Determinants of Dealing with Islamic Banks Operating in Palestine from the Viewpoint of Traditional Bank Clients

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The study aimed to identify the factors affecting the choice of dealing with Islamic banks operating in Palestine by traditional bank clients. For this purpose, the study predicted many standard variables that could provide an explanation for these clients' decision to deal with Islamic banks. The study expected those costs, prices, and the Religious dimension and the extent of awareness and knowledge of Islamic banking products and the extent of the quality of their services or the availability of them influencing the decision of these clients. Therefore, the study relied on the qualitative and quantitative approaches at the same time, as previous studies were reviewed and the network of variables was extracted. In addition, a questionnaire was designed and distributed to 844 traditional bank clients, and by using statistical analysis methods such as frequencies, means, correlation and regression analysis, the study concluded that there is a positive association between All study variables and the decision to deal with Islamic banks, and that 70% of the sample support that the commitment of Islamic banks to the provisions of Islamic Sharia was not convincing, 66% reported that the costs and prices of Islamic banks are high, and there are 66% of them have a positive impression about the quality of services except They affirm that it positively affects the decision to deal with Islamic banks, and 62% of them support that they do not have sufficient awareness and knowledge of the nature of Islamic banking products. The most important result was that 79% of the clients of conventional banks are ready to deal with Islamic banks if their impression improves on all the variables mentioned in the study or Islamic banks work on that. Therefore, the study recommended Islamic banking administrative authorities to work to improve their legal image, to better comply with the provisions of Islamic Sharia, reduce their financing costs, enhance the quality of services, and increase their marketing efforts to increase the culture and awareness of Islamic banking. The study concluded that

these results have an important and inevitable impact on the high market share of Islamic banks operating in Palestine.

Introduction

The Islamic banking industry in the Palestinian Territories is medium in origin, as it has been operating in Palestine since 1995, and some have worked before this date. The majority of expectations - in that period - indicate the polarization of the Islamic experience of most dealers with conventional banks and the transformation of most of the Palestinian national savings and depositors to it due to harmony of citizens' convince with the vision and philosophy of Islamic banks as banking institutions that do not deal with interest.

Indeed, when the experiment started with the first Islamic banking institution, the Palestinian Money House Company, citizens and depositors began dealing with it, and experiments and attempts continued, from the Arab Islamic Bank to the Palestinian Islamic Bank and Al-Aqsa Bank, ending with the newly opened Al-Safa Islamic Bank in 2016.

Studies that accompanied the experience of Islamic finance in Palestine indicated that its role in economic development and its share of GDP remained very weak (Mushtaha 2011, Mekdad and Halas, 2005). Naturally, the challenges facing the progress and growth of Islamic banks in Palestine, such as political, legal, economic, administrative, and cultural challenges (Zureikat, 2008) will not compete, but it was not expected that its market share would remain 14.98% to the share of other Palestinian banks, as the latter retains 85.02% of the overall savings of the Palestinian banking system (Association of Banks in Palestine, 2018).

The natural conclusion after this introduction is the difficulty of expecting an investment and development role for Islamic banks operating in Palestine, which occupies this low percentage of 14.98% of the total savings in the Palestinian banking system, and even raises some doubts about the rise of the experience with growth rates comparable to those in the region where the report of the Islamic Finance Services Bureau (IFSBs 2017) (Johnson, 2017) 12 countries whose Islamic financial sectors are "important", Palestine was not one of them, and it could put some questions about their sustainability.

Statement of Problem

Islamic banks are supposed to outperform their traditional counterparts in attracting savings and deposits in Palestinian society because of the assumption of intellectual harmony for depositors and investors with the vision of Islamic banks and their philosophy based on excluding interest, and despite the passage of a quarter of a century since the emergence of Islamic banks in Palestine, the percentage of existing deposits has 14.98% Of the total savings in the Palestinian banking system, so that the traditional Bank of Palestine alone managed in one year (2015-2016) to attract from the total national deposits (6.4%), i.e. half of the deposits that Islamic banks have mobilized in 25 years, and with more than deposits of The Palestinian Islamic Bank since its establishment, where it holds (6.16%) of the total deposits until the end of 2016 (Association of Banks in Palestine, 2018), which constitutes a major challenge to the competitiveness of Islamic banks and its ability to achieve its vision and mission in comprehensive and sustainable development, and its contribution to the local product. Therefore, the problem of the study lies in identifying the factors and determinants affecting the choice of dealing with Islamic banks operating in Palestine.

The Study Questions

1. Is there a statistically significant relationship between the financing rates of Islamic banks and the choice of dealing with Islamic banks operating in Palestine?
2. Is there a statistically significant relationship between conviction and trust in the activities and activities of Islamic banks and between the choice of dealing with Islamic banks operating in Palestine?
3. Is there a statistically significant relationship between knowledge and awareness of the work and activities of Islamic banks and the choice to deal with Islamic banks operating in Palestine?
4. Is there a statistically significant relationship between the quality and type of Islamic banking services and the choice to deal with Islamic banks operating in Palestine?
5. Are there statistically significant differences in the participants' responses due to the following demographic variables: (Type of work / sex / age / education / years dealing with traditional banks / frequency of using traditional banks)?

Chapter two
A Critical Review of the Previous Studies
First: Studies in Arabic Language

The first study for (Darwish, 2016), and the second study performed by (Bashir, 2013), and the last one conducted by Al-(Foaqaha, 2012), all of them explored the factors affecting customer satisfaction with Islamic banking services in Palestine,

Second: Studies in English Language

A study by several researchers from Australia (Thaichon, Quach, Bavalur, and Meeta Nair, 2017), and a study of the authors (Rahman and Anwar, 2017) attempted to find out customer loyalty towards Islamic and conventional banks in Pakistan. The study of (Abu Saleh, Quazi, Keating and Gaur, 2017) compared the dimensions of the quality of banking services through the perceptions of Islamic and conventional bank customers in Bangladesh. The study of (Kaabachi and Obeid, 2016) aimed at identifying the main factors affecting the adoption of Islamic banking services in Tunisia. The researcher (Schottmann. S, 2014) asked about the role of knowledge of Islamic banking practices that lead to the spread of dealing with Islamic banking services among Muslims and non-Muslims. The study of (Ahmad, 2014) examined the determinants of the customer's intention in Islamic bank in Malaysia. The study of (Hasan, Subhani and Ms. Osman, 2012) entitled "Consumer Criteria for Choosing an Islamic Bank in Pakistan. A study by several researchers (Clemes, Christopher Gan and Zhang, 2010) aimed at identifying factors that affect changing behavior for bank customers in the retail banking sector in China. A study of researchers (Metawa and Almossawi, 1998) attempted to investigate the banking behavior of clients of Islamic banks in the State of Bahrain.

Value Add of the Study

After counting and reviewing previous studies that are related with the current study, whether in Palestine or abroad, I found that most of them either search the quality of services from a model perspective using SERVQUAL or add to the model other criteria to align them with the banking and geographical environment, and in all cases the model does not provide a full explanation about customer satisfaction, especially clients of Islamic banks. This study attempted, in a new approach, for the first time to examine the impressions of clients of conventional, not Islamic, banks and to explore their impressions about Islamic banks in Palestine not in any other country.

Chapter Three
Theoretical Framework of the Study

Previous studies have pointed to the challenges facing Islamic banking in Palestine (Zureikat, 2008), but the independent and dependent study variables will be covered as following:

Section One: The Study Variables
First: Independent Variables

There is a study that found the most important factors represented in (reliability of institutions, ease of access, ease of operations, diversity of services, availability of loans,

competitive rates of interest) (Hayat and Bukhari, 2011). In Pakistan, there is a recent study that found that (bank services, the bank's image, and religious perspective) are the most important factors that influence customer satisfaction and therefore their loyalty (Rahman and Anwar, 2017).

Given the different research environments, this study has developed factors appropriate to its Palestinian environment, such as the following:

First Independent Variable (Price and Cost)

The bank price is defined as the return that the customer pays for his use of the banking service provided to him (Bashir, 2013), and this variable is related to interest pricing policies and Islamic bank financing and the factors determining them both in the costs and competition or in the way they are calculated, and the extent to which the cost-plus rate depends on the interest rate through the LIBOR index in the London Financial Market, it is believed by clients that the rates of Islamic bank financing, especially the cost-plus rate, are higher than interest rates in general LIBOR plus (Baloafi and Shashi, 2011), although the AAOIFI does not find a problem relying on a disciplined index in the process of determining profit (Accounting and Auditing Organization for Islamic Financial Institutions, Murabaha Item 4/6, 2017), but there are those who argue about this and provide opposite evidence and sometimes support for this increase because Islamic finance includes additional costs and qualitative and quantitative risks more than the risks of traditional financing (Kasim and Ismail, 2018) The low level of competition between Islamic banks, which is known as oligopoly, plays a role in setting prices, but resolving this is not one of the goals of the current study as long as the end result for the consumer is in his impressions about prices and the extent of their impact on his purchase decision and dealing with less expensive banks.

The concept of price competitiveness indicates that a country that produces at a lower cost may be able to easily export and dispose of its merchandise products to local or global markets (Arab Monetary Fund, 2017), and what is stable in consumer behavior science is that prices have an impact on customer satisfaction as one of the influencing and attractive variables in the marketing mix, along with other variables such as quality, availability, payment mechanism, brand, etc.

The findings of several studies indicated that prices are the first determinant of customer satisfaction with banking services (Hasan, Subhani and Osman, 2012) or even in their changing of banks (Clemes, Christopher Gan, and Zhang, 2010) and their transformation (Vazifedoost, Ansar and Yekezare, 2013) This variable (price) may have played a decisive role in the number of times that prompted customers to purchase more than any other variable, such as quality or the identity of the producer providing the service, especially in light of the low income and its impact on purchasing decisions and resorting to less expensive

alternative products, as the topic here is seen from an abstract economic angle regardless of the influence of other variables, including "legitimacy", which will come next.

Consequently, it can be the dynamics of influence in the association between the variables that the higher the price of financing in Islamic banks, the lower the satisfaction with it, and the consumer tends to deal with traditional banks.

The Second Independent Variable (Conviction and Confidence)

The conviction of the institution is the closest thing to what is called in the marketing literature with the image of the institution or its reputation, and it is defined as: (a collective aggregate process through which the public compares multiple characteristics of the institution related to the name and composition of the business, the ideology and traditions of the institution, the diversity of services and the impression of quality left by service providers in the minds of Beneficiaries) (Al-Foaqaha, 2012). Clients tend to be more loyal to reputable and established banks, as they see well-known banks able to offer more advanced and quality services to satisfy their customers. Reputation is one of the most intangible assets that greatly affect customer satisfaction from any financial institution (Abu Saleh, Quazi, Keating, and Gaur, 2017).

The firm's consumer convictions are shaped in various ways to have a positive or negative image of it, and the positive image is seen as an important aspect of organizational success (Abu Saleh, Quazi, Keating, and Gaur, 2017). As many studies have demonstrated the positive association between the image and reputation of the bank and the conviction that is formed from it and trust in it (Kaabachi and Obeid, 2016).

Although many studies have confirmed the importance of the religious factor in influencing (Metawa and Almossawi, 1998), it is easy to prove that as the basis in the emergence of Islamic banks is a religious basis based on non-interest, and therefore it is assumed that the main reason for choosing clients for Islamic banks, it is a religious reason that influences the formation of the consumer's conviction that the institution he deals with satisfies his religious needs and does not deal with benefits (Hasan, Subhani and Ms. Osman, 2012). Therefore, "risks of legitimacy" stand at the top of the list in forming the consumer's conviction and building an image and reputation in his mind, there are those who question the legitimacy of Islamic banks in terms of theory and principles, and usury may not fall on interest or have not yet understood wisdom from the prohibition of usury, and he does not see cost-plus except a contemporary ploy on interest, and there are those who talk about the risks of reputation and loss of identity for Islamic banks; Adding to the strength of the hypothesis is that some figures of Islamic banking stated: "Most of the products of Islamic banks are not Islamic,"

and a study questioned about the extent of Islamic supply of Islamic banking products (Bloafi and Shashi, 2011).

As for confidence, it is defined as the degree of dependence on the institution because of its sincerity in declarations and practice, and the fulfillment of promises and a sense of integrity, and thus results in a conviction with the institution (Al-Foqaha, 2012). Accordingly, the issue of confidence can be explored according to the areas that need the confidence of clients. Confidence in the legitimacy of Islamic banks or their legitimate bodies differs from trust in their financial solvency or services. The intended confidence here is legitimacy, while other meanings will be measured in the quality of services. Some reports confirmed that 11.6% of the OIC countries do not use all banks for religious reasons, and there are 4% in the rest of the world without accounts in banks for the same reasons (World Bank Group, 2017).

A study conducted on Islamic banks in Palestine found that the criterion of Compliance with the provisions of Sharia was the lowest in customer satisfaction (Al-Khaldi, 2006), which increases suspicions that clients of non-Islamic banks have a lot of that, and the investigation into the application of banking transactions compatible with Sharia revealed that the mechanical application of the Islamic rules did not achieve the goals of Sharia in social prosperity (Qasaymeh, 2011). So, the trust between the consumer and the Islamic bank will increase, as the gap between theory and practice narrows and maintains its Islamic image and reputation, or its rope is shortened and its duration widens. If the gap widens, the consumer makes a decision to change the bank that deals with it.

Consequently, it can be the dynamics of influence in the association between the variables that the lower the level of conviction and confidence in Islamic banks, the lower the satisfaction with it and the consumer tends to deal with traditional banks.

The Third Independent Variable (Awareness and Knowledge)

It is assumed that the customers' knowledge of the institution and the nature of its work or its products affects the extent of their appetite for it, so the consumer does not accept to buy an unknown product or deal with a bank that does not know the minimum information about it, and some studies have reported that the consumer's knowledge has a positive relationship with the attitude towards Islamic banking products and the intention to use them (Kaabachi and Obeid, 2016). A study considered that Lack of Awareness is one of the challenges facing Islamic finance in Britain (Baloafi and Shashi, 2011).

This variable highlights the optimal method in Islamic banking marketing efforts to enhance awareness and knowledge of it, whether it is through advertising and marketing or through proper practice and then creates confidence that the products offered are legitimate (Beloafi and Shashi, 2011). A study has found that a strategic shift in marketing focused on results

rather than advertising has made Islamic banking in Malaysia an increasingly attractive proposition for Muslims and non-Muslims (Schottmann, 2014).

Thus, the dynamics of influence in the relationship between the variables can be that the lower the level of awareness and knowledge of Islamic banking, the lower the desire to use it and the consumer tends to deal with traditional banks.

The Fourth Independent Variable: The Quality of Services

Quality of service is defined as measuring the level of congruence between the process of providing the service and the expectations of the customer (Parasuraman and Zeithaml, 1991) as customers want to obtain services of high quality that are equivalent to or exceeding their expectations, and the judgment is confirmed on the service after its consumption and compared to its tried and tested counterparts, or that untested but the customer heard about it from the surrounding environment.

Clients are now demanding new levels of convenience and flexibility as well as strong and easy financial services, the rapid spread of technology and the Internet has made the best channel for service delivery, and financial technology and attractive applications on mobile phones and digital services have been at the forefront of banks' strategic plans (Sadeghi and Hanzaee, 2010). The British Ernst & Young (EY) study found that 89% of customers in Kuwait and Qatar and 81% in the UAE are willing to change their bank if they find better digital services (World Islamic Banking Competitiveness Report, 2016).

Studies indicated that customers do not realize the quality of service in a one-dimensional way, but rather judge it through multiple dimensions and elements related to the scope in which the service is provided (Al-Foaqaha, 2012), so the marketing scientist, A. Parasuraman and others designed in 1985 the first model to measure the level of quality of services in its five dimensions: (tangibility, reliability, responsiveness, assurance, confirmation and warranty, empathy) known as the SERVQUAL model (Parasuraman and Zeithaml, 1991) and studies have shown that standards of quality of service in the banking industry differ from one country to another (Thaichon, Quach, Bavalur, and Nair, 2017) and therefore weights will differ, so some criticism of the model has been made, however it has been applied to traditional and Islamic banks in many eastern and western countries (Abu Saleh, Quazi, Keating and Gaur, 2017) with some adjustments that suit the environment or the type of bank. For example, there are studies conducted on Islamic banks in Kuwait and Palestine added a sixth dimension: Compliance with the provisions of Islamic Sharia (Al-Khalidi, 2006). In the event that the consumer does not touch these or most of these dimensions, the gap will deepen and his satisfaction will decrease, thus it is possible for the consumer to change his bank to another bank, and this depends on the influence of other factors.

The British Ernst & Young (EY) study came up with amazing numbers that confirmed the relationship between quality of services and customer satisfaction and loyalty and provided an explanation about behavior change in the Gulf Cooperation Council countries for reasons related to digital services. For example, there are 73% of traditional bank customers willing to change their bank for reasons related to services Digital, and 81% of Islamic banking clients have the same willingness for the same reasons (World Islamic Banking Competitiveness Report, 2016).

Despite the limited studies that were conducted on customer satisfaction with the quality of services provided by Islamic banks in Palestine, they came with positive results, one in 2016 (Darwish, 2016), and another about electronic services in 2015 (Al-Bardawil, 2015) and another study in 2012 (Al-Foqaha, 2012) The results of these studies can provide some explanation about traditional or Islamic banks. As long as the services provided by Islamic banks are satisfactory to their clients, why does the market share of them not increase?

Consequently, it can be the dynamics of influence in the relationship between the variables that the lower the quality of Islamic banking services, the lower the satisfaction with it and the consumer tends to deal with traditional banks.

Secondly: The Dependent Variable
Choosing Dealing with the Islamic Banks

Understanding the nature and characteristics of customers is critical to business success, if we know customer needs or customer buying patterns we can design market strategy to improve business and services (Abdur Rahman and Ahmed Khan, 2018). What is meant by consumer behavior in this study is the behavior of those dealing with traditional banks and the extent to which the decision can be changed and dealing with Islamic banks according to the study variables.

Consumer satisfaction is defined as: (the feeling that gives the customer satisfaction or dissatisfaction, which is mainly the result when we compare the products and services offered to the customer's expectations) (Qwader, 2016) From simple analyzes of the interaction process in consumer behavior, it can be concluded that consumer satisfaction is the penultimate stage of it, which is loyalty, and if the consumer finds the service after consumption as he had expected before consumption, that will give him satisfaction for the first time. With the process repeated and the same results obtained, it will create loyalty to the product or organization. This is confirmed by numerous studies in the quality of service that have a strong correlation with customer satisfaction, trust and customer loyalty (Muneer, Tufail, Shabbir and Sabir, 2017).

Customer loyalty is defined as the deep commitment to repurchase a specific product from the same company in the future despite the circumstantial influences and marketing efforts that have the potential to bring about customer transformation (Rahman and Anwar, 2017). The loyal bank customers are an enthusiastic loyal customer who informs the products to others voluntarily, even if he does not need to be a bank customer (Sunaryo, 2013).

Banking is one of the industries in which consumer satisfaction has attracted the attention of many researchers and customer retention has been a major concern of many banks, for example: Lloyds Bank (UK) has conducted research to determine the process that leads the customer to close the account and explore the determinants of dissatisfaction (Metawa and Almossawi, 1998). Therefore, there is what has been called a switching behavior, as studies have developed many models and factors to understand behavior change such as: (prices, discomfort, basic service failure, service failure, in response to service failure, ethics, competition, and involuntary switching) (Clemes, Christopher Gan and Dongmei Zhang, 2010) and others found that (customer service and customer familiarity, response to service failure, advertising impact, reputation, ease of banking transactions, and customer value) (Thaichon, Quach, Bavalur, and Nair, 2017) are the ultimate goal of understanding The behavior of clients, whether in choosing or switching banks, is to retain them, expand their market base and distract them from transferring to another bank, and that is why the view of Ernst & Young (EY) came to place customer satisfaction at the top of the list of priorities for Islamic banks (World Islamic Banking Competitiveness Report, 2016) Because the issue of a customer switching the bank is easy to take a decision in and deal with another bank, and this will happen every time the Islamic bank fails to fulfill the expectations of clients or convince them.

Thus, the dynamics of influence in the relationship between all variables can be that the lower the level of influence of all independent factors, the lower the satisfaction and the consumer tends to deal with the traditional banks.

Chapter Four
Design and Procedure
The Study Methodology

Given that the study aims to know the factors affecting the choice of dealing with Islamic banks operating in Palestine, the sources of information necessary to achieve the goals of the study are primary and secondary sources. Therefore, the qualitative method was used to review previous studies, annual reports and monetary authority statistics and identify the most likely independent factors in the interpretation of the phenomenon under investigation. In addition, the quantitative method was used simultaneously by distributing a questionnaire

to the study sample and analyzing the results of the questionnaires in a statistical way that suits the nature of the study.

The Study Population

Given that the study aims to know the factors affecting the choice of dealing with Islamic banks operating in Palestine from the point of view of traditional bank clients, the study population will be only customers of traditional banks and some of them may have dealings with Islamic banks as well, which are the 14 licensed banks in Palestine and 370 branches spread in the governorates of Palestine.

The Study Sample

A sample of 900 depositors from traditional bank clients was chosen from the main governorates via the Accidental sampling, because banks usually do not disclose the number of their clients for competitive reasons and because the ratio of homogeneity between clients is high, and sometimes we accept that in the samples it is those who deal with Traditional and Islamic banks at the same time, samples were distributed to the main governorates as follows:

| Governorates	Distributed questionnaires	Returned questionnaires	Clients of a traditional bank	Clients of a traditional and an Islamic bank
Ramallah and Alberah / Bethlehem/ Hebron/ Jerusalem/ Nablus				
Total	900	844	529	315

Statistical Analysis

Hypothesis: There is a positive relationship between client decision to switch from conventional banks to Islamic banks and the factors of cost, trust, knowledge, service quality, and service availability, and the demographic data.

Model

The aim of the present study is to evaluate the relationship between client decision to switch to Islamic banks (Decision) and factors related to cost of service (Cost), trusting Islamic banks (Trust), knowledge about Islamic banks (Knowledge), service quality provided by Islamic banks (Service1), and service availability (Service2) as perceived by respondents to this study. In order to analyze this relationship, a model has been created:

Figure 1. Research Model Showing the Relationship between Client Decision and Predictor Factors
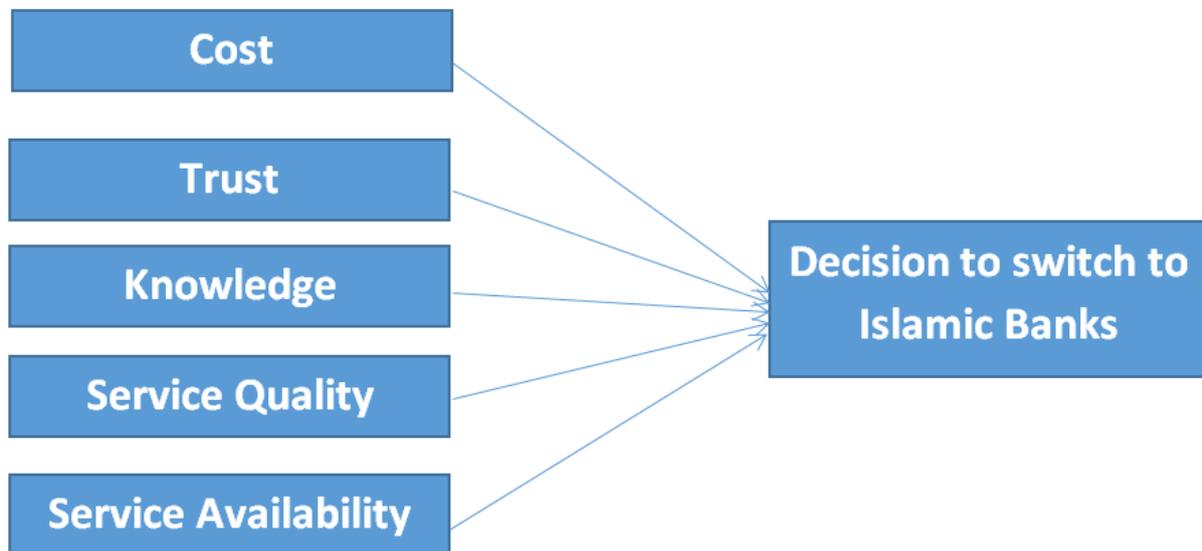
Data and Methodology

Data and Sample: In this study, 844 clients of conventional banks in five governorates of Palestine were approached using a self- administered questionnaire. Out of these, only 370 respondents who provided complete data and who provided clear opinion about the possibility to switch to Islamic banks given a change in the predictor factors mentioned above were included in the analysis. This sample size is considered sufficient for Factor analysis given the number of items (variables) included in the analysis to be 56 meeting the *number of observations per variable,* with a minimum of five criterions (Hair *et a*l., 1998).

Measurement

A form of questionnaire was designed based on the theoretical framework that revealed the network of the relationship between the variables, and 900 forms were distributed to the selected sample. This form consisted of two parts: The first is demographic data. The second included 5 fields for measuring the independent variables and the dependent variable with a total of 56 items, which were judged by the Deputy Governor of the Palestine Monetary Authority and professors from the Faculty of Economics and Business from Birzeit University and specialists in statistics.

Statistical Tools: The data were analyzed by using Factor analysis, Correlation and Regression analysis to test the hypotheses. Statistical Package for Social Sciences (SPSS version 22.0) was used to analyze and interpret the data.

Results and Discussion

Factor analysis was performed and seven factors were extracted using Principal Axis Component method. The seven factors were Cost, Knowledge, Trust1, Trust2, Service1, Service2, and Decision. Out of the 56 items in the questionnaire, the 7 extracted factors are produced as shown by the following table:

Table 1: Pattern Matrix

Pattern Matrixª							
Item	**Factors Loadings**						
	1	2	3	4	5	6	7
My impression is that the Islamic bank is keen to help clients and not be distracted from them.	0.95						
My impression is that the Islamic bank responds to the needs and questions of customers as quickly as possible.	0.94						
My impression is that the Islamic bank is keen to perform the service immediately without delaying the clients.	0.93						
My impression is that the Islamic bank cultivates trust and safety in the minds of customers.	0.9						
My impression is that the Islamic bank answers all questions with confidence and courtesy.	0.88						
My impression is that the Islamic bank tells its customers about the time needed to provide the service.	0.86						
My impression is that the Islamic bank is organized and accurate in its work and records.	0.84						
My impression is that the Islamic banker listens well to clients and addresses them with respect.	0.82						
My impression is that the appearance of employees in the Islamic bank is unique.	0.82						
My impression is that the Islamic bank fulfills its obligations and has made good on its promises.	0.81						

I think I can rely on the Islamic bank for my needs.	0.78						
My impression is that the Islamic bank equipment and electronic equipment are modern.	0.78						
My impression is that the Islamic bank building and the overall appearance are satisfactory.	0.75						
My impression is that the internal environment and designs of the Islamic bank are comfortable.	0.74						
My impression is that the Islamic bank is keen and sympathetic to the interests of the clients.	0.74						
My impression is that the Islamic bank pays personal attention to the needs of customers.	0.73						
Commercial banks have the majority of shares in Islamic banks with my weakest confidence in them.		0.96					
The conflict of the fatwas of Sharia supervisory bodies in Islamic banks have weakened my faith in them.		0.85					
Commercial bank managers have moved to work in Islamic banks have weakened my confidence in them.		0.81					
The failure of Islamic banks to apply to other financing such as participation and limiting them to Murabaha (cost-plus) has weakened my confidence in them.		0.78					
Islamic banks' imitation of commercial banks has weakened my confidence in them.		0.75					
Islamic banking applications have weakened my confidence in it.		0.64					
The failure of Islamic banks to achieve development goals and not to improve them from the income level has weakened my confidence in them.		0.58					
Willing to move to an Islamic bank if he strengthens my confidence in it and has real achievements in reality, not slogans.			0.96				

Willing to move to an Islamic bank in case that it provides me with sufficient knowledge of the importance of its existence and the difference between it and commercial banks.		0.95					
Willing to move to an Islamic bank if I change my convictions to it and really adhere to religious teachings, no only slogans.		0.94					
Willing to move to an Islamic bank in case it provides me with adequate, distinguished and comfortable services.		0.93					
Willing to move to an Islamic bank if its costs of finance and commissions decrease better than now.		0.8					
I do not have enough idea about the difference between an Islamic bank and a conventional bank.			0.92				
I do not have enough idea about the difference between murabaha and lending on interest.			0.9				
I do not have enough idea about the lease ending with ownership, speculation, and diminishing participation taking place in Islamic banks.			0.82				
My lack of knowledge of Islamic banking led to my failure to deal with it.			0.8				
I do not have enough information about the importance of Islamic banks.			0.79				
I do not have enough idea about the nature of the work and services of Islamic banks.			0.63				
Murabaha in Islamic banks is a usurious ploy rather than interest				0.9			
The image and reputation of Islamic banks on my mind is not positive.				0.83			
Sharia supervisory bodies did not reinforce my conviction in Islamic banks.				0.8			
What drives me not to deal with the Islamic bank is my weak belief in it.				0.72			
I do not see a fundamental difference between Islamic and commercial banks.				0.63			

The business and activities of Islamic banks do not seem convincing to me.					0.6		0.25
The lack of sufficient automated teller machines (ATM) for Islamic banks led ne not to deal with them.						0.97	
The lack of digital and electronic services in Islamic banks led me not to deal with them.						0.9	
Not having enough branches of Islamic banks led me no to deal with them.						0.89	
The lack of services in Islamic banks that meet my needs led to me not to deal with them.						0.64	
Willing to deal with any bank if it has better services than the current one.			0.31			0.52	
Murabaha in Islamic banks includes high prices							0.76
Dealing with the commercial bank is less expensive than the Islamic bank.							0.7
The commissions of Islamic banks are higher than their traditional counterparts.							0.65
What prevents me from dealing with the Islamic bank is its high costs.							0.64

Extraction Method: Principal Axis Factoring was used as the extraction method and Promax with Kaiser Normalization was used as rotation method. The rotation converged in seven iterations. Items that have cross loading were excluded from the analysis.

The analysis extracted a seven-factor solution, each with Eigen values above one, which explained 74.32% of the total variance which is above the acceptable threshold of 60% (Hair et al., 1998). The KMO was 0.936 indicating a meritorious level based on Kaiser and Rice (1974) and the Bartlett's test of sphericity was significant ($Chi-square = 19683, df = 1176, p = 0.001$). The measure of sampling adequacy (MSA) was found to be above 0.9 for all 56 items (Hair et al., 1998). Based on the Pattern matrix, out of the 56 items, 7 were excluded due to cross loading in another factor.

Factors Reliability

The Cronbach alpha for the seven factors are given in Table 2.

Table 2: Reliability Analysis

Factor Name	Factor Label	Number of Items	Cronbach alpha
Decision	**Decision** to switch to Islamic Banks	5	0.974
Cost	Perceived **Cost** of Islamic Banks	4	0.822
Knowledge	**Knowledge** about Islamic Banks	6	0.923
Trust1	**Convinced** about Islamic Banks	6	0.901
Trust2	**Trusting** Islamic Banks	7	0.933
Service1	Perceived Service **quality** of Islamic Banks	16	0.974
Service2	Perceived Service **availability** of Islamic Banks	5	0.926

Table 3: Descriptive Statistics

Factor	Number of observations	Mean	Std. Deviation	Percentage
Trust	387	3.52	0.94	0.70
Service1	387	3.28	1.03	0.66
Service2	387	3.09	1.17	0.62
Cost	387	3.32	1.02	0.66
Knowledge	387	3.09	1.13	0.62
Dependent	387	3.93	1.29	0.79

Table 3 above shows the mean, standard deviation and the percentage for each of the six factors that will be used in the regression analysis below. The table shows that the mean for the dependent variable (3.93) is high enough to suggest that a high percentage of the respondents (0.79) who have clear opinion about the possibility to switch to Islamic Banks, would switch to Islamic Banks if the independent variables are taken into consideration, meaning that they agree to the shift if costs decrease and the Islamic banks trust improves and the knowledge of them increases and the quality of services and the availability of service improves.

On the other hand, the mean for Trust factor (3.52) is relatively high, and since negative questions were used in the questionnaire when asking about respondents trust in Islamic Banks, we conclude that a high percentage of the respondents (0.70) have low trust in the Islamic Banks.

Regression Analysis

In order to examine the relationship between the decision and the other six predictor factors, correlation and regression analysis were employed. However, and before doing that, all items under Trust1 and Trust2 were combined in one factor (Trust) and the reliability of the newly produced factor was assessed and shown to be acceptable (Chronbach alpha = 0.947). Decision was used as the dependent variable, and the other 5 factors were used as independent variables. The regression model was fitted. The model explained 40.0% of the variance in Decision and was found to be significant (*F = 22.64, df1 = 11, df2 = 375, p=0.000*)

Table 4: Regression Coefficients

Predictor		Unstandardized Coefficients		Standardized Coefficients	Sig.	VIF
		B	Std. Error	Beta		
	(Constant)	1.141	.335		.001	
	Service1*	.514	.065	.408	.000	1.667
	Knowledge*	-.214	.058	-.187	.000	1.568
	Service2*	.238	.061	.215	.000	1.871
	Cost	.118	.067	.094	.077	1.748
	Trust*	.160	.079	.116	.044	2.064
	Type of work***	.582	.149	.163	.000	1.093
	Sex	-.165	.108	-.064	.128	1.093
	Age***	-.255	.063	-.178	.000	1.202
	Education	-.057	.059	-.039	.338	1.046
	Years dealing with traditional banks	.062	.054	.049	.247	1.114
	Frequency of using traditional banks	.128	.068	.078	.060	1.065

Table 4 above shows that 4 of the 5 factors were statistically significant in the regression model; Cost was not statistically significant (sig. = 0.077) at alpha = 0.05, however it would be significant if we use a slightly higher level of significance (say alpha = 0.08). Looking at the standardized beta coefficients which show the relative importance of each predictor in the model reveals that the most important predictor of the client decision to switch to Islamic banks is Service quality (Service1), followed by Service availability (Service2), then followed by knowledge about Islamic banks activities (Knowledge), the negative sign associated with knowledge coefficient was due to using negative questions when asking about knowledge in the questionnaire. The VIF values in the table indicate the absence of the problem of multicollinearity in the model.

To see if the effect of the predictor main factors differs by demographic and other variables, six more variables were included in the model as shown in table 4 above, out of which 2 were statistically significant, namely, Type of work (1 = paid employee, 0 = others like traders and business owners), and age. It is shown that employees are more likely to switch to Islamic banks than traders and that the higher the age, the higher the probability to switch to Islamic banks.

Conclusions

The results of the study, according to the analysis of tables of frequencies and means, show that the determinants and factors affecting the decision to deal with Islamic banks in Palestine by traditional bank customers were in the first place represented in confidence and conviction in the work of Islamic banks and the extent of their commitment to the provisions of Islamic Sharia. As (70%) of the sample agree that the Islamic banks were not convincing to them and that there is no difference between them and the traditional banks, the cost, price, and quality of services came second, as 66% of the sample agree that the prices and costs of Islamic bank financing are higher From traditional bank financing. However, 66% of the samples have a positive impression on the quality of services. Third came the factors of awareness, knowledge and availability of banking services, as 62% of the sample agrees that they have a weak knowledge about the nature of Islamic products. And 62% agree that the availability of Islamic banking services such as ATMs and digital services does not meet their needs.

These results were also enhanced by using correlation analysis and regression analysis, where the statistical significance (Sig.) Showed that four of the five factors were statistically significant and less than (0.05) and they are in order (quality of services, availability of services, awareness and knowledge, confidence and conviction) It is possible to prove hypotheses and state that there is a positive relationship between these variables and the decision to deal with Islamic banks by traditional bank customers. It showed that the element (cost and prices) was not statistically significant. The study also showed a very important result, which is that (79%) of the clients of traditional banks have a willingness to take the decision to deal with Islamic banks if the Islamic banks reinforce the factors mentioned in the study. This is consistent with the findings of the British Ernst & Young (EY) study that 89% of clients in Kuwait and Qatar and 81% in the UAE are willing to change their bank if they find better digital services (World Islamic Banking Competitiveness Report, 2016).

One of the results revealed by the study is that the employee category is more likely to convert to Islamic banks than the merchants category and that the greater the age, the greater the possibility of switching to Islamic banks. From this we conclude that all the normative factors that were foreseen in this study have an impact on the demand for Islamic banks by

traditional bank customers where they have been verified and proven, and we may conclude that these same factors are what prevented many of the traditional bank customers from dealing with banks Islamic Bank, which caused a decrease in its market share of deposits of 14.98% (Association of Banks in Palestine, 2018).

These factors may not be the only factors affecting the market share, but they are inevitable due to the close relationship between the number of depositors and the size of deposits. The results of this study shed light on the need for Islamic banks to enhance their Islamic identity that is derived from compliance with the provisions of Islamic Sharia and to maintain this competitive advantage without simulating traditional banking, and that observance of Sharia considerations is more important than consideration of profitability. The study also recommends the need for Islamic banks to reduce the costs and prices of their services and products, especially the Murabaha price, so that it is a competitive price lower than the traditional bank financing rates, and Islamic banks should enhance the quality of their services and work to provide them to all groups of society, including contributing to financial inclusion in all modern and technological ways and raising the readiness of their media and marketing crews to inform people about the importance of their products and clarify the differences between them and the methods of traditional banking.

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