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Perceptions of Islamic Banking among Post Millennials: A Study on Muslim Students

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Abstract

This study aimed to understand the perception of Islamic banking among post millennials Muslim students and explore their expectations towards Islamic *Shariah compliant* banking. The study uses qualitative method to understand respondents' subjective views. Semi-structured interviews are used among the Muslim students studying at public and private universities in Malaysia. Twelve students were selected using purposive sampling. The analysis revealed that religious motives, efficient services, and convenience in terms of online banking and ATM services are factors in bank selection. The study found that the students' perceptions of their understanding of Islamic banking are not sufficient, and there is a gap in the understanding of the mechanism of Islamic banking operations. Most of the existing literature is on the customer satisfaction, customer behaviour and service quality. However, there are little research on the perceptions of Islamic banking among the students who are post millennials. This study focus on the new generation's perception of Islamic banking and attempts to fill this gap. The findings of the present study can be used as a reference in future studies in the area of perceptions among students or post millennials.

Keywords: Islamic Banking, Perception, Post Millennials, Qualitative Study.

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1.0 Introduction

Islamic finance emerged 50 years ago in countries with Muslim majority. Since the global financial crisis, in 2019 Islamic finance recorded the highest growth in the industry (Dar Al Shahria, 2021; Fitch Rating, 2021). Islamic finance is the fastest-growing segment of the global financial industry. Along with the growth of Islamic finance in Muslim countries, Islamic finance has begun to broaden its appeal in non-Muslim countries too (Dar Al Shahria, 2021). It has become systematically important in the economies of Asia and the Middle East and is expected to grow with strong economic growth in countries with large, unbanked and Muslim populations (IMF, 2017).

Islamic finance can be defined as the provision of financial services in accordance with Islamic *Shariah* law or Islamic principles (IMF, 2017). *Shariah* does not permit the provision of interest, excessive uncertainty, gambling, short sale or financing activities that may cause harm to society (IMF, 2017). Hence, when Islamic banks mobilize funds, they normally do so in the form of current accounts which are not entitled to any fixed financial return. Islamic Banking acts through the concept of equity sharing, risk sharing and stake sharing where the entrepreneur i.e., the customer and investor (the Bank) share the consequences of the project by sharing profits or losses with a predetermined ratio (Chowdhury et al. 2020). These operations are governed by the Islamic law (*Shariah*) in the sense that the institutions have to operate within the ethical and moral frameworks of *Shariah* which implies restraint from dealing with unlawful activities identified in Islam (Musa *et al.* 2020). The well-being of society is one of the concerns in the Islamic banking system. The philosophy of the system is not to emphasize only the commercial aspect, but also the social aspect through promoting Islamic norms and values in protecting the needs of society.

Western literature also supports interest-free loans where the foundation in classical economics is based on a perfect world by accepting uncertainty and imperfection and testing economic theory. Islamic theory depicts the way people, groups and governments should perform in a perfect community. However, the reality exhibit that people do not always follow the rules set forth. So, to understand the behaviour of Muslims with regard

to Islamic banking, empirical testing is crucial (Musa et al., 2020). Moreover, the tremendous growth of Islamic banking and stability in the financial crisis during 2008 makes it worthy of research.

For Muslims, the value towards *Shariah*, or the Tawhidic paradigm is the guiding principle of the customers in choosing the Islamic Shariah compliant banks. Empirical evidence suggests that the Islamic banking industry in Malaysia is one of the most successful Islamic banking industries (Malay Mail, 2021) today. A number of studies have been carried out on customer satisfaction, customer behaviour and service quality of Islamic banking (Abduh et al. 2018; Alam & Al-Amri, 2020). Few studies also provide evidence of the perceptions of non-Muslims across generations (Ezeh et al. 2022; Lujja et al. 2018) and employees attitude towards Islamic banking services (Ali et al. 2018; Shamsudheen *et al.* 2021). There is little evidence of studies on the perceptions of students specifically the post millennial generations. Present study highlights the need at the conceptual level to understand the new generations i.e., post millennial generation's perceptions and beliefs towards the Islamic banking concept.

According to Financial markets data provider Refinitive, Malaysia has retained its first position in the Islamic Finance Development Indicator (IFDI) in 2021 (Malay Mail, 2021). Malaysia ranked first under the indicators for Knowledge, Quantitative development, Governness and awareness. The continued growth signifies support by a conducive environment, continuous product innovation, and adaptation of global regulatory and legal best practices (BNM, 2022). Whereas, according to Bashir *et al* (2021) in a study on understanding the perception of Malaysian customers' lack of awareness and understanding of the Islamic finance industry is a major challenge for clients, investors, and other stakeholders. To attain business and social welfare goals through Islamic law, client awareness is a fundamental issue.

Today's post millennial students are the significant customer for retail as well as corporate banking in the coming days (Augustine and Kingsley 2020). Therefore, it is critical to understand the potential factors that envisage this post millennial Muslim customers'

intentions toward IB. This study aims to understand the perception of Islamic banking among post millennials Muslim students and to explore their expectations towards Islamic *Shariah* following banks. To comprehend the perceptions of the students with regard to Islamic banking, an exploratory study was conducted by adopting the qualitative research method among the postgraduate level students of public and private universities. Semi-structured interview questions were used to better understand the driving factors in choosing a bank and their awareness of the Islamic banking system.

2.0 Literature Review

2.1 Customer perception of Islamic banking

Islamic banking (IB) is defined as a system of banking activities that is in accordance with Islamic principles and its practical application (IIBI, 2018). IB principles forbid any fixed interest rates (Riba) on any risk-taking financial activities, on the contrary, it permits uncertain rates of return based on the actual profit earned (Khan, 1986). This prohibition of interest is the main differentiating feature of the Islamic banking system.

Jobber (2010) defined perception as “the process by which people select, organize and interpret sensory stimulation into a meaningful picture of the world”. It is also defined as “the process by which people translate sensory impressions into a coherent and unified view of the world around them. It is a process consisting of seeing, receiving and interpreting information (Beloucif et al. 2017). Consumer perceptions towards Islamic banking can be explained in terms of Ajzen’s theory of planned behaviour that states behavioural intention is determined by the joint function of attitude, subjective norms and perceived behaviour control (Ajzen, 1991). Ajzen defines behavioural intentions as an individual’s readiness to act, attitude as the positive or negative evaluations of the individual toward the act, and norms as the perceived social pressure to perform or not to perform that act (Ajzen, 1991). This theory of planned behaviour is employed in studying the consumer perception in availing Islamic banking services (Belwal and Maqbali, 2019). According to this research, the study of behavioural issues in terms of Islamic products and services provides a better insight to deal with the challenges of marketing these products and services (Belwal and Maqbali, 2019).

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Therefore, to study the attitude and behaviour toward IB services it is important to study the perception of the intended consumer of the services (Sonko, 2020; Belwal and Maqbal, 2019). It is observed as driven by a variety of factors and culturally sensitive. Undeniably, religious belief is the most important factor in availing Islamic banking services (Chowdhury and Rahman, 2014; Rahman et al. 2020). Other factors in influencing the decision are employees' skills and values, timeliness, image, confidentiality, service quality, perceived financial cost, branding and the word of mouth (Abduh *et al.* 2018; Butt *et al.* 2018; Wahyuni and Fitriani, 2017).

Erol et al. (1990) are among the earliest researchers who identified the key selection criteria for Islamic Banks: fast and efficient services, reputation and confidentiality. The religious motivation was not a primary criterion in their findings. Naser et al. (1999) and Haron *et al* (1994) also found non-religious aspects as the selection criteria for the bank. Moreover, the study by Dusuki and Abdullah (2007) among 750 respondents reveals that only promoting Islamic factor is not sufficient, the bankers need to deliver service quality. The study found the most three important factors were competence, friendliness and customer service quality. The respondents were selected from four different states of Malaysia who had been maintaining relationships with Islamic Shariah following banks. Another important finding of the study was the user expectation of social responsibilities and other Islamic ideals or values.

Conversely, other studies by Mbawuni, and Nimako (2018), and Sonko (2020) found adherence to Islamic beliefs is the primary selection criterion in making relationships with Islamic banks respectively in Ghana and Gambia . However, they also found that bank image, service quality, and influence of family and friends are also important in making a decision for the selection of banks.

Similarly, in a study on the selection criteria for choosing IB services in the UAE market (Shamsudheen *et al.* 2021) it is observed that for retail customers "Shariah compliance" is the main factor of selection. Whereas, for institutional customers "Cost and

affordability” and “rate of return” are prioritized over the religious issue. Moreover, the study found the degree of importance affecting the customer’s choice of Islamic banking is higher for Islamic principles than the rate of return. The next important factor identified was the advocacy of friends and family.

Few studies were conducted on the attitudes and perceptions of consumers in terms of Muslims and non-Muslims regarding Islamic banking by Dar Al Shahria (2021), Latif (2019), Lujja *et al* (2018). They found that Islamic banking is attractive to both Muslims as well as non-Muslims. In a study by Lujja *et al* (2018) among the Muslim and non-Muslim customers of Uganda, it is observed that the attitude towards IB is different. To the non-Muslim profitability is the main selection criteria whereas to the Muslim customer “Religious issue and profitability” both are the guiding principle in selecting the IB services. However, in another study on Nigerian non-Muslim customers, it was found that relative advantage, social influence, trust and compatibility affects the adoption of Islamic banking rather than knowledge of Islamic banking operations. (Ezeh *et al.* 2022).

In another study on Malaysia, Bashir *et al* (2021) found that corporate customers lack knowledge of the Islamic banking system, as the respondents were even unaware of the principal of Islamic banking. In this case, the respondents were both Muslims and non-Muslim. The study found that the most important factor in selecting banks is the cost of the services and products. Furthermore, in a qualitative study (Echchabi and Olaniyi, 2012) on perception towards Islamic bank among Malaysian customer, it was found that customer believes the banks were not fully *shariah* complaints and they envisage the attainment of full *shariah* compliance in the future. Moreover, Hoque *et al.* (2019) observed that bank relationship, profit-loss sharing approach, advertising, perceived ease of online banking and potential benefits, dictates the customers’ attitude towards Islamic banks. Additionally, Islamic banks should use simplified terms for Islamic products on their websites to make it easy for non-Muslim customers. Furthermore, in a study on the Philippine’s Islamic bank customers, it was found that the respondents were not well aware of the Islamic banking products and modes of financing (Latif, 2019).

All of these studies focus on bank customers who are mainly from the corporate world. There are a number of studies on generation Y Muslim consumers regarding their religiosity and knowledge of Halal Tourism (Sudarsono, et al. 2021), purchasing foreign brands (Zakaria et al., 2021), decision-making style, planned behaviour (Wibowo et al. 2022). However, there is a gap in the literature on the study of knowledge and perception of Islamic banking among the new generation “post millennials” who has born after 1996.

Therefore, after reviewing the above literature, the present study finds a gap on the perception of Islamic banking among post millennial generation of Malaysia, the top ranked country in Islamic knowledge and awareness. It seeks to explore the perceptions of post millennial generation Muslim students, specifically the factors that attract them in opening an account with Islamic Bank, their understanding about the Islamic banking concept and expectation from the same.

2.2 Post millennial and perception of Islamic Banking

Post millennial generation is also termed Generation Z. Post millennials are the people who born between 1996 and 2012 (Smith & Yamakawa, 2020). Characteristics of post millennials differ depending on the region as well as social and economic conditions. Still, familiarity and abundant use of communication, media, and digital technologies has made some common characteristics of this generation. This generation is very digital natives. They have grown up with instant access to various information. They like to stay connected and one third of them spend six hours or more on their phone and social media (Smith & Yamakawa, 2020). According to Pew research this generation is less religious than the previous generations.

A study on financial literacy among millennials, Dewi et al. (2020) found that this generation is financially literate, and has a good financial attitude that reflects in making better financial decisions. In a study Khan et al. (2017) found that individuals' financial literacy affects their financial behaviour and attitude. Socio-economic factors like age,

education, and income have a positive impact on financial knowledge and skills has a role in personal financial decisions as well as in the selection of financial institutions in managing their businesses (Klapper et al. 2015). Moreover, in another study on the Muslim millennials, Hoque et al (2022) observed that the positive perceptions and desire for IB significantly influence the adoption of IB products and services. In this case, the religious principles regarding riba influences their attitude and behavioural intentions towards IB.

In a quantitative study (Rahmi et al, 2020) on 250 Malaysian university students it is found that the respondents are well aware about the IB products, and less convinced of their adherence to the *Shariah*. While, in another study on 200 MBA students in Malaysia, it is found that the level of understanding of IB services is below average and the adoption of IB services is influenced by knowledge of IB and perceived advantages (Mahdzan et al, 2017). Another study on finance students of different universities in Pakistan, it is observed that awareness, knowledge and religiosity have positive influence on the perception of Islamic banking (Riaz et al., 2017). However, study by Bley and Kuehn (2003) among 700 graduate and undergraduate students at the American University of Sharjah, find the primary reason for choosing Islamic financial institutions and products is religious issue which is not based on any specific understanding of the products. On the whole, students' understanding and knowledge of both conventional and Islamic banking systems were found very low.

3.0 Methodology:

Participants

The study focuses on post millennial Muslim students of public and private universities in Klang valley, Malaysia. From the initial interview session, it was found that the students from the undergraduate level have very low level of understanding of Islamic Banking. Therefore, the respondents were selected from the post-graduate level, having an Islamic bank account, with the ability to respond to the interview questions on these specific issues. Since the respondents were post millennial generation (born after 1996)

and from the postgraduate level, were in the age group of 22 - 26 years. The respondents were selected after being confirmed about their educational level and age group.

Interview questions and procedure

From the literature review, it was found that most of the studies on Islamic banking perception, customer satisfaction and behaviour are done by the quantitative study. Since the objective is to generate insights and find out the perceptions of consumers towards Islamic banking in order to gain a deeper understanding of the research issue, this research performed a qualitative, in-depth interview method. The use of open-ended questions would allow the respondents to share their experiences, feelings, ideas and opinions. Moreover, the underlying philosophy of the study was social constructivism which focuses on the understanding and beliefs of the students (Merriam, 2009).

Face-to-face interviews were conducted with the students. The interview was conducted using interview protocol with open end questions to allow the respondents to share their experiences, views and opinions. They were briefed about the research issue. The interviews were conducted in English language. It was recorded and transcribed for analysis with the permission of the participant. The interviewees were assured of the confidentiality of their identities in any publications. On average, each interview ranged from 25 to 30 minutes. The number of respondents for the study was twelve. The respondents consist of seven males and five females. Among them, eight respondents were from the age group of 22-24 years and four respondents were from 25-26 years. Both national and international students participated in the study.

The key questions asked in the interview are listed below:

Interview Guide:

1. What factors do you consider important in opening a bank account?
2. How do you describe your understanding of Islamic Banking?
3. How do you differentiate Islamic banking from conventional banking?
4. What advantage do you perceive in maintaining a relationship with Islamic Banks?

5. What disadvantage do you perceive in maintaining a relationship with Islamic Banks?
6. What are your expectations from Islamic Banks?
7. What is your perception of the prospect of Islamic Banking in Malaysia?

Data Analysis

The data analysis included several steps like transcriptions, in-depth analysis and cross-participant comparative analysis. To analyse the data the phenomenological approach was adopted in interpreting and reflecting on the data transcript. Since it helps to achieve holistic understanding of the meaning of the respondents experience (Echchabi and Olaniyi (2012). Each and every interview was reviewed several times to find out the factors they consider important in opening the bank account and explore their understanding of Islamic banking. Each transcription was read in detail several times to go through the range of awareness and views of the respondents about the issue at hand. In the second step, key issues mentioned by each respondent were highlighted and the common issues were combined. The quotes by respondents were highlighted and grouped into possible themes. These themes were identified across all respondents. The qualitative findings are presented below.

4.0 Results:

The students were asked about the important factors considered in making the decision of opening a bank account. After considerable reading and re-reading the transcripts, the key criteria emerged while choosing a bank are: convenience, availability of ATMs, debit card, online banking services, foreign remittance, religious issue, efficiency of the bank personnel and attitude.

It is observed that the respondents are driven by a wide range of factors while choosing the bank. One of them expressed his concern:

“Maybe in some cases, I don’t have enough cash in my pocket, so the availability of a debit card is very important.” And a very important factor is the online transaction... they make it very easy for me to make transactions online, purchase online”

One respondent expressed:

“As a Muslim I prefer Islamic banking. “

Another respondent expressed his concern as follows:

“I think as a Muslim, I should follow Islamic banking. Since I want to avoid the provision of interest, which is forbidden in our religion.”

Most of the respondents mentioned their concerns about the religious issue. Other factors mentioned by the respondents were the efficient service of the bank personnel. One respondent showed her concern for the brand image of the bank. Moreover, trustfulness and foreign remittance also had been referred to as the selection criteria.

4.1 Understanding of Islamic banking and Differentiating between Islamic and conventional banks:

The study tries to find out the perceptions of the students towards the key philosophy of IB. From the interview, it was found that all of the respondents expressed a good degree of their understanding about Islamic banking (IB) as *shariah* complaint or *riba* free. Although the respondents believe Islamic banks as *riba* free, they expressed they lack knowledge about how the system is *shariah* complaint. Two respondents expressed their doubt about the *shariah* compliance of the Islamic banks. One quote was:

“But in reality, what is really different between an Islamic bank and a commercial bank, I have a big question. Because I am not confident enough what they are doing.... they are in a financial market, which is not truly Islamic.”

Another respondent's quote was:

“By Principle, they are supposed to be Islamic ... according to the Shariah, but in reality, how far they can exercise it, is a question to me.”

One of the respondents shared his belief about Islamic banking as the service provider that acts for the betterment of the Muslim community. He expressed:

“I believe that they don’t take the advantage of people. They are honest. ... and they provide services that are best for the Muslim community.”

In response to the question on how they differentiate between Islamic and conventional banking, all of the respondents except two viewed Islamic banking as *shariah* governing financial institutions. One female respondent shared her belief about the investment activities of IB’s and quoted:

“Like what I know conventional banking can invest the money anywhere but Islamic banks invest the money in any investment that supports Shariah.”

Three respondents reported their incapability to distinguish the two-banking system. One of them symbolizes Islamic banking as the “mirror image” of conventional banking. To her, Islamic terminology used in naming the accounts makes it different from conventional banking. Another respondent conveyed he could not find any difference between these two streams of banking systems and Islamic banking is not “practical everywhere”. A respondent having both types of banking accounts, cited conventional banking as based on western philosophy and better service providers.

From the responses, it is observed that though they believe in Islamic banking, they have doubt about the operations of the IB systems. Therefore, there is a gap in the understanding in the mechanism of the Islamic banking operations which need to be clarified to customers to increase their belief and trust in Islamic banking.

4.2 Benefits and drawback of Islamic banks:

The students viewed being *shariah* compliant as the only beneficial factor in banking with Islamic banks. The perceived relative advantage in availing Islamic banking services from other factors like rate of return, customer services, and disclosure of information are significant in determining the satisfaction of the customers (Rahman et al., 2020).

However, in the present study, other factors to attain the satisfaction of the customers were not observed. One of the participants quoted:

“I just constraint myself from involving with riba...that’s all, to be honest, conventional banking system provides you better service than Islamic”

Only one participant expressed higher return in a deposit account and friendly behaviour of the bank personnel of Islamic banks compared with conventional banks. Most of the participants felt inefficient service consisting of time consumption in transactions and lack of disclosure of facts and information as the main drawbacks of Islamic banking. Other factors came up with a lack of proper maintenance of the ATM and higher costs in terms of service charges and housing loans.

4.3 Expectations from Islamic banks:

To meet the expectation and satisfaction of the customers it is very important for Islamic banks to be competitive with conventional banks (Hosen et al. 2021). At the same time the IB should be efficient in delivering services to the customers (Hosen et al. 2021; Tjiptono, 2014). Moreover, in the present study, it is found that technical quality and functional quality are the two important dimensions regarding the perceived quality of services by the students. The technical quality or outcome dimensions like customer services and functional quality or process-related dimensions like the delivery of quality services are mentioned by the respondent in describing their perceived quality of the services.

Most of the participants expect Islamic banking to improve in online banking services as well as the efficient service provided through competent and knowledgeable bank personnel. Other factors mentioned by the respondents were the accessibility of ATM machines, attitude, behaviour, and trustworthiness of the banking personnel, and wide marketing of the Islamic banking concept and services.

Table: 1 (a) Expectation from Islamic Banks

Sub theme	Statements of the participants
Online service Improvement	<p data-bbox="660 286 1353 376">“I expect them to improve online services and ATM services”</p> <p data-bbox="660 454 1353 600">“They should also improve the online banking system as most of the Islamic banks in Malaysia doesn’t have good internet banking system”</p> <p data-bbox="660 678 1353 869">“And most of the time online banking for Islamic bank. It does not work, that much well. I think it needs to improve. The ATM machines are also need to be operative all the time”</p> <p data-bbox="660 947 1353 1037">“They should set up more ATM, so that it is easier to deposit and withdraw money.”</p>
Promoting the IB concept	<p data-bbox="660 1115 1353 1261">“I think Islamic banking is not doing good job in terms of advertising. They should tell people what makes a different from commercial banking.”</p> <p data-bbox="660 1283 1353 1429">“They are always saying risk free, risk free but what makes you risk free better? Of course, the Muslim we answer, but to non-Muslim?”</p> <p data-bbox="660 1507 1353 1653">“I really hope that Islamic banks in Malaysia would promote their products and services especially in terms of the advantages of using their services.”</p> <p data-bbox="660 1731 1353 1809">“They should be more proactive in promoting their services especially to the Muslim community”</p>

Source: Interview

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Table: 1 (b) Expectation from Islamic Banks

Sub theme	Statements of the participants
Competency of Personnel	<p>“They should improve their services especially in terms of the knowledge of the bank officer about their products. provide training for their staff”</p> <p>“Islamic bank should have good and proper trained staff, bankers and promoters who really know about Islamic banking concepts and products”</p> <p>“Because every time, we want to do some transaction which you are not clear when you go and ask them, they are not clear though. They just keep asking from someone competent.”</p> <p>“The bank officials should be more friendly... and efficient, so that it takes less time.”</p>
Efficient service	<p>“To get leading in banking industries, Islamic banks needs to provide good services which are better than conventional banking”</p> <p>“Moreover, they should be more efficient in delivering their services.”</p> <p>“The officers should be more responsive and prompter in terms of customer services and transactions.”</p>

Greater welfare

“They should operate in a good way, do lot welfare for their consumers, do not just used the name of Islam to gain profit”

Source: Interview

4.4 Perceptions of prospect of Islamic banks in Malaysia:

All of the participants perceive Islamic banking as a promising sector, and getting more popularity. They believe proper advertisement of the concept and improvement in the services, and increasing interest among Chinese customers in the Shariah-based banking system will make it more popular in the near future.

5.0 Discussion:

One of the major findings of the study was most of the students as the consumer of the Islamic banking were not well aware of the Islamic banking concept. In the course of sharing their understanding of Islamic Banking, the participants identified it as governed by *Shariah* principles. However, regarding the operational distinction, they have little understanding and some of them also expressed their doubts, supporting previous studies by Echchabi and Olaniyi (2012), Rahman *et. al.* (2020), Belwal and Maqbali (2019) whether Islamic banking is practically different from the conventional system.

They perceived Islamic banking as inefficient in providing services and operationally inconvenient. Moreover, they found the costs to be comparatively high for long-term loans. These findings are in contrast with the IB consumers in Oman (Belwal and Maqbali, 2019). Yet after all of these weaknesses, the reason for banking with Islamic banks was the element of *Shariah* compliance. Therefore, in the beginning, although they mentioned quality service as an important issue for the selection of banks later it is established that religious compliance was the main reason for banking with Islamic banks which supports the findings of Shamsudheen *et al.* (2021), Sonoko, (2020); Rahman *et al.*, 2020.

From the study, it was found that service quality or efficiency of the bank personnel, convenience, and online banking are the most important factors in choosing a bank, which supports the previous studies by Alam and Al- Amri (2020), Tran (2020), and Dusuki and Abdullah (2007). The religious factor came next in their consideration. When the religious factor is the prime consideration in opening a bank account, then it was observed that they maintain the banking relationship even when they were dissatisfied with the bank services and charges.

The findings revealed that the expectation of the respondents towards Islamic banking are multi-dimensional. The most important issue felt by the respondents are improvement in online service offering. From the study it is observed that there is a lack of efficient online banking services from the Islamic banking institutions. Another important issue felt by the respondents were promoting the Islamic banking concept or educating the customers. Since the respondent themselves felt a gap in understanding the operational procedure and product features, they expect the Islamic banks to educate and facilitate them in understanding the major differences between Islamic and conventional banking products. Moreover, the lack of competency of the bank personnel and competitiveness of IB are realized by the respondents.

Since the respondents are the post millennials, this study also finds the proof of tech savvy nature of this generation (Dewi et al., 2020). The study finds that the respondents expect an improvement of online services and the competency of the personnel towards Islamic banking. The respondent felt the online service quality of the Islamic banks was not good enough compared to their conventional counterparts. All of the respondents gave importance to the adoption and development of modern banking systems like ATM facilities and online banking facilities which can be synonymous with the factor of convenience. This result supports the characteristics of post millennials as being tech-savvy as they prefer the provision of online banking rather than the counter services and better financial behaviour in making financial decisions (Dewi et al., 2020).

Moreover, enhancing the competency of the bank personnel was found imperative by the respondents, as they felt the gap in knowledge about the Islamic banking products and services that also support the study by Alam and Al- Amri (2020) in the Islamic banking industry of Oman. Therefore, the bank management can arrange adequate training and promotional programmes to educate the bank personnel as well as the students in different educational institute. In addition, the bank should use simplified terms for Islamic banking products to make it more understandable and communicable for the customers. This will help to build future customer base for the organization.

Since today's new generation are the future customers of Islamic banking in the coming days, they can be the early adopters. Therefore, taking these points the bank management can design the retail Islamic banking products that will attract this new generation.

6.0 Concluding Remarks:

The study analysis found that post millennial students do not have much understanding of the concept of Islamic banking. Yet, they selected Islamic banking for complying with their religion. Being the tech generation, they demand better online banking facilities and all-time convenient ATM services. They used online banking and ATM services as synonymous with convenience. Moreover, the efficient service of the bank personnel, convenience and religious motives are the key factors in bank selection. The findings of the study have significant contributions to the body of knowledge. The findings may serve as useful information for Islamic banking institutions in improving their practices in terms of educating the customers and services offered in conformity with Islamic *Shariah* to the new generation.

There are several limitations of the study. The nature and sample size of the study was not enough to generalize the concept across other universities, age groups or geographic locations. Therefore, further studies on post millennials can be done to get more insights about the issue. A quantitative study among large sample from different geographic locations would contribute better result for generalization.

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