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STUDY OF DETERMINANS FOR THE CHOICE

BETWEEN ISLAMIC BRAND AND NON-ISLAMIC BRAND: THE CASE OF BANKING

INDUSTRY

PRESENTED AT

1ST INTERNATIONAL CONFERENCE ON ISLAMIC MARKETING AND BRANDING-

EXPLORING ISSUES AND CHALLENGES

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2010

STUDY OF DETERMINANS FOR THE CHOICE

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INDUSTRY

Abstract

Purpose – This paper aims at determining factor for islamic brand choice and non-islamic brand choice in banking industry.

Design/methodology/approach – A survey was used to acquire data from 60 consumers who were customers at both islamic and non-islamic bank users. This study is analyzed with discriminant analysis.

Findings – Statistically, this study tests there is no statistical difference between the choice of islamic brand and non-islamic brand.The factors considered in this study are religion, islamic labeling, consumer knowledge, customer service, corporate image, reference group, and the commitment of corporate social responsibility.

Research limitations/implications – This study has a limitation. The respondents used in this research consist of the majority of students. It explains that they are students that have a limited capability to choose which of the best bank offering. They argue that both islamic bank and non-islamic bank is indifferent. For further research, the respondent can be a worker who has a previous experience and has an ability to consider bank quality.

Practical implications – This is a challenge for banks to continue to develop a strategy that has aspects of differentiation due to the superior aspect of differentiation will be the main choice. Based on respondent feedback, there are a number of services that can be noticed by consumers such as ease of use of technology in banking services, the presence of automatic teller machine, easily accessible and can quickly respond to customer issues.

Originality/value – The results showed that the choice between non-Islamic banking and Islamic banking is not distinguished by the variables of Islamic labeling, consumer knowledge, customer service, company image, and religion. Consumer choice on both banks is based on other aspects.

Introduction

Competition of banking landscape in Indonesia both conventional and Islamic banking is very intense and rigorous. This is seen clearly with the entry of several banks arrivals to Indonesia. One of the conventional foreign banks from Singapore and Malaysia such as Temasek Holdings with 68% ownership stake in Bank Danamon; OCBC Bank with 70% shareholding in the Bank, CIMB Niaga with 60% shareholding composition of Khazanah Nasional Bhd and 20% of CIMB Bank. The competition is also more intense because there are foreign banks such as ANZ (Australia), Standard Chartered Bank, HSBC, Barclays originating from the UK, Rabobank (Netherlands), Texas Pacific and Mercy Corp. (United States), ICBC (China), State Bank of India (India), Tokyo Mitsubishi (Japan) and IFC (South Korea) is a foreign bank with the largest shareholding in several national banks. Sharia banking industry does not also want to be left behind. In the homeland will be the arrival of competitors from the Middle

East such as Kuwait Finance House (KFH), one of the largest Islamic Bank in Kuwait (Wijaya & Wijaya, 2010).

In Indonesia nowdays, there are some Sharia banks namely BCA Syariah, BNI Syariah, Victoria Syariah, Maybank, Bank Muamalat, Bank Syariah Mandiri, Bank Syariah Mega, Bank Syariah Bukopin, BRI Syariah, and Bank Jabar Syariah. Meanwhile, in the upcoming period, there will be Bank UIB, Bank Victoria via Bank Swaguna, and Maybank. Islamic banking is now considered as a business landscape, not only focusing on the religious obligations of the muslim community, but also increasing the service for customers (Wilson, 1995). Besides, the increasing growth of sharia banking, the growth of conventional banks also show the significant progress. It is more or less 16,3% (Economic Review, 2009). The dominant players in banking industry are Mandiri, Bank Rakyat Indonesia, Bank Central Asia, Bank Negara Indonesia, Danamon.

Based on the data from Central Intelligence Agency (2009), Islam can be categorized as Indonesia's dominant religion and approximately 86%, or about 200 million, of its population identify as Muslims, composing it the world's largest Muslim population. The Indonesian Central Statistic Bureau (BPS) has conducted a census every 10 years. The latest data available, from 2000, has indicated that of 240,271,522 people, 86.1% of the population label themselves Muslim, 5.7% Protestant, 3% Catholic, 1.8% Hindu, and 3.4% "other or unspecified". This dominant religion in Indonesia provides a new opportunity for players in industry banking to be involved. Islamic banking can benefit from such the data. In increasing competitive banking industry, islamic banking tries to attract and to retain especially muslim customers. In addition to, islamic banking also attracts to non-muslim customers. Every marketers in both product and service banking industry are competing in the market segmentation. They are competing in the same markets in terms of offering complementary products and services (Nasser & Moutinho, 1997; Hoq, Sultana, Amin, 2010).

The interesting data show that eventhough muslim consumers are dominant in Indonesia, they are not automatically to choose islamic banking for fulfilling their needs. Even, there is a compliance dimension that should be made clear. Muslims are told in the Koran that taking interest is a major sin. To protect Muslim customers from interest, Islamic banks have to set up financial instruments that are in

accordance with Islamic principles and in line with the objective of Islamic banks (Amin & Isa, 2008). However, muslim consumers prefer choosing conventional bank to islamic bank.

This study tries to examine the driving factors of choosing the islamic bank (islamic brand) and conventional brand (non-islamic bank). The theoretical and empirical literature on consumer brand choice have been empirically tested particularly, the attribut desired by consumers. A number of item scales for assessing individual choice of desired brand have been developed by previous research (Sweeney & Soutar, 2001; Vazquez, Belen, Iglesias, 2002; Orth, McDaniel, Shellhammer & Lopetcharat, 2004). The items of measuring desired brand including quality/performance, price/value for money, social, emotional, environmental and health benefits (Orth, 2005). The application of this items is appropriate for assessing brand image (Romaniuk & Sharp, 2003) and brand positioning (Bhat & Reddy, 1998). Orth (2005) also examines the drivers of intrapersonal variation in individual brand choice across consumption situations. The brand benefits that consumers need will be affected by consumer personality, situation disposition such as risk taking, variety seeking, curiosity; demographics such as age dan gender; and behavioral factors such as purchase frequency and expenditure.

Eventhough, a significant number of research has explored the factors of brand choice, past studies almost focused on brand attributes. This study tries to close the gap because it is very important to explore more the dominant drivers of individuals in choosing the brand of islamic banking vs non islamic banking. The factors are religion, islamic labeling, consumer knowledge, customer service, corporate image, and the commitment of corporate social responsibility. These factor are explored more to discuss the dichotomy of preference, between islamic brand and non islamic brand. By discussing further it will be achieved the understanding deeper about many perspectives of consumers' preference of bank choice.

The Problem Formulation

1) Considering whether there is a statistical difference between the choice of Islamic brand and non-islamic brand.
2) Describing which independent variable among independent variables- religion, islamic labeling, consumer knowledge, customer service, corporate image, and the commitment of corporate social responsibility is the most useful and powerful to discriminate between the groups of islamic brand products consumers and non-islamic brand products.

4

Theoretical Review

The previous studies of banking research have revealed a numerous factors to influence the bank selection. The common factors were cost and benefits of products, service delivery, confidentiality, size, reputation, friends and families influence, religion (Erol & El-Bdour,1989; Ahmad & Haron, 2002). This study tries to investigate the factors driving the motivations of consumers to choose islamic banks and non islamic banks. It is very significant to understanding the underlying motivations.

Dusuki And Abdullah (2006) examined the main factors that motivate customers to deal with Islamic banking. The factors included in the study are financial product price, customer service quality, location being near home, friendly personnel, knowledgeable and competent personnel, islamic working environment, economic and financial reputation, respect for human rights, islamic reputation and image, involvement in the community and environmental practice and impact. The study of Amin and Isa (2008) attempted to test the relationship between service quality perception and customer satisfaction by using six dimensional structures: tangibles, reliability, responsiveness, assurance, and empathy. The results showed that the majority of islamic banking customers are satisfied with the overall service quality provided by the bank.

Religion

Dusuki and Abdullah (2007) reviewed the previous study concerning the reasons of Malaysian customers patronise Islamic banks. Furthermore, in their study, also citing that Erol and El-Bdour (1989) found that the most dominant drivers to be considered by customers are provision of fast and efficient services, bank's reputation and image, and confidentiality. Religious motivations is not considered as a primary driving factor. However, Metawa and Almossawi (1998) argued that islamic religion is the main driving factor to patronise islamic bank.

Religion here means the faith or iman which practice means following shariah law and engaging in what is halal, permitted, and avoiding what is haram or forbidden (Alawneh, 1998). Muhamad and Mizerski (2010) examined the religious factors that appear to influence buyer and consumers behavior. Religion is utilized as the driving factor to influence consumer behavior. Muhamad and Mizerski (2010) compose four aspects of religion: religious affiliation, religious commitment, religious knowledge, and

religious orientation. Religious affiliation is a categorical measure of the religion to which one is affiliated. It is assumed that religious affiliation can influence the choice of Islamic brand because it is inherent in consumer's soul. Religious commitment is an individual's adherence to his or her religion's beliefs and practice (Delener, 1990). Religious commitment is related to the aspect of religious knowledge. It has an effect in consumers responses related to their behaviors in choosing product. Religious orientation refers to ones'approach of both intrinsic and extrinsic perspectives (Hunt & King, 1971). Intrinsically, consumers are motivate to fully integrate their religion in their life and consider the religion is the prime objective in their choice of anything to fulfill their daily needs. Related to service industry, individuals are assumed to prefer sharia banking to conventional banking.

Islamic Labeling

Islamic labeling can be related to halal. It signifies symbol of quality assurance and choice of life. Not all consumers are willing to consider purchasing labeling carefully. Labeling is important for consumers who have high-level cognition (need for cognition). High levels of cognition is supported by high education and extensive consumer knowledge. Level of cognition is actually showing how much the sensitivity of a person to avoid risk. According to Yan and Watchravesringkan (2008), the level of cognition this may cause individuals to realize that the purchase of certain products containing the risk. Therefore, the best thing to do before making a purchase is to consider each risk. When choosing islamic bank or non-islamic bank, moslem will choose islamic bank because they believe that the service offering will be more secure than conventional banks.

Consumer Knowledge

Brucks (1985) outlined the measure of consumer product class knowledge. The first measures an individual's perception of how much consumer knows. The second category measures the amount, type, or organization of what an individual actually stored in memory. The third category measures the amount of purchasing or usage experience with the product. The measure of consumer knowledge can be objective and subjective knowledge. Park and Lessig (1981) argued that subjective knowledge can be understandable of decision makers. Measures of subjective knowledge can be self-confidence and knowledge level.

According to Alhabeeb (2007), consumer knowledge can maximize the gain and minimizing the costs. The choice of product can be governed by less restricted constraints, lower risk but highly rewarding. Consumer knowledge can reduce in time and increase in productivity. This concept can affect at least five aspects of consumer behavior. These aspects are: consumption patterns through the life cycle, consumer lifestyle, consumer brand loyalty, consumer choice of product features, consumer search and information. The level of product knowledge will affect information use since increased familiarity creates better knowledge (Rao & Monroe, 1988).

This study uses the dimensions proposed by Phau and Suntornnond (2006). One aspect of consumer knowledge is brand familiarity. It refers to the consumer knowledge related to the brand that exists in a product category. Brand familiarity involves the consumer knowledge that is saved in consumer's memory (Aurier & Ngobo, 1999). Brand familiarity consists of relation networks that influence consumers to collect, to organize, and to determine the product. It is also related to a number of experiences of product that is accumulated in consumers' minds. The study of Johnson dan Lehmann (1997) showed that the brand familiarity or product familiarity consists of width and depth of knowledge. Width of knowledge is the variety of experience in a product category that is related consumptions and the number of chosen brands; meanwhile the depth relates to the experience of a brand. Knowledge can be obtained by having a direct experience.

The more familiar with the brand, the stronger the knowledge in consumer memory. Brand name can be an indicator to assess the product. When consumers are familiar with a brand in banking industry, it will be less searching for more information into another bank provider. Consumers are accustomed to a brand and believe that direct personal expereience is more trustworthy to choose conventional banking vs sharia banking.

Customer Service

Intensive competition has growth in financial decisions market over the last ten years, resulting a greater variety and choice for customers within each product markets (Asuncion et al. 2004). Service provider including banking has to be able to differentiate their service offering by fulfilling the needs of their customer faster and better and delivering optimal service quality.

Parasuraman et al. (1985) developed the Servqual scale indicating that there are five key underlying dimensions to service quality-tangibles (physical facilities, equipment and appeareance of personnel), reliability (ability to perform the personnel), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence), and empathy (caring, individualized attention the firm provides its customers).

Service quality is not viewed as a separated construct but considered as an aggregate construct whereby the individual dimensions are summed to get an overall estimate of service quality (Zhou, 2004). Previous research studies have also applied direct measure of overall service quality (Dabhokar *et al*., 2000). However, it is assumed that overall service quality has some distinct dimensions. Each dimension has specific analysis and provides more diagnostic value for the improvement of service quality (Zhou, 2004). Jamal and Anastasiadou (2007) concluded that dimension-specific analysis can give insight more to improve the service quality and the service outcome.

The overall service quality perceptions can be the antecedents of customer satisfaction (Oliver, 1997) and loyalty (Wong and Sohal, 2003). Customer satisfaction is the full meeting of one's expectation and can explain the attitude of a customer toward a product. Related in banking service industry, consumers can understand and evaluate service well. Loyalty is the next step ahead from customer satisfaction. The evaluation of good service quality from the banks will create consumers to be loyal. Consumers are not willing to switch to another bank. Consumers are rational because a bank service provides a number of options that can fulfill the utilitarian need of consumers.

Corporate Image

Banking industry is getting intensively competitive. Corporate image can be an asset to differentiate and increase company success (Bravo et al., 2009). Corporate image is related to consumer's perception. Perception is based on the attributes on each bank and it varies from one bank to another bank. Corporate image can identify bank's positioning. Keller (1993) argued that brand image

represents the perceptions reflected as existing assocations in the consumer's mind. Corporate can be the brand and creates a distinctive visual icon.

Corporate image can be a multidimensional constructs formed by all the impressions and expectation of individuals (Howcroft, 1991). Consumer preference can be enhanced when firms can create high credibility and generate positive responses of consumers. Focusing on specific corporate perceptions, features of the service offered, personnel and reputation, among other associations have an influence on consumer decision of bank offering (Kaynak and Whiteley, 1999). Corporate image can determine emotional response from consumers as the result of consumer evaluation to purchase new services (Rust and Oliver, 1994).

Bank operation has a business in providing trust. Individuals will choose a band that has good image because the relationship between bank and consumers will tend to be long lasting. Individuals will be more confident when banks can provide good impression. Financial institution try to obtain customers' satisfaction that tries to increase customer loyalty at the end. Consumers will have indication to have an intention in the future.

The Commitment Of Corporate Social Responsibility

Doing business in accordance with ethical principles is increasing. Corporate social responsibility is exercised by business organization and it is considered as benefit and doing charity works than a cost. Business do not function in isolation from the society surrounding them. Their ability to compete depends heavily on the circumstances of the locations where they operate. The more economic improvement relates to business, the more social concern must be understood (Hassan & Latiff, 2009).

The Global Compact which was created by Kofi Anan is a voluntary process with two main objectives: (1) to bring a set of universal principles of responsible business into mainstream activities of companies around the world and; (2) to act as a catalyst for initiatives in support of wider UN goals in the area of social and environmental development. It focuses on public accountability, transparency and the enlightened self-interest of those involved to initiate and cooperate in pursuing the principles on any

business and human activity. The compact uses a framework of ten universal principles in the areas of human rights, labour, the natural environment and anti-corruption.

The study of Dusuki and Dar (2005) examined the perception of stakeholders in respect of CSR of Islamic banks with Malaysian sample on 12 attributes. The indicators were (1) product price factor; (2) customer service quality; (3) convenience (parking facility, interior comfort, etc.); (4) location being near home or work place; (5) friendly personnel factor; (6) knowledgeable and competent personnel factor; (7) Islamic working environment; (8) economic and financial reputation; (9) respect for human rights; (10) Islamic reputation and image; (11) involvement in community affairs (giving donation, scholarship, etc.); and (12) environmental practice and impact factor.

From the marketing point of view, firms are notable if they behave responsibly towards the stakeholder thoroughly. The consumers' real perceptions toward services are getting positive (Salmones, Crespo, Bosque, 2005). A firm can be considered ethical can be perceived that a firm has conduct good ethics. It can create good trust to consumers and might influence their evaluation of quality. Therefore, the actions can influence consumers to evaluate them.

Research Method

Unit Analysis

The unit analysis refers to the level of aggregation of the data during subsequent analysis. The unit analysis is individual. The population is respondent in Jakarta. The number of respondents used in the study is 60. They are Islamic respondents who can becategorized as the consumers of daily products. The choice of products is based on the routine purchase. The products used here can be routine products that are purchased for monthly need or service such as bank. The choice of the bank is considered as the service is based on the routine need.

Data Collection Method & Variable Operationalization

The data collection method is done by distributing a questionnaire. It is a formulated written set of questions which respondents record their answers and closely defined alternatives. The type of questionnaires is personally administered questionnaire. It is chosen because the survey is restricted to a

local area. The advantage is the researcher can collect all the completed responses within short period of time. Administering questionnaires to large numbers of individuals simultaneously is less expensive and less time consuming. The number of distributed questionnaires is 60. The total number of returned questionnaires is 53. The response rate is 88%. The period time used to collect data is on July, 2010. The measurement of each variabels uses indicators that have been developed namely religion (Essoo & Dibb, 2004), islamic labeling (Lada *et al*., 2009), consumer knowledge (Sirgy, 1981), customer Service (Amin & Isa, 2008), corporate image (Bravo *et al*., 2009), corporate social responsibility (Tuyker, 2009). Seven variabels rated by each respondents are as follows.

X1 = religion:the degree of a consumer to use a religion as a base for decision making
X2= islamic labeling:the perception of a consumer to use islamic label for decision making
X3= consumer knowledge:the degree of a consumer to comprehend the bank product
X4 = customer service: the perception of service quality of a consumer toward bank
X5 = corporate image: the perception of a consumer toward the bank reputation
X6 = corporate social responsibility: the consumer perception of corporate social responsibility activities
Y = The dichotomy of bank preference; 2 =conventional or non-islamic banking, and 3 = sharia or islamic banking

The indicators were valid as follows. Most of indicators were valid. Only one of indicators of corporate social responsibility was valid namely csr 7.

Table 1.1 Validity

Construct	Indicator		*Factor Loading*	Construct	Indicator		*Factor Loading*
	Number	Code			Number	Code	
Labeling		Lab1	0,84	Corporate		Img1	0,60
		Lab2	0,73	Image		Img2	0,61
		Lab3	0,80			Img3	0,72
						Img4	0,74
Consumer Knowledge		Knw1	0,65			Img5	0,65
		Knw2	0,62			Img6	0,64
		Knw3	0,57				
		Knw4	0,68				
				Corporate			
		Serv2	0,58	Social		Csr7	0,32
Customer Service		Serv3	0,80	Responsibility			
		Serv4	0,81				
		Serv5	0,77				
		Serv6	0,74	Religion		Rlg2	0,57
		Serv7	0,79			Rlg3	0,66
		Serv8	0,39			Rlg4	0,57
		Serv9	0,88			Rlg5	0,63
		Serv10	0,83			Rlg6	0,57
		Serv11	0,79			Rlg7	0,45
						Rlg8	0,67

Table 1.2 Reliability

No	Variables	Coefficients
1	Religion	0,851
2	Islamic labeling	0,796
3	Consumer knowledge	0,686
4	Customer service	0,931
5	Corporate image	0,881
6	Corporate social responsibility	- (only one indicator)

After understanding the method of discriminant analysis and the theory of consumer decision making, this section will try how to implement discriminant analysis in order to comprehend the type of consumer decision-making on banking preference. The software program to run the data uses SPSS. This study is trying to relate some variables including to know religion, islamic labeling, consumer knowledge, customer service, corporate image, corporate social responsibility how well the discrimination between two groups of non-islamic banking and islamic banking. From the analysis case-processing summary, the number of valid unweighted cases is 53 (100%) plus at least both missing or out one group codes and one missing discriminating variable is 0 (0%). The total number is 53.

Table 1.3. provides Wilk's lambda coeffient which gives information regarding differences among group. Wilk's lambda is also used to test the equality of group centroid. While F statistic is a ration of between group variability to the within groups variability. Wilk's lambda is the ratio of the within groups of sum of squares to the total sum of squares. Small values indicate strong group differences; values close to 1.0 signifies no differences.

Table 1.3 Test of Equality of Group Means

Tests of Equality of Group Means

	Wilks' Lambda	F	df1	df2	Sig.
Csr7	.994	.291	1	51	.592
labeling	.949	2.739	1	51	.104
knowing	.983	.880	1	51	.353
service	.989	.561	1	51	.457
image	.998	.109	1	51	.743
religion	.993	.370	1	51	.546

From the equality test of the mean of two data group, the hypotheses can be tested. The hypotheses are formed to answer the research objectives. There are six hypotheses for the research with the level of significance α = 0,05 (5%)

a. Corporate social responsibility
- H0: μ Islamic banking = μ non-islamic banking = 0: there is no difference of corporate social responbility on consumer choice between islamic banking and non-islamic banking.

- Ha: μ Islamic banking ≠ μ non-islamic banking ≠ 0: there is difference of corporate social responsibility on the consumer choice between islamic banking and non-islamic banking.
- The value of Wilk's lambda is 0.994 and F test is 0.291 and the level of significance 0.592.
- Ho is accepted and Ha is rejected so there is no difference of corporate social responsibility on the consumer choice between Islamic banking and non-islamic banking.

b. Islamic labeling
- H0: μ islamic banking = μ non-islamic banking = 0: there is no difference of islamic labeling on consumer choice between islamic banking and non-islamic banking.
- Ha: μ Islamic banking ≠ μ non-islamic banking ≠ 0: there is difference of islamic labeling on the consumer choice between islamic banking and non-islamic banking.
- The value of Wilk's lambda is 0.949and F test is 2.739 and the level of significance 0.104
- Ho is accepted and Ha is rejected so there is no difference of islamic labeling on the consumer choice between islamic banking and non-islamic banking

c. Consumer knowledge
- H0: μ islamic banking = μ non-islamic banking = 0: there is no difference of consumer knowledge on consumer choice between islamic banking and non-islamic banking.
- Ha: μ islamic banking ≠ μ non-islamic banking ≠ 0: there is difference of consumer knowledge on the consumer choice between islamic banking and non-islamic banking.
- The value of Wilk's lambda is 0.983 and F test is 0.880 and the level of significance 0.353
- Ho is accepted and Ha is rejected so there is no difference of consumer knowledge on the consumer choice between islamic banking and non-islamic banking

d. Customer service
- H0: μ islamic banking = μ non-islamic banking = 0: there is no difference of customer service on consumer choice between islamic banking and non-islamic banking.
- Ha: μ islamic banking ≠ μ non-islamic banking ≠ 0: there is difference of customer service on the consumer choice between islamic banking and non-islamic banking.
- The value of Wilk's lambda is 0.989 and F test is 0.561 and the level of significance 0.457.
- Ho is accepted and Ha is rejected so there is no difference of customer service on the consumer choice between islamic banking and non-islamic banking.

e. Corporate image
- H0: μ islamic banking = μ non-islamic banking = 0: there is no difference of corporate image on consumer choice between islamic banking and non-islamic banking.
- Ha: μ islamic banking ≠ μ non-islamic banking ≠ 0: there is difference of corporate image on the consumer choice between islamic banking and non-islamic banking.
- The value of Wilk's lambda is 0.998 and F test is 0.109 and the level of significance 0.743.
- Ho is accepted and Ha is rejected so there is no difference of corporate image on the consumer choice between islamic banking and non-islamic banking.

f. Religion
- H0: μ islamic banking = μ non-islamic banking = 0: there is no difference of religion on consumer choice between islamic banking and non-islamic banking.
- Ha: μ islamic banking ≠ μ non-islamic banking ≠ 0: there is difference of religion on the consumer choice between islamic banking and non-islamic banking.
- The value of Wilk's lambda is 0.993and F test is 0.370 and the level of significance 0.546.
- Ho is accepted and Ha is rejected so there is no difference of religion the consumer choice between islamic banking and non-islamic banking.

From the above explanation, it can be drawn a conclusion that there is no difference between two groups of islamic banking choice and non-islamic banking choice.

Wilk's lambda

Wilk's lambda is the proportion of the total variance in the discriminant scores not explained by differences among the groups. Table 3 shows that 91.4 % of the variance is not explained by group

differences. Lambda is used to test the null hypothesis that the means of the entire variable across groups are equal and provides little information regarding the success of the model for classifying cases. As a test of its size, lambda is transformed to a variable with an approximate chi-square distribution. Here the chi-square is 4.293, indicating no significant difference between the two group centroids (the means of six variable simultaneously).

Conclusion

The study shows that there is no difference between the consumer choice between Islamic banking and non-islamic banking.   The results showed that the choice between non-Islamic banking and Islamic banking is not distinguished by the variables of Islamic labeling, consumer knowledge, customer service, company image, and religion. Consumer choice on both banks is based on other aspects. Variable labeling Islam is not a reason for consumers to choose the Islamic bank. Consumers who hold Islam also does not choose Islamic bank. It is also with the variables of customer service, company image, and implementation of corporate social responsibility are not considered to choose a bank either Islam or Islamic banks. This research suggests that consumers have a common perception that both Islamic banks and non-Islamic banks do not have a difference in providing services, company image and implementation of CSR within the company.

Banking strategy in the current era come into a fairly intensive challenge. Many players in the banking industry have been aware that the implementation of variables in this research, particularly customer service, company image, the implementation of corporate social responsibility has become a necessity to be a business strategy. Orientation is no longer directed to competitors but actually serving the consumer. Business strategy in the banking industry tend to be generic, because this strategy is easily imitated by other service provider business. Strategy becomes mandatory for all banks because of service and the implementation of the strategy must be run well. Banking does not only provide the services of a general nature, but also includes the implementation of corporate social responsibility.

In addition, an interesting choice of conventional banks has been more previous so they can offer some services to accommodate the needs of consumers. However, Islamic banks have also begun to promote themselves by offering services that are also superior. The offering of Islamic bank services has a number of advantages that may not be possessed by conventional banks in general. Therefore, each bank has an advantage that can offset each other.

Consumers who participated in the research embraced Islam, but this factor does not make a guide for individuals to choose services to meet consumer needs. There are aspects of rationality here that the choice of both conventional and Islamic banks are considered the same and each has advantages and disadvantages. This is a challenge for banks to continue to develop a strategy that has aspects of differentiation due to the superior aspect of differentiation will be the main choice. Based on respondent feedback, there are a number of services that can be noticed by consumers such as ease of use of technology in banking services, the presence of automatic teller machine, easily accessible and can quickly respond to customer issues.

6. The Limitation of the Study and the Recommendation for Further Research

This study has a limitation. The respondents used in this research consist of the majority of students. It explains that they are students that have a limited capability to choose which of the best bank offering. They argue that both islamic bank and non-islamic bank is indifferent. For further research, the respondent can be a worker who has a previous experience and has an ability to consider bank quality.

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