysia, as well as to evaluate their understanding of Islamic banking and banking, which directly effects the adoption of Islamic banking. This study included three main variables: innovation, professional treatment of the bank's employees, and customer satisfaction.

The investigations dealt with a number of factors that influence customer loyalty. A study on measuring loyalty and its relationship to the quality of banking service, for

example, concluded that there is a direct relationship between the level of good banking service and its better impact on increasing loyalty in banks. (Markovic, 2015).

Warsame (2015) study wants to show that customer satisfaction and the trust that customers place in the Islamic bank are the factors that impact customer satisfaction, and thus obtaining deposits from these customers does not come except through strengthening the relationship with the customer and providing him with a level of satisfaction with the service, and thus, this study put the real value of customer service as a foundation to build loyalty among customers in Islamic banks. The questionnaire included 172 participants. The study also suggested that clear strategies for attracting customers be developed, based on presenting a positive image to the public and then building confidence and satisfaction with customers in order to achieve true loyalty and retain them.

In the case of the Arabs, Qahtani conducted a study in the Kingdom of Saudi Arabia (2015) study aims to determine the criteria for selecting banks by customers in the Kingdom of Saudi Arabia, due to the disparity of banks in the provision of services, and the resulting difference in customer preference for a bank or certain banks over others, and to assist banks operating in Saudi Arabia in focusing on factors that are important to customers. Customers with the most sway

The study produced several results, the most important of which is relevant to the topic of our current investigation.

According to Amin's research, clients who are loyal to a financial institution or bank spend more than other clients (Amin, 2013). And she emphasized that any marketing activities must be linked to customer behavior, which is determined by the degree of

their loyalty, and that companies that want to compete and survive must increase their customers' loyalty and search for what satisfies them.

Furthermore, the influence of family and friends, followed by the level of income, and then other factors and the factor of geographical expansion and factors affecting the impact of employees and their extent of cooperation, and cooperation was not a major influence.

This study supports previous research on the positive correlation between personal relationships and friendship between customers and employees, which clearly impact loyalty (Hanudin 2013, Awan and Bukhari, 2011), even when products and services differ. Moreover, this study clarified that the effect of religiosity on loyalty is not straightforward and direct for Islamic bank customers. In addition to having a direct effect on loyalty, religiosity influences loyalty by increasing trust in the Islamic bank as a financial institution.

Other studies have attempted to determine the level of loyalty and satisfaction among customers who choose Islamic banking with the quality of the banking service provided through their satisfaction with the system used by these banks in Malaysia, and in general they showed a positive level of satisfaction and loyalty, as the study concluded that there is a close correlation between the quality of banking service and trust. In dealing with banks and the degree of loyalty formed by customers, this study was conducted on a sample of 250 respondents. Primary component analysis (PCA) was used to estimate the effect of factors on customer loyalty, and through the descriptive analysis of the study it became clear that the relationship studied is a positive relationship, It also recommended that Islamic banks develop marketing strategies that adopt building trust and quality of good banking services to become more powerful and

competitive and increase customer loyalty and also contribute to attracting new customers through the influence of existing customers on them and their role in bringing their friends, acquaintances, and relatives to become customers. (Kishada, 2013).

In this review, provide a careful, critical, and thorough explanation of relevant prior work on your project. It should be divided into two parts: background and previous work. The background is the basic material that you need to know to begin your research. Previous work builds on the background and is research that is directly relevant to your project. Your focus should.

Mr. Abu Zenaid (2011) The study was supervised by Dr. Samir Abu zenaid, associate professor in management and marketing at the University of Hebron, for the motives preference for the customer's Bank on the other that of the most important factors to choose the Bank of preference Bank on the other by government officials and employees in the companies that provide facilities. Bank for all segments of the community, speed and accuracy in the completion of banking operations, professional treated working with clients, the spread of service ATM, the presence of branches of the Bank in various locations or even offices Bank, work hours that are appropriate, and the presence of an environment that is serious about receiving customer complaints. Concerning the senior traders' business, it turned out that the bank was chosen based on criteria such as the speed and accuracy with which transactions were completed, the presence of a professional in dealing with customers and maintaining the confidentiality of data and information for customers and fairness commissions restricted to the financial operations payable at the issuance of books and checks and operations on credit cards and disclosure for commission the operations of Bank on a regular basis with providing facilities Bank for all the slide the presence of an effective system to

receive complaints and gifts for customers. The study was conducted to determine the causes of preference to deal with the Bank of the last show that the main reasons are the presence of ATM near a customer's location, the presence of branches of the Bank in all cities of the West Bank, speed, at the completion of transactions, and reputation of the Bank, while the nationality of the Bank occupied the last degree in terms of importance. There is, however, a limited number of studies that investigate the direct impact of religiosity on loyalty intent as well as its indirect impact through research into the reasons why customers turn to Islamic banks, especially in the Palestinian case.

According to Awan and Bukhari (2011), the selection criteria for an Islamic bank are divided into two categories: those purely religious in nature and those related to the service or commodity provided. This study was carried out on clients of several Islamic banks in Pakistan. However, the classification of religious motives came in last place among all factors, which surprised the researchers. Furthermore, the researchers concluded that the bank's employees are not clearly aware of how to market the service in terms of its compatibility with the provisions of Islamic law. This matter prompted the researcher to include in the most important research recommendations the existence of actual training for employees on the principles of the Islamic economy in the field of Islamic banks, as well as how to create a genuine link between customers in the Islamic bank and the essence of the Islamic service provided to them. They went to Islamic banks because they value the positive relationships they have with the employees and workers in the branches, as well as with the bank itself.

Amin and others (2011) agree with the above study, in which he explained that satisfied clients tend to be more involved in a long-term relationship with their banks and that the

most important thing that made them this loyalty is real satisfaction and good service throughout the period of dealing with these banks.

There is no relationship between criteria affecting the individual in the process of selecting the bank that deals with its demographic characteristics (age, education, income, employment)

There is no statistically significant difference in the relative importance of the criteria used by Saudis to choose the banks they deal with.

This study aimed at determining the conditions that make the Islamic Bank compete with commercial banks by analyzing the customers' view towards Islamic banks

The study was conducted on 207 samples using statistical integrity and preparation in the Arabic language, preparation, and evaluation of 29%, and was the only factor in the achievement of customers and satisfaction, then followed by the selection and satisfaction of customers, and then followed, respectively, and introduced Islamic concepts to measure the extent of understanding on (riba, Shariah, ijarah, mudarabah, musyarakah and murabahah). Etc. The concept of usury has acquired the most popular concept of understanding the meanings and dimensions.

Malaysia is among the largest Islamic centers in the world, even though the majority. The population of Malaysia is Muslim, and consumers know, that their understanding of Islam banking is largely non-existent. While the adoption of basic products such as the savings account is encouraging (65% of the respondents referred to being Islamic bank customers)

The adoption of other financial services is lagging. Consequently, Islamic banks must provide inadequate training to their employees (especially Front-Line employees) to promote other Islamic financial services to their clients.

The researcher says also to increasing the level of understanding regarding Islamic banking concepts is likely to result in growth in the adoption of Islamic banking. First, concepts as described above (e.g., Ijarah, Mudaraba, and Murabaha must be explained in the normal terms of each Muslim client, especially non-Muslims. There is also a need to emphasize though Islamic banking is based on these concepts, where the production of products is not limited to Muslims only.

Customers but also non-Muslims. More importantly, the fundamentals of Islamic banking products should be clarified to potential customers.

This research, not to mention that it is considered the most beautiful degree of higher education, and the study is no longer comprehensive.

The results of this study have met the objectives of the study. The most important factors that affect the decision of customers when they are selected by Islamic banks are identified as the religious factor.

Customers' loyalty to the institution or company with which they do business is defined as a specific attitude and behavior. Loyalty is one of the most important factors that businesses consider because it directly affects profitability (Oliver, 1997).

2.3 Discussion the Result of the Previous Study

The results of studies and the determinants of customer loyalty vary from one country to another and sometimes in the same country. This is due to the diversity of people's cultures and the diversity of the privacy of each country from the other. For example, in the study of Vianto and Smaka (2020) the quality of service was the most important determinant that affects customer loyalty, which is a study in Indonesia and is due This is because Indonesia is an industrial country and is one of the Asian tigers in the industry. Therefore, the issue of service quality is the basis that makes any customer feel

loyalty towards this bank. On the other hand, the study (Hanudin, 2013) found that the debt factor was the basis for building the bank's relationship with Customers, a study in India, where the Muslim minority is there. The researcher attributes this to the fact that the Muslim minority there needs to deal with Islamic banks, as it adds to them a sense of reassurance and psychological comfort, as they are transactions that comply with the principles of the Islamic religion, while other studies found that social relations had an impact. The largest on the issue of forming loyalty among customers, as this study was conducted in Bahrain, and the researcher attributed that the reason for this is that Arab societies in general have strong social bonds And it is in control so that it is the decision-maker with customers, and this is reflected in the rest of the Arab societies, while there were determinants that had an impact in all societies, regardless of homeland or culture, which are pricing and electronic services, which are factors that affect all countries and peoples being part of global services if The issue of pricing is an issue that affects all groups and all banks, whether Islamic or non-Islamic. In addition to that, the factor of the banking system is a general and comprehensive factor, and its quality must be measured because life in general has changed and become subject to technology in all areas of life and financial technology today is one of the biggest Global areas in which major international companies invest, which is an important and competitive matter if it is available in any bank and directly affects customers' loyalty and satisfaction with the bank's services.

Chapter 3: Methodology

3.1 Data Collection and Sample Selection

This chapter reviews the curriculum, society, study sample, methods of data collection, procedures, and statistical methods as follows:

The researcher to choose the sight of random from clients Bank individuals by 207 individuals, where the community of the study is around 423884, (Source: Annual disclosure for each of the three Islamic banks until the second half of 2021 trader sample calculated at confidence level = 95% and margin of error is 3% and population proportion is 8.5%. so the sample size is 332 but because of preoccupation with customers and conditions of access to them and difficult to communicate with all this number of customers we chose 207 only.

This study is based on a field survey among the customers of Islamic banks in Palestine.

The research is conducted on the clients of the Palestinian Islamic Bank as a case.

Each of the scales was studied within the questionnaire based on the review of previous relevant references. The questions were formulated so that they are clear and do not carry more than one meaning and that the respondents understand smoothly and without any complexity. Each scale has been studied through a set of questions that the respondent gives a score certain influence on it

The study variables were determined based on a review of the previous literature, where each variable was mentioned at least once in previous studies and was classified as an influential variable. The following are the studies in which the variable mentioned next to it was the most influential or among the most influential.

Religious Values (Farhani and Mofleh, 2018)

Quality of Service (Vianto and Smaka ,2020)

Pricing of service (Mifta Shewmoloaand Biniam Getnet ,2020)

Social Motive AI-(Hadrami & Al-SharbtI 2017)

Management Information System (Youssef and Mahmoud 2010)

Demographic factor Age, Income level, education level, Work sector (Vianto and Smaka 2020)

These factors were formulated questions on each of them within the questionnaire, and the reliability and reliability of each section were examined, and they were also reviewed by specialists in the field, in order to ensure that the best possible accuracy of the results was obtained later.

3.2 Questionnaire Design

The questionnaire contains 6 sections:

1. Religious Values
2. Quality of services
3. Pricing of service
4. Social Motive
5. Management information system
6. Loyalty

ranges for each question from "strongly agree" to "strongly disagree". The respondent is chosen according to what he deems appropriate so that the phrases used are clear and contain no ambiguities that may cause their understanding in more than one aspect. While the second section deals with the acquisition of information about the personal and demographic characteristics of the respondent.

The questionnaire was developed based on previous related studies such as Bukhari (2018), Hanudin (2013), Mifa (2020), and Awan (2013). From different countries such as Pakistan, Malaysia, Ethiopia and Saudi Arabia. The questionnaire was made in English from the sources on which the questionnaire was based. Later, an expert in the Arabic language was hired to properly translate the questionnaire to avoid more than one understanding of the unit point. The sample is random from clients of the Islamic bank.

The questionnaire uses a 5-point Likert Scale to measure the responses and specify the level of agreement as follows: (5) Strongly agree, (4) agree, (3) Neither agree nor disagree, (2) Disagree, (1) Strongly disagree, and using the following scoring range of the 5-point Likert Scale

Table 3 Likert scale

Scoring Range	Rating	Interpretation
4.21-5.00	Strongly agree	Very High
3.41-4.20	agree	High
2.61-3.40	Neither agree nor disagree	Moderate
1.81-2.60	Disagree	Low
1.00-1.80	Strongly disagree	Very LOW

3.3 Reliability Analysis

Researcher adopted researcher to gather evidence of primary through a questionnaire was designed to achieve the goals of the study.

Contained resolution outlined in Appendix 1 34 questions where were distributed as table below, also to test the reliability of the study Cronbach's alpha was used which is the most widely used test for internal consistency reliability coefficient. Values greater than 0.7 means the questionnaire is reliable. (& Alsaffar, 2013)

The following table shows values of Cronbach's alpha for each factor and the whole questionnaire:

Table 2 Reliability Analysis

Factor	Cronbach's alpha values	Number of Questions
Religious Factor	0.95	10
Quality of Service	0.986	12
Pricing of service	0.86	5
Friends, Family and employees of the bank	0.926	4
Management Information system	0.815	5
Loyalty factor	0.939	17
Whole questionnaire	0.96	53

3.4 Factorial Validity

In order to test the validity of the factors of the study, factor analysis was done.

Factor analysis is a statistical technique used to measure the factor validity of the questionnaire; it measures the level of correlation of the different factors with the whole test.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) test was performed, which is a measure of how suited the data is for factor analysis. if the value of KMO is greater than 0.8 then factor analysis can be used. In this study, all KMO values for all the factors were greater than 0.8

Factor Analysis with Varimax Rotation was used and loading values to the factor were set 0.5 and more.

To decide if questions in each factor are well correlated to their factor as defined in the questionnaire, or if there is a need to define new factors or not the following rules were applied to the factor analysis study:

- Select the number of factors with eigenvalues of 1.00 or higher
- Examine a scree plot of eigenvalues plotted against the factor numbers

3.4.1 Religious Factor

Factor analysis was applied, and the output concluded that these factor questions are well correlated and can be used as one factor since the number of factors with eigenvalues greater than 1 is one factor as shown in the following table:

Table 5 Religious Factor

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	6.916	69.158	69.158
2	.593	5.935	75.093
3	.475	4.746	79.839

The following table shows all the questions and the Loading (the correlations of each of the questions to the religious factor)

Table 6 Extraction Method: Principal Component Analysis

	Component
	1
The Islamic bank bears part of the investment risk with its clients	.801
Religious Motivation [The presence of the Shariah Supervisory Board is a major incentive to feel reassured that the bank is providing a Shariah-compliant service]	.847
Religious motive [the main motive for choosing an Islamic bank is not to deal with usurious interest]	.861
Religious Motivation [The Islamic Bank provides banking services that comply with the provisions of Islamic law]	.837

Religious motive [the bank's use of Islamic financing formulas such as Murabaha is an important motive for my choice of Islamic banks]	.813
My religious motive [the presence of the Sharia audit department in the Islamic bank pushes me to deal with the Islamic bank]	.864
Religious Motivation [The reliance of the Islamic bank on the principle of profit and loss sharing is one of the values that formed a major motive for me in dealing with Islamic banks]	.792
Religious Motivation [My religious desire to deal with Islamic banks increases due to the psychological comfort I feel]	.865
Religious Motivation [The Islamic bank is committed to the provisions of Islamic law in its financing and banking services.]	.865
Religious Motivation [The Bank is keen on moral and religious values and ideals in banking transactions]	.765

3.4.2 Quality of Service

Factor analysis was applied, and the output concluded that these factor questions are well correlated and can be used as one factor since the number of factors with eigenvalues greater than 1 is one factor as shown in the following table:

Table 7 Quality of Service

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	9.905	90.043	90.043
2	.714	6.494	96.537
3	.381	3.463	100.000

The following table shows all the questions and the Loading (the correlations of each of the questions to the quality-of-service factor)

Table 8 Extraction Method: Principal Component Analysis.

Component Matrix ^a	
	Component
	1
Quality of banking service [the spread of Islamic bank branches is	.998

sufficient to provide banking services to customers]	
Quality of banking service [There are ways and amenities inside the branches and offices while I am waiting or executing various banking transactions.]	.998
Quality of banking service [The appearance of the bank and the interior and exterior design of the branches play a role in my choice of an Islamic bank]	.998
Quality of banking service [Islamic Bank employees are distinguished by their elegant appearance]	.864
	.860
Quality of banking service [Optional for an Islamic bank because of the quick response of employees, no matter how busy they are]	.810
Quality of banking service [There is a sufficient number of employees inside the branches to complete all the different transactions and I do not wait long inside the branch.]	.805
Quality of banking service [The bank abides by all its promises to customers regarding the services it provides.]	.801
Quality of banking service [The employees of the Islamic bank have distinguished knowledge and experience in the field of Islamic banking]	.784
Quality of banking service [The Islamic Bank and its employees place the interests of customers at the top of the priority list]	.784
Quality of Banking Service [Banks provide new and diverse services to their customers on a continuous basis]	.574

3.4.3 Pricing of Service

Factor analysis was applied and the output concluded that these factor questions are well correlated and can be used as one factor since the number of factors with eigenvalues greater than 1 is one factor as shown in the following table:

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	3.210	64.204	64.204
2	.635	12.704	76.909
3	.482	9.639	86.548

Table 3 Pricing of service

The following table shows all the questions and the Loading (the correlations of each of the questions to the pricing-of-service factor)

Component Matrix ^a	
	Component
	1
Service prices [The bank offers competitive rates for its services compared to other conventional banks]	.857
Service Prices [Pricing for services in an Islamic bank is clear and competitive with traditional commercial banks]	.830
Service prices [I am satisfied with the service prices provided by the Palestinian Islamic Bank]	.822
Service prices [The prices of services in Islamic banks are fair and convenient for customers]	.801
Service Pricing [The Islamic Bank carefully studies customer complaints regarding banking service rates]	.685

Table 4 Extraction Method: Principal Component Analysis.

3.4.4 Social Motive

Factor analysis was applied, and the output concluded this factor questions are well correlated and can be used as one factor since the number of factors with eigenvalues greater than 1 is one factor as shown in the following table

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	3.298	82.441	82.441
2	.378	9.445	91.886
3	.186	4.659	96.545

Table 5 Social Motive

The following table shows all the questions and the Loading (the correlations of each of the questions to the Friends, family and employees of the bank influence factor)

Component Matrix ^a	
	Component
	1
The influence of friends, family and the social dimension [The reason for choosing the bank is an advice given to me by a friend or relative]	.938
The influence of friends and family and the social dimension [The presence of current accounts with family and friends in Islamic banks prompted me to go to one of the Palestinian Islamic banks]	.924
The influence of friends, family and the social dimension [my friends or an acquaintance inside the bank helps me choose the new services offered by the Islamic Bank]	.924
The influence of friends, family, and the social dimension [The bank's reputation and customer talk about it play a role in my choice of it.]	.842

Table 6 Extraction Method: Principal Component Analysis.

3.4.5 Management Information System

Factor analysis was applied, and the output concluded that these factor questions are well correlated and can be used as one factor since the number of factors with eigenvalues greater than 1 is one factor as shown in the following table

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	2.948	58.961	58.961
2	.757	15.135	74.095
3	.536	10.723	84.818

Table 7 Management Information system

The following table shows all the questions and the Loading (the correlations of each of the questions to the Management Information system factor)

Component Matrix^a	
	Component
	1
Adequacy of the accounting system [the accounting system is characterized by ease of communication and communication with customers]	.832
Adequacy of the accounting system [the accounting system within the Islamic Bank discloses all the information that I request]	.786
Adequacy of the accounting system [I feel completely confident in the method of account management in Islamic banks]	.751
Adequacy of the accounting system [The accounting system in the bank enables me to access the management of my accounts easily and completely confidentially]	.740
Adequacy of the accounting system [I have complete confidence in the Islamic Bank that it keeps my data with credibility and confidentiality]	.726

Table 8 Extraction Method: Principal Component Analysis.

3.4.6 Loyalty to the bank

Factor analysis was applied, and the output concluded that this factor is better to be split to two components since the eigenvalues are greater than 1 at the number of components=2 as shown in the following table:

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	9.138	60.919	60.919
2	1.569	10.463	71.382
3	.880	5.863	77.245

Table 9 Loyalty to the bank

The following table shows all the questions and the Loading (the correlations of each of the questions to the factor it belongs to)

Rotated Component Matrix		
	Component	
	1	2
Customer loyalty [I always consider Islamic bank my first choice]	.797	
Customer loyalty [ideas of transferring to another bank even if there was a failure to provide the service on the part of the bank]	.878	
Customer loyalty [I encourage my friends to deal with an Islamic bank and get services through Islamic banks]	.797	
Customer loyalty [mention the name of the bank positively in front of others and recommend dealing with it]	.878	
Customer loyalty [I am satisfied with the banking service provided by the Islamic Bank]		.943
Customer Loyalty [My confidence in the Islamic bank increases with time and I do not intend to change the bank because of my loyalty to it.]	.656	
Customer loyalty [I encourage my friends to deal with an Islamic bank because it gives reassurance that all its dealings are in accordance with Islamic law.]	.822	
Customer loyalty [I may dispense with additional services available in commercial banks because of my dealings with Islamic Bank]		.635
Customer loyalty [I can tolerate a higher profit margin for an Islamic bank than to go to commercial banks if there is a lower interest rate]	.506	
customer loyalty [My answers to all general inquiries and vague questions from the bank's employees are sufficient and simple for me]		.943
Customer loyalty [I feel the full cooperation of the bank and its employees in solving any problem that I face while performing any of the banking tasks]		.943
Customer Loyalty [I defend the bank if its reputation or friends are being compromised by my friends or someone from the surrounding community]	.748	
Customer loyalty [I have no intention of moving to another bank]	.582	.511
Customer Loyalty [Mention the name of the bank positively in front of my surroundings and those of my colleagues, acquaintances or relatives who ask about it]	.536	
customer loyalty [The bank always provides its services in a satisfactory manner, and this increases my loyalty to it.]	.571	

Table 10 Rotated Component Matrix

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 3 iterations.

Chapter 4: Data analysis and results

4.1 Descriptive Statistics Analysis

Sample Study: Data analysis and interpretation

This section provides data analysis and interpretation of the data collected. It shows the statistical tools to be used such as frequencies, tables, weighted average standard deviation, correlation, and regression analyses.

4.1.1 Descriptive for Respondents

Table 1 depicts the classification of responders by age. Most of the respondents or 46.4% (n = 96) belong to the age group of 30-40 years while 33.8% (n = 70) belong to the age group from 20 to 30 years, while 14.0% belong to the age group of 40-50 years and remain About 5.8% of the respondents are aged 50 and over and their number is 12, which is the lowest group among them, with 0.8% for each of them. This can be interpreted as Islamic banking has gained more interest in the age group of 31-40 years. The data indicate that 72.5% of those who participated in the survey are males (150 out of 207), while females constituted only 27.5% (57 out of 207). Also, we have another factor regarding religion shown that we have 4.3% is Christian so that belong to Islamic bank for another reason that is not related to the religious matter.

The following table shows the frequency distribution statistics of the sample based on the demographic factors:

Factor		Frequency	%age %
Gender	Male	150	72.5
	Female	57	27.5
	Total	207	100.0
Religion	Muslim	198	95.7
	Christian	9	4.3
	Total	207	100.0
Age Range	From 20 To 30	70	33.8
	From 30 To 40	96	46.4
	From 40 To 50	29	14.0
	50 or more	12	5.8
	Total	207	100.0

Table No. 2, shows the distribution of respondents in terms of monthly income. It is clear from the table that the highest %age of respondents (37.2%) received salaries ranging between 2000 and 4000 Israeli shekels, which is the currency in Palestine, followed by those (29.5%) who receive salaries in the range of 4000 - 7000 shekels. Very close to this classification, some received 7000 shekels or more as salaries with a rate of 20.3%, and finally, only 13.0% answered that they receive less than 2000 shekels which is below the minimum wage in Palestine currently (2020).

Income level	Less than 2000 ILS	27	13.0
	From 2000- 4000 ILS	77	37.2
	From 4000-7000 ILS	61	29.5
	7000 ILS Or more	42	20.3
	Total	207	100.0

Table No. 3 shows the distribution of respondents in terms of educational level. It is clear from the table that the highest %age of respondents (65.7%) have already obtained a bachelor's degree, followed by (24.2%) who hold a master's degree. As for the penultimate %age, which is below the level of higher education, it is 8.2%, and finally only 1.9% of PhD holders. As for the labor sector, the largest %age of respondents was in the private sector, followed by the self-employment sector, and finally the public sector.

Education level	High-School	17	8.2
	Bachelor's degree	136	65.7
	Master's degree	50	24.2
	PHD	4	1.9
	Total	207	100.0
Work Sector	Private sector	107	51.7
	Public sector	26	12.6
	Private Business	47	22.7
	Others	27	13.0
	Total	207	100.0

4.1.2 descriptive analysis for data variables

Table Descriptive statics of loyalty

1. Loyalty

	Mean	Std. Deviation	Estimated Level	Rank
Customer loyalty [The bank always provides its services in a satisfactory manner and this increases my loyalty to it]	4.024	.9875		1
Customer Loyalty [Mention the name of the bank positively in front of my surroundings]	3.744	1.0321		2

and those of my colleagues, acquaintances or relatives who ask about it]				
Customer loyalty [I can tolerate a higher profit margin for an Islamic bank than to go to commercial banks if there is a lower interest rate]	3.739	.9998		3
Customer loyalty [I encourage my friends to deal with an Islamic bank because it gives reassurance that all its dealings are in accordance with Islamic law.]	3.720	.8411		4
Customer loyalty [I always consider Islamic bank my first choice]	3.686	.8436		5
Customer loyalty [I encourage my friends to deal with an Islamic bank and get services through Islamic banks]	3.686	.8436		6
customer loyalty [I am not thinking of transferring to another bank, even if there was a failure to provide the service on the part of the bank.]	3.681	.9003		7
Customer loyalty [mention the name of the bank positively in front of others and recommend dealing with it]	3.681	.9003		8
Customer Loyalty [I defend the bank if its reputation or friends are being compromised by my friends or someone from the surrounding community]	3.652	.7788		9
Customer Loyalty [My confidence in the Islamic bank increases with time and I do not intend to change the bank because of my loyalty to it.]	3.556	.9114		10
Customer loyalty [I have no intention of moving to another bank]	3.541	.9739		11

2. Religious factor

	Mean	Std. Deviation	Estimated Level	Rank
The bank bears part of the investment risk	3.951	.9147		1
The presence of the Shariah Supervisory Board is a main incentive to feel reassured that the bank provides a service that is compatible with Islamic Sharia	3.840	.9205		2
The main motive for choosing the Islamic bank is not to deal with usurious interest	3.820	.8507		3
The Islamic Bank provides exclusive services that comply with the provisions of Islamic Sharia	3.723	.8241		4
The existence of financing formulas that are compatible with Islamic law, such as Murabaha, Istisna'a and Salam is an important motive for choosing Islamic banks	3.723	.9086		5
Constantly having a fatwa motivates me to deal with an Islamic bank	3.689	.6556		6
The principle of profit and loss sharing is one of the values that formed a major motive for me in dealing with Islamic banks	3.684	.7917		7
My religious desire to deal with Islamic banks increases because of the blessing that I derive from this deal	3.539	.8416		8
An Islamic bank abides by Shariah regulations .in its financing and banking services	3.505	.8009		9
The bank is keen on moral values and ideals in banking transactions	3.461	.8531		10

3. Quality of service

	Mean	Std. Deviation		Rank
Quality of Banking Service [The Islamic Bank provides advanced and sophisticated banking services that compete with conventional commercial banks.]	2.778	1.0139		1
Quality of banking service [The Islamic Bank and its employees place the interests of customers at the top of the priority list]	2.469	.9542		2
Quality of banking service [The employees of the Islamic bank have distinguished knowledge and experience in the field of Islamic banking]	2.469	.9542		3
Quality of banking service [The bank abides by all its promises to customers regarding the services it provides.]	2.469	.9542		4
Quality of banking service [There is a sufficient number of employees inside the branches to complete all the different transactions and I do not wait long inside the branch.]	2.469	.9542		5
Quality of banking service [optional for the Islamic bank because of the quick response of employees, no matter how busy they are]	2.469	.9542		6
Quality of banking service [Islamic Bank employees are distinguished by their elegant appearance]	2.469	.9542		7
Quality of banking service [The appearance of the bank and the interior and exterior design of the branches play a role in my	2.469	.9542		8

choice of an Islamic bank]				
Quality of banking service [There are ways and amenities inside the branches and offices while I am waiting or executing various banking transactions.]	2.469	.9542		9
Quality of banking service [the spread of Islamic bank branches is sufficient to provide banking services to customers]	2.469	.9542		10
Quality of Banking Service [Banks provide new and diverse services to their customers on a continuous basis]	2.440	1.0121		11

4. Pricing of Service

	Mean	Std. Deviation	Estimated Level	Rank
The Islamic Bank offers reasonable rates to suit all its customers	2.821	.9095		1
The bank offers competitive prices for its services compared to other conventional banks	2.763	1.0735		2
I am satisfied with the service prices provided by the Palestinian Islamic Bank	2.667	.9853		3
The Islamic Bank carefully studies customer complaints regarding banking service rates	2.614	1.0591		4
The pricing of services in an Islamic bank is clear and competitive with traditional commercial banks	2.609	1.0688		5

5. Social Motive

	Mean	Std. Deviation		Rank
The reason for choosing the bank is an advice given to me by a friend or relative	3.454	.9787		1
The bank's reputation and customer talk .about it play a role in my selection for it	3.300	.8460		2
My friends or an acquaintance inside the bank helps me choose the new services offered by the Islamic Bank	3.280	.8695		3
My friends or an acquaintance inside the bank helps me choose the new services offered by the Islamic Bank	3.280	.9184		4

6. Management Information system

	Mean	Std. Deviation		Rank
I feel completely confident in the account management fund in Islamic banks	3.609	0.8904		1
I have complete confidence in the Islamic Bank that it preserves my data with credibility and confidentiality	3.536	1.295		2
The accounting system within the Islamic Bank discloses all the information I request	3.386	1.3637		3
The accounting system is characterized by ease of communication and communication with customers	3.362	1.1187		4
The accounting system in the bank enables me to access the management of my accounts easily and completely .confidentially	3.285	1.1152		5

This chapter shows the statistical results that were applied to answer the hypotheses of the study.

Some simple statistical tests were first applied to show the means for the factors of the study and the interpretation based on 5-Likert scale ranges

To determine the minimum and the maximum length of the 5-point Likert type scale, the range is calculated by $(5 - 1 = 4)$ then divided by five as it is the greatest value of the scale $(4 \div 5 = 0.80)$. Afterwards, number one which is the least value in the scale was added in order to identify the maximum of this cell. The length of the cells is determined below:

From 1 to 1.80 represents (strongly disagree).

From 1.81 until 2.60 represents (do not agree).

From 2.61 until 3.40 represents (true to some extent).

From 3.41 until 4.20 represents (agree).

From 4.21 until 5.00 represents (strongly agree).

so to say it is negative must be 2.61 and less

moderate 2.61 - 3.41

positive is above than 3.41

	Mean	Interpretation
Religious Factor	3.6937	Positive
Service quality	2.4941	Negative
Pricing of service	2.6947	Moderate
Social Motive	3.3285	Moderate
Management Information system	3.4357	Positive
Satisfaction factor	3.6775	Positive
Loyalty factor	3.7009	Positive

From the table it is noticed that customers have positive feedback on the religious factor and on the accounting system, while they have negative feedback on the quality of services offered by the bank, and moderate feedback on the influence of family and friends in choosing the bank. On average customers have positive feedback regarding their loyalty to the bank and are positively satisfied with average 3.7 and 3.67 respectively.

H1: There is no statistically significant difference between the means of the satisfaction and loyalty factors based on the demographics of the customers (Gender, Religion, Age Range, Education Level, Work Sector, Income level)

1. **H₅: There is no significant difference between the means of the satisfaction factor and loyalty factor on significance level ($\alpha \leq 0.05$) based on the variable the Gender**

H2: There is no statistically significant impact of the religious motivation on the customer loyalty and satisfaction in Islamic banks

In order to test the impact Pearson correlation coefficient was used which is a measure of linear correlation between two sets of data

Factor 1	Factor 2	Pearson Correlation	Sig. (2-tailed)
Religious Factor	Satisfaction factor	.617**	.000
Religious Factor	Loyalty factor	.734**	.000

Since p-value is less than 0.01, this means that the correlation is significant and we can reject the null hypothesis and conclude that the religious factor is correlated with the satisfaction and loyalty factors, which means that the religious motivation has

significant positive and high impact on the loyalty and satisfaction.

There is no statistically significant impact of the non-religious factors on the customer loyalty and satisfaction in Islamic banks

The following table shows the values and significance of each of the non-religious factors impact on both the loyalty and satisfaction

Factor 1	Factor 2	Pearson Correlation	Sig. (2-tailed)
Quality of Service	Satisfaction factor	.058	.403
Quality of Service	Loyalty factor	.130	.062
Pricing of Service	Satisfaction factor	.304**	.000
Pricing of Service	Loyalty factor	.361**	.000
Social Motive	Satisfaction factor	.730**	.000
Social Motive	Loyalty factor	.785**	.000
Management Information system	Satisfaction factor	.487**	.000
Management Information system	Loyalty factor	.564**	.000

Since p-value is less than 0.01 for the factors: Prices of service, Friends and family influence and appropriate accounts system this means that the correlation is significant, and we can reject the null hypothesis and conclude the following:

H3: There is no statically significant impact of pricing on customer loyalty in Islamic banks.

There is statistically significant impact of the prices of services on the satisfaction and loyalty factors, but the impact is weak since the correlation coefficient is less than 0.5 which means that prices weakly impact the loyalty and satisfaction for the Islamic bank and are not the major variables that affect why customers are loyal to the bank.

H4: There is no statically significant impact of Social Motive on customer loyalty in Islamic banks.

There is statistically significant impact of the Friends and family influence on the satisfaction and loyalty factors, and the impact is strong since the correlation coefficient is 0.73 and 0.785 for the satisfaction and loyalty factors respectively.

This means that influence of friends and family highly impact the loyalty and satisfaction for the Islamic bank and is a major variable that affect why customers are loyal to the bank.

H4: There is no statically significant impact of Management Information Systems on customer loyalty in Islamic banks.

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	2.948	58.961	58.961
2	.757	15.135	74.095
3	.536	10.723	84.818

There is statistically significant impact of Management Information system on the satisfaction and loyalty factors, and the impact is moderate since the correlation coefficient is 0.487 and 0.564 for the satisfaction and loyalty factors respectively. This means that the positive feedback on the accounting system have moderate impact on the loyalty and satisfaction for the Islamic bank.

H5: There is no statically significant impact of quality of services on customer loyalty in Islamic banks.

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	9.905	90.043	90.043
2	.714	6.494	96.537
3	.381	3.463	100.000

As for the factor quality of service and since the p-value is greater than 0.05, we accept the null hypothesis and conclude that there is no significant impact of the service quality on the customers' satisfaction and loyalty, which indicates that service quality isn't considered a variable that affect the customer satisfaction and loyalty in the Islamic Bank.

4.2 Coloration matrix

Correlation matrix

Factor 1	Factor 2	Pearson Correlation	Sig. (2-tailed)
Religious Factor	Loyalty factor	.734**	.000
Quality of Service	Loyalty factor	.130	.062
Pricing of service	Loyalty factor	.361**	.000
Social Motive	Loyalty factor	.785**	.000
Management Information system	Loyalty factor	.564**	.000
Religious Factor	Quality of Service	.154*	.027
Religious Factor	Pricing of service	.363**	.000
Religious Factor	Social Motive	.746**	.000
Religious Factor	Management Information system	.591**	.000
Quality of Service	Pricing of service	.040	.565
Quality of Service	Social Motive	.179**	.010
Quality of Service	Management Information system	.148*	.034
Pricing of service	Social Motive	.351**	.000
Pricing of service	Management Information system	.368**	.000
Social Motive	Management Information system	.487**	.000

4.3 Multiple Linear regression

It is the most common form of linear regression analysis. It is used to explain the relationship between one continuous dependent variable and two or more independent variables.

$$y = \beta_0 + \beta_1 X_1 + \dots + \beta_n X_n + \varepsilon$$

Where y is the predicted value of the dependent variable, β_0 is the y-intercept and β_s are the regression coefficients which measure the effect that increasing the value of the independent variable has on the predicted y value and e is the model error.

Multiple regression equation

Loyalty score = β_0 + β_1 Religious + β_2 Quality of Service + β_3 Price+ β_4 Impact of family + β_5 Accounting

Multiple regression equation after estimating the coefficients

Loyalty score = .778 + .257Religious + -.021Quality of Service + .027Price+ .456Impact of family + .127Accounting

To test the overall significance of the model an F-test is used as a general indicator of the probability that any of the predictor variables contribute to the variance in the dependent variable within the population. The null hypothesis indicates that the coefficients of independent variables are zeros and don't affect the dependent variable, so it should be rejected.

The following table shows that the null hypothesis is rejected since the p-value is less than 0.05, which means that regression analysis is suitable and affect the dependent variable (loyalty score)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	73.124	5	14.625	86.857	.000 ^b
	Residual	33.676	200	.168		
	Total	106.800	205			
a. Dependent Variable: MeanLoyalty						
b. Predictors: (Constant), MeanAccounting, MeanService, MeanPrice, MeanFamily, MeanReligious						

To measure the goodness of fit in Multiple Linear Regression the most common way is to use R-squared which measures the variation in the dependent variable that is accounted by the linear equation.

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.827 ^a	.685	.677	.41034
a. Predictors: (Constant), MeanAccounting, MeanService, MeanPrice, MeanFamily, MeanReligious				
b. Dependent Variable: MeanLoyalty				

The R Square is 0.685 which is very good where the closest the value is to 1 the better performance is the model.

The following table shows the coefficients of the multiple linear equation model

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.778	.171		4.556	.000
	MeanReligions	.257	.067	.248	3.816	.000
	MeanService	-.021	.032	-.026	-.649	.517
	MeanPrice	.027	.039	.030	.692	.490
	MeanFamily	.456	.053	.518	8.558	.000
	MeanAccounting	.127	.041	.156	3.098	.002
a. Dependent Variable: MeanLoyalty						

As noticed from the table not all coefficients are significant which means these factors have no significant effect on the dependent variable

The following are the factors that have significant effect on the dependent variable and are interpreted as follows:

- The Religious factor coefficient is significant where at each one unit increase the loyalty increases by .257
- The Social Motive coefficient is significant where at each one unit increase the loyalty increases by .456
- The Management Information system coefficient is significant where at each one unit increase the loyalty increases by .127

Chapter 5: Discussion of Results

Through the results of the study, it becomes clear that the market segment expressed by the study sample, where Islamic banks must increase their efforts to support their employees, through whom fast and good banking services are provided, as it was found from the results of the study that the customers of Islamic banks are affected at a high level by the social relations and friendship relations that bind them With the bank's employees or their family and friends, which is the first reason that led to their choice of the Islamic bank, and it is the reason that creates loyalty for them with investment, as the arithmetic averages of the social relations factor ranged between (82.4 - 96.5)

This is consistent with the study of Al-(Hadrami & Al-Sharbt 2017). The researcher attributes the reason for this result to the fact that there is interdependence within the Palestinian society, which depends on social relations among all its members, so that social relations govern all aspects of life in the presence of occupation and suffering, which is what Necessarily leads to the strengthening of social relations between the sons of the same people.

There is a statistical value of .003, so we accept the alternative hypothesis that indicates the existence of a statistically significant relationship with the religious motive in choosing customers for the Palestinian Islamic Bank. Islamic bank to get away from any semi-related to usury and dealing with Islamic bank is a culture where individuals express their choice of bank after dealing with illegal and religious obligations, profits are far from the concept of interest.

This result is consistent with other similar studies, such as the study (Farhani and Mofleh, 2018) that showed the influence of religious beliefs on bank selection, and

another study of Salih (2000), which showed that religious persuasion was directed towards Murabaha financing. section.

And there was a statistical value of .001, so there is a statistically significant relationship to the non-religious factors, and the influence of friends, family and employees within the bank on Islamic banks, and was the most affected among all the factors measured in the study, while the quality of banking service and service prices less influential This can be explained by the fact that customers at the Islamic Bank acknowledge that the bank's choice was for family reasons and the influence of friends who had already had a good experience with the bank or because their loyalty was for religious reasons of origin. It is also possible that people dealing with Islamic banks its focus on religious and community and family factors more than the quality of the service and the price for dealing with Islamic banks.

This result differs from the study of Iqbal and Ahmed Khan (1998), which showed the existence of factors for the superiority and success of Islamic banks, especially in the quality of service and prices, and agreed with the study of Saleh (2000) in considering that the religious motivation is the most important motives for the direction of customers of the Palestinian money house Any impact of quality of service or its price in the opinion of customers.

Discuss the third hypothesis which states that: There is no indication of the demographics of customers such as (region, occupation, educational level, monthly income with choice of Islamic banks:

To answer this hypothesis, T test was used

It is clear from the analysis in the previous chapter that there is no statistical significance in choosing the Islamic Bank in the fields of religious motivation, quality

of service, service prices, the influence of friends and employees,

Depending on the following variables:

a. Region

T-Test, results showed in the table of above, we find that the sig value is less than 0.05, we reject the hypotheses says that “there is no indication of region with choice of Islamic banks for all determination

b. Gender

There is no indication of gender with choice of Islamic banks

c. occupation (private, public)

T-Test, results showed in the table of above, we find that the sig value is greater than 0.05, we accept the hypotheses says that “there is no indication of Labor sector with choice of Islamic banks.

d. educational level

One-way ANOVA test, results showed in the table of above, we find that the sig value is greater than 0.05, we accept the hypotheses says that “there is no indication of education level with choice of Islamic banks.

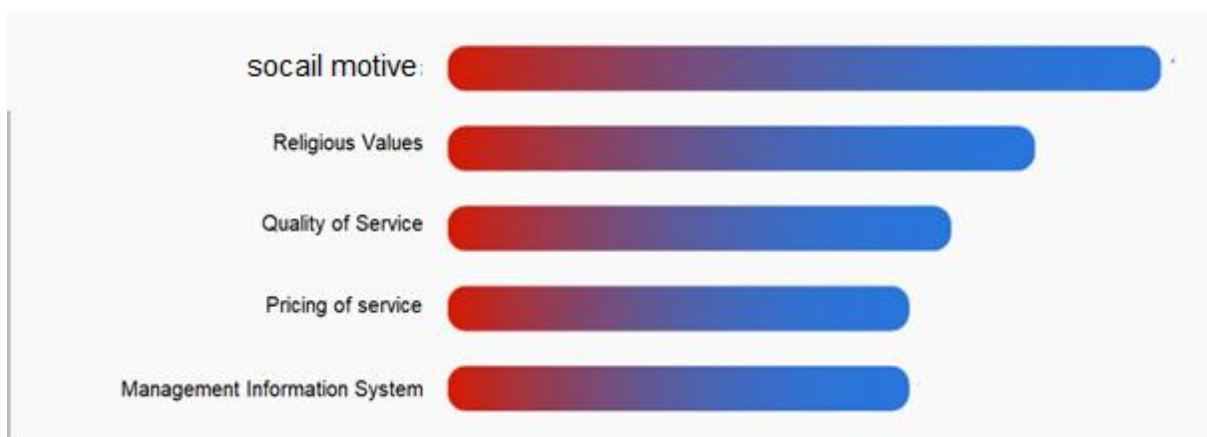
e. monthly income

T-Test, results showed in the table of above, we find that the sig value is less than 0.05, we reject the hypotheses says that “there is no indication of Income with

Loyalty affected by each indicator as shown here

According to the results, social relations were the first determinant and influencing customer loyalty. The researcher attributed this to the fact that the Palestinian society was and still is a society governed by social relations, being a society that suffered from occupation for the past years, which led to the strengthening of relations between the

people. Secondly, the issue of religiosity had an impact On customer loyalty, the researcher attributed this to the fact that the Palestinian society is a religious society and is closely linked to the Islamic religion legislation. Third, the quality of the banking service had an impact on loyalty and in close proportions with the banking system, while the issue of pricing was finally resolved, and the researcher attributed this to the fact that interest rates (profits in the Islamic term) are high Comparison with commercial banks



Loyalty indicators I

What is different in this study?

All previous studies have addressed up to three determinants, and these were studies in non-Arab Islamic countries. The current study is different in that it is a case study of Palestine and does not contain similar studies, but instead focuses on the core of the theme. Furthermore, the current study involved five different determinants, which are not just determinants. Previous studies have addressed these issues, but not all of them have been addressed in one study, and moreover, there are very few studies related to Arab countries in particular, so the current study deals with Arab societies in Palestine, which have different cultures and privacy.

Chapter 6: Conclusions and Recommendation

6.1 Conclusion

In the research for customer loyalty in Islamic banks, you must primarily have employees who are able to build a strong relationship with customers, and the bank must also strive to establish the true value of the product or service it provides as subject to Islamic law, and Islamic banks in Palestine must also discuss the issue of pricing services, which did not receive much approval, in the issue of creating loyalty, as well as improving the level of service provided, and developing the bank's accounting program so that it becomes flexible and more effective.

Main results

1. Islamic banks in Palestine achieve a high level of customer relationship management and in terms of creating loyalty among customers
2. There is a direct, strong and statistically significant correlation between each of the factors of social ties and the religious image that the bank holds and the achievement of loyalty to the bank.
3. The level of loyalty of the customers of Palestinian Islamic banks was relatively high regarding the quality of the service provided towards the loyalty to the bank
4. The level of loyalty of Palestinian Islamic bank customers was relatively low regarding the banking system and pricing towards loyalty to the bank

6.2 Theoretical implications

The results of this study contribute to a clear understanding of religious values and their impact on customer behaviors who wish to use banking services, especially loyalty behaviors, which are discussed in detail in this study. It is widely used in banking, especially Islamic banking operating in the Palestinian territories, and

respected relationships show that social ties and religious values are factors that play a positive role in building customer loyalty to Islamic banks. The most influential factors in customer behavior and loyalty (Fahani and Mofleh, 2018) Furthermore, this framework provides a platform for scholars interested in studying the relationship between the concept of "religious values" and factors that generate customer loyalty effects. Pricing, quality of service and billing systems.

6.3 Practical Implications

The findings of this study suggest that social relationships within Palestinian society have the greatest impact on decisions to build Islamic bank customer loyalty. Given that the social ties of Palestinian society are intertwined and have a significant impact on all aspects of economic life, and increase over time, Islamic banking has some potential long-term benefits that could be exploited by leveraging the most influential people within Palestine. This is done by attracting people with good networks in Palestinian society who also enjoy the public's trust. Furthermore, these people must carry Islamic values while promoting Islamic banking services. The results of the data analysis showed that the participants also appeared to be influenced by the religious factor, which was initially identified by Islamic banks, which should be promoted and concerned by Islamic banks, and is also true as they provide Islamic services and are Comply with Sharia law and the hadith of the Prophet in financial transactions. Various types such as Murabaha, Musharaka and Istisna'a, which are Islamic financing contracts that are compliant with Sharia law and true Islamic religion. This means that Islamic banks can design and tailor their marketing, viral and advertising campaigns through social media such as Facebook to meet the needs of religious consumers, and ultimately use marketing to motivate

customers to engage with the internet. The findings of this study have implications for others as well, but to a lesser extent, which means reconsidering pricing policies, as building customer loyalty is important, as Islamic banks have high interest or profits compared to other commercial businesses Corporate banking, not to mention accounting for the system has a significant impact on the bank itself, so it is necessary to develop and continue to develop this system, updating it to meet the technological demands and information technology presence that arise in the information age.

6.4 Recommendations

Through the above results, the researcher recommends the following:

1. Enhancing visits by the bank through employees and managers in all branches with civil society institutions and other companies to work on attracting new customers and raising the level of loyalty among existing customers
2. Finding specialized departments in the Islamic bank to measure the extent and satisfaction of customers' loyalty with their relationship and the branch staff's dealings with them while visiting the branches and completing banking transactions.
3. Attracting employees from other banks with great social relations, as this point is considered the most important in raising loyalty and attracting customers.
4. Providing facilities, gifts and privileges to customers and employees who attract and build strong relationships with customers and their families in the Palestinian community
5. Holding educational seminars through the supervisory authorities related to Islamic legislation in the bank in all governorates and branches of the bank,

where the image of the bank as an Islamic bank affects the creation of true loyalty among customers and brings psychological comfort to them while obtaining financing of all kinds.

6. Strengthening the role of the Islamic Sharia Supervisory Department to ensure that all financing goes within Islamic rules and legislation, which directly affects the loyalty of customers in Islamic banks.
7. Adopting influential figures in society and have popular weight and value among the people so that they are within the cadre of the Shariah Supervisory Board of the Islamic Bank
8. Announcing through electronic and radio channels and social media the effective role of Sharia supervision in controlling all banking transactions that take place in accordance with the principles of Islamic Sharia and the rules of the true religion.
9. Finding direct social media with the Islamic Sharia Supervisory Board in the bank to raise questions to them through the customers and clients of the bank.
10. The existence of a banking department specialized in the field of customer care, so that it communicates with customers who apply for a clearance request to leave the bank to search for the reasons for the departure and strengthen the relationship with existing customers
11. Working on finding modern technologies by including financial technology services in all branches and departments of the bank so that the technological development that occurs is exploited to raise the level of service in terms of speed and reduce effort on customers

12. Directing customers to use electronic services and modern channels of financial technology and reduce their tendency to branches, which reduces costs and helps raise customer loyalty due to facilitating service for them
13. Reconsidering the issue of pricing the provided finances and all other transactions that include bank fees so that the prices are competitive with other commercial and Islamic banks
14. Enhancing the role of the Information Technology Department by enabling it to establish a strong infrastructure network and the use of modern automated teller machines and strong banking systems that meet the needs of customers and compete with other commercial banks.

6.5 Limitations and avenues for future research.

This study found some limitations. The first is that it focuses on a specific type of banking, namely Islamic banking. Therefore, caution should be exercised when generalizing this research to other banking research outside the Islamic industry. Further research is needed on other professional service sectors such as commercial banking, tourism and insurance, especially in Palestine, many of which have not been explicitly mentioned. Another limitation is the homogeneity of study participants. The majority of the participants in this study share a common religious and ethnic background, which reflects a lack of differences in religious motivation as most Palestinians belong to the Islamic and Sunni sects. There is a need to repeat this study in other countries like Iraq, where countries show greater diversity in sectarian, religious and even ethnic and racial, for example, or India, as these results can be generalized better and more clearly in countries that contain religious and national pluralism.

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Appendix

Determinants of customer loyalty in Palestinian Islamic banks

College of Graduate Studies

Planning and Fundraising

Master's degree Strategic



Dears,

After Greetings,

The researcher is conducting a study entitled Determinants of customer loyalty in Islamic banks from the point of view of their customers, with the aim of obtaining a master's degree at the Arab American University.

You are kindly requested to fill out the questionnaire, bearing in mind that this questionnaire will be used for scientific research purposes only.

Thank you for your kind cooperation

Kindly accept the highest regards and appreciation

Note: If you wish to obtain the study and its results, please write your name and e-mail

The name.....

E-mail.....

Researcher

Fadi Sharif

1- Gender

☐ female male ☐

2- Age group

☐ 20 to 30 30 to 40 ☐
☐ 40 to 50 50 or ☐ than

3- Educational level

☐ Doctor ☐ master ☐ Bachelo☐ tawj☐e

4- Class of work

☐ Private Job ☐ government employee
☐ Private sector ☐ employee other

5- Monthly income: income in shekels

☐ Less than 2000 From ☐ 2000 to less than 4000
☐ From 4000 to 7000 ☐ 7000 or more

This information is for scientific research purposes only

Please put an X in front of your estimate of the paragraph, and the closer the answer is to (5), this indicates that you fully agree to the paragraph (1: Strongly disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly agree)

response 5 – 1					Paragraph	figure
5	4	3	2	1	First: Religious Motivation	
					The bank bears part of the investment risk	1
					The presence of the Shariah Supervisory Board is a main incentive to feel reassured that the bank provides a service that is compatible with Islamic Sharia	2
					The main motive for choosing the Islamic bank is not to deal with usurious interest	3
					The Islamic Bank provides exclusive services that comply with the provisions of Islamic Sharia	4
					The existence of financing formulas that are compatible with Islamic law, such as Murabaha, Istisna'a and Salam is an important motive for choosing Islamic banks	5
					Constantly having a fatwa motivates me to deal with an Islamic bank	6
					The principle of profit and loss sharing is one of the values that formed a major motive for me in dealing with Islamic banks	7
					My religious desire to deal with Islamic banks increases because of the blessing that I derive from this deal	8
					An Islamic bank abides by Shariah regulations in its financing and banking services.	9
					The bank is keen on moral values and ideals in banking transactions	10

Second: The quality of banking service						
					My choice for an Islamic bank because there are enough branches	11
					In the branches and offices, there are ways and means of comfort while I am waiting or executing various banking transactions.	12
					The appearance of the bank and the interior and exterior design of the branches play a role in my choice of an Islamic bank	13
					My choice for the Islamic bank because the bank's employees are distinguished by their attractive and elegant appearance	14
					optional for the Islamic bank because of the distinguished and fast services	15
					optional for the Islamic bank because of the quick response of employees, no matter how busy they are	16
					There is a sufficient number of employees inside the branches to complete all the different transactions, and I do not wait long inside the .branch	17
					The Bank shall abide by all its promises to .customers regarding the services it provides	18
					The Islamic Bank provides advanced and sophisticated banking services that compete with conventional commercial banks	19
					My confidence in the Islamic Bank increases as a result of knowledge, experience and distinguished behavior	20
					The Islamic Bank and its employees place the interests of customers at the top of the priority list	21
					Banks provide new and diverse services to their	22

					customers on an ongoing basis	
Third: Service prices						
					The Islamic Bank offers reasonable rates to suit all its customers	23
					The bank offers competitive prices for its services compared to other conventional banks	24
					I am satisfied with the service prices provided by the Palestinian Islamic Bank	25
					The Islamic Bank carefully studies customer complaints regarding banking service rates	26
					The pricing of services in an Islamic bank is clear and competitive with traditional commercial banks	27
Fourth: The influence of social relation						
					The reason for choosing the bank is an advice given to me by a friend or relative	28
					The bank's reputation and customer talk about it play a role in my selection for it.	29
					My friends or an acquaintance inside the bank helps me choose the new services offered by the Islamic Bank	30
					My friends or an acquaintance inside the bank helps me choose the new services offered by the Islamic Bank	31
Fifth: Adequacy of the accounting system						
					I feel completely confident in the account management fund in Islamic banks	32
					I have complete confidence in the Islamic Bank that it preserves my data with credibility and confidentiality	33
					The accounting system within the Islamic Bank discloses all the information I request	34

					The accounting system is characterized by ease of communication and communication with customers	35
					The accounting system in the bank enables me to access the management of my accounts easily and completely confidentially.	36
Sixth: customer loyalty						
					I always consider Islamic bank my first choice	37
					I do not think of transferring to another bank, even if the service or dealing is bad	38
					I encourage my friends to deal with the Islamic bank and to obtain services through Islamic banks	39
					I mention the bank positively in front of others and recommend dealing with it	40
					I am satisfied with the banking service provided by the Islamic Bank	41
					My confidence in the Islamic bank increases with time, and I do not intend to change the bank because of my loyalty to it.	42
					I encourage my friends to deal with an Islamic bank because it gives reassurance that all its dealings are in accordance with Islamic law.	43
					I may dispense with additional services available in commercial banks because of my dealings with the Islamic Bank	44
					I can afford to have a higher profit margin for the Islamic bank, but to go to the commercial banks if there is a lower interest rate	45
					My answers to all general inquiries and vague questions from bank employees are sufficient and simple for me	46

					I feel the full cooperation of the bank and its employees in solving any problem that I encounter while performing any of the banking tasks	47
					The bank is always looking forward to studying my needs and requirements and they will be applied later on the ground	48
					I don't feel comfortable if the bank and its reputation are being compromised by my friends or someone from the surrounding community	50
					I have no intention of moving to another bank	51
					Mention the name of the bank positively in front of my surroundings and those of my colleagues, acquaintances or relatives who ask about it	52
					The bank has always provided its services satisfactorily since the first time you dealt with the bank	53

الملخص

تهدف هذه الدراسة إلى التعرف على محددات ولاء العملاء في البنوك الإسلامية في فلسطين، لتحقيق هدف دراسة قام الباحث بجمع البيانات من عملاء ثلاثة بنوك إسلامية. حيث تم تحليل الاستبيانات باستخدام أساليب التحليل الإحصائي t-test و anova. لبيانات 207 مجيب من جميع فروع البنوك الإسلامية في فلسطين لتحديد عوامل ولاء العملاء للبنوك الإسلامية. أظهرت النتائج أن العملاء يدينون بالولاء للبنوك أولاً من خلال شبكة من الدوافع الاجتماعية من العائلة والأصدقاء، ومن ثم أنه بنك يعمل بموجب القواعد والتشريعات الإسلامية. وعليه أوصت الدراسة بأن تحفز البنوك الإسلامية العاملين على العطاء أكثر وبناء علاقات أقوى مع عملائهم. كما أوصت الدراسة بتوسيع صلاحيات دائرة الرقابة الشرعية بالبنوك وتعزيز دورها. إضافة الى مراجعة سياسة التسعير وتطوير الأنظمة المصرفية. يأتي هذا البحث للتركيز على عوامل اختيار العملاء للمصارف الإسلامية، مما يتيح للبنوك الإسلامية في فلسطين التركيز على أهم العوامل التي ترفع مستوى ولاء العملاء الحاليين، بالإضافة إلى جذب عملاء جدد من البنوك التجارية والإسلامية المنافسة.