

Adoption of and Satisfaction with Islamic Online Banking: A Literature Review

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Abstract. Although a large body of literature on Islamic banking exists, there is a dearth of literature on Islamic online banking, especially regarding customer adoption and satisfaction. To address this gap, this paper presents a thorough review of the Islamic banking literature that has examined customer adoption of and satisfaction with Islamic online banking. Based on the literature review, the paper evaluates the antecedents of customer adoption of and satisfaction with Islamic online banking. This study concludes by offering direction for future research.

1. Introduction

Online banking, which refers to the method of banking in which transactions are conducted electronically via the Internet, is beneficial not only to the bank itself as it is cost-effective but also to the customers as it gives them high convenience [1], [2]. Traditional banks have become pioneers and aggressively developed online banking [3]. Thus, the utilization rate of online banking is growing steadily. Based on a survey conducted with 50,000 respondents in 2015, the utilization rate of online banking has reached 62.2% compared to 32.3% for the traditional branch [4]. Consumer satisfaction with online banking is also higher at 90.2% compared to 88.4% with the traditional branch [4].

Islamic banks, which are institutions that distribute financial resources and invest them in an attempt to accomplish predetermined and acceptable social and financial objectives [5], have also implemented online banking. However, there is a dearth of research which specifically examines customer adoption of and satisfaction with Islamic online banking. This study aims to integrate the scattered literature on Islamic online banking from the customers' perspective based on the adoption, and satisfaction dimensions.

2. Literature review

2.1 Online banking adoption

As explained earlier, the utilization of online banking had grown very high by 2015 [4]. Previous studies found that many factors influence and hinder the adoption of an online banking system. The customer's intention to adopt online banking is influenced not only by factors external to the customer such as the perceived usefulness and perceived ease of use of online banking [6],[7], but also by factors which are internal to the customer, such as self-efficacy and attitudinal factors (e.g., relative advantage, compatibility with respondents' values) [8],[9]. Factors that become barriers to the adoption of online banking are security, lack of awareness, and cost [2].

2.2 Online banking satisfaction

Previous studies have found that service quality leads to satisfaction with online banking [10], [11]. The dimensions of e-service quality which significantly influence customer satisfaction with online

banking are personal need, site organization, user friendliness, efficiency of website assurance fulfillment, efficiency in system availability, privacy, contact responsiveness, and website aesthetics and guide [10], [11].

3. Method

To identify literature pertaining to Islamic online banking adoption and satisfaction, the researchers searched articles via Google Scholars and the ProQuest database. Multiple relevant key terms were used, such as Islamic, online banking, mobile banking, internet banking, adoption, acceptance, and satisfaction. The identified articles were restricted to peer-reviewed journals.

4. Analysis

4.1 Antecedents of Islamic online banking adoption

Like previous studies on conventional banking [6], [7], most researchers who have examined the antecedents of Islamic online banking adoption have used factors such as ease of use, perceived usefulness, and perceived benefit as the determinants of Islamic online banking adoption. Among the others, perceived usefulness and perceived benefits are the most important factors to Islamic online banking adoption [12]-[14], [16]-[18].

Table 1. Determinants of Islamic Online Banking Adoption

Factors	Method	Country	References
Ease of use, website interactivity, customerization, assurance, innovativeness	Survey of 292 urban customers	Pakistan	[12]
Perceived usefulness, perceived ease of use, perceived credibility, amount of information, normative pressure	Survey of 158 customers	Malaysia	[13]
Perceived use, perceived self-expressiveness, subjective norm, religious affiliation and commitment	Online survey of 135 Southeast Asian students	New Zealand	[14]
Customer knowledge	Survey of 600 respondents	Iran	[15]
Perceived benefit and social influence	-		[16]
Perceived self-expressiveness for males; perceived usefulness and social norms for females	100 Malaysian students	New Zealand	[17]
Perceived ease of use, perceived usefulness, attitude toward using	Survey of 61 Nigerians	Malaysia	[18]

Only one study has examined the distinctive factor in the adoption of Islamic online banking: religious affiliation and commitment [14]. Based on the study, when the respondents were differentiated between high and low religious commitment groups, only perceived self-expressiveness and subjective norm are significant for the high religious commitment group while only perceived usefulness is significant for the low religious commitment group.

4.2 Antecedents of Islamic online banking satisfaction

Like the antecedents of Islamic online banking adoption, most of the studies that have investigated the antecedents of Islamic online banking satisfaction have used conventional factors, especially for the service quality dimensions. However, it is interesting to note that one study found attitude toward halal banking to be an important factor for customer satisfaction with using Islamic online banking [12]. The results show the importance of Islamic values in the formation of attitude in attempts to increase customer satisfaction.

Table 2. Determinants of Islamic Banking Satisfaction

Factors	Method	Country	References
Service quality, attitude toward halal banking	Survey of 292 urban customers	Pakistan	[12]
Accuracy, reliability, image, impression of the bank and management, website design	-	Iran	[19]
Accessibility, convenience, accuracy, security, usefulness, web design, bank image	Survey of electronic banking consumers	Iran	[20]

5. Summary

The study reveals the need for research that specifically examines the determinants of adoption of and satisfaction with Islamic online banking. The results also show that most studies have used conventional variables to examine customers in Islamic online banking adoption; only a few studies have included specific variables related to religion and Islamic values (e.g., attitude toward halal banking, religious commitment). Therefore, further investigation into the specific values related to Islam is expected to provide a better understanding of the determinants of consumers' adoption of and satisfaction with Islamic online banking.

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