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IDENTIFYING FACTORS AFFECTING ISLAMIC BANKING ADOPTION: EVIDENCE FROM THE OMANI BANKING SECTOR

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ABSTRACT

This study aims to identify key factors that influence the adoption of Islamic banking in the banking sector of Oman. Since the establishment of full-fledged Islamic banks and the presence of full-fledged Islamic windows within conventional banks, understanding customer perceptions and motivations has become very important. The study focuses on six core variables, namely compatibility, religiosity, awareness, reputation, service quality, and social influence. The data collection belongs to a structured questionnaire designed among the various Islamic banking institutions' customers scattered throughout the Sultanate. Findings show that compatibility and religiosity are the strongest influences for the adoption of Islamic banking, followed by reputation and awareness, whereas service quality and social influence score the least. These can provide a rich understanding of customer behavior and can become a support element for Islamic banks in enhancing their strategies, communication drives, and customer engagement proficiencies toward mass adoption.

KEYWORDS:

Islamic Banking, Oman, Adoption, Factors, Religiosity, Compatibility, Awareness, Service Quality, Reputation, Social Influence.

1. Introduction:

Nowadays, Islamic banking is an essential section of global finance, presenting the banking system following the rules of Shariah law. Islamic banks, therefore, operate on two major rules: They are not permitted to charge interest (riba) in any business transactions, and must focus on making fair and honest profits. (Rahmayati, 2021). In addition, Islamic banks are prohibited from financing any project that clashed with the ethical value system of Islamic teachings or that is known to be harmful to the society (Rosmanidar et al., 2021). Furthermore, the money that flows in Islamic banks should not come from an outlawed business in Islam, such as the manufacturing of alcohol or pork; however, conventional banks do not observe such prohibitions. This, therefore, distinguishes Islamic banking by its absolute commitment to the ethical and Islamic standards (Junaidi et al., 2023).

Islamic financial products are inherently more complex than conventional financial products, and a lack of awareness has led to differing opinions about the products and services offered by Islamic banks. Islamic banking is still considered an emerging market (Abasimel, 2023). Therefore, attracting and retaining profitable customers is one of the challenges facing Islamic banks today.

Islamic finance has been growing steadily in the Gulf Cooperation Council (GCC) region, including Oman, although the conventional banking sector is still the largest (Ali et al., 2024). Since Islamic banking was introduced to Oman in 2012, the option has seen some traction, but its popularity is a topic of ongoing research and interest of policymakers. Multiple factors influence customers' decisions when selecting an Islamic banking option, such as compatibility, religiosity, awareness, reputation, quality of service, and social influence. Although these factors have been addressed in multiple existing contexts, there is still scarce information about their precise determination of customer behavior in Oman. Hence, this research attempts to fill this gap by investigating the influence of these determinants on the adoption of Islamic banking within the Omani banking sector.

1.1 Statement of the research problem:

The implementation of Islamic banking in Oman has several difficulties for both users and suppliers. For users, the major concerns revolve around a lack of awareness and understanding of Islamic banking products, perceived complexity of products, limited access to services, and perceived quality of service compared with conventional banks (Tegambwage et al., 2022). On the side of the suppliers, Islamic banks are confronted by

inconsistencies and gaps in regulatory frameworks, competition from well-established conventional banks, high fixed overheads and operational expenses, and a lack of professional staff with finance and Shariah competencies. Islamic banks are further required to establish trust and credibility with customers that are skeptical about the genuineness of Shariah compliance (Amit et al., 2022). These issues need to be tackled to increase and further entrench the take-up of Islamic banking products in Oman and bring about a more inclusive financial sector. This study will address these problems by studying the factors that affect Islamic banking adoption in Oman. Since the customer is the primary measure of success or failure for Islamic banks. Understanding their needs and motivations is the solid foundation for designing a marketing program capable of encouraging them to adopt these banks' services and products. Any attempt to succeed outside the circle of customer interests will face many difficulties. Thus, this study will help users and suppliers understand the factors that affect Islamic banking adoption in Oman.

1.2 Research Objectives:

1. To identify the key factors affecting the adoption of Islamic banking in the Omani banking sector.
2. To analyze the relationship between the identified factors and customers' selection of Islamic banking services.
3. To evaluate the impact of compatibility, religiosity, awareness, reputation, service quality, and social influence on customers' adoption of Islamic banking in Oman.

2. Literature Review:

2.1 Adoption of Islamic Banking:

The adoption of Islamic banking services means the extent to which individuals, society, or institutions decide to use Islamic banking services that are in line with the accepted teachings of Islam and Sharia. These Islamic banks conduct their operations adhering to the principles laid down by Islam, where their operations forbid Riba, gambling, and investment in any project or activity obstructed by Sharia, such as the manufacture of alcohol, pork, or tobacco, among many other (Junaidi et al., 2023).

In recent years, Islamic finance has witnessed significant growth, recording an 11% growth in 2022 and reaching an estimated value of US\$ 3.5 trillion. This is due to the increasing Muslim population, which has led to increased demand for ethical and Islamic alternatives that align with their religious beliefs (Ali et al., 2024). The total global production of Islamic finance is substantial, and therefore its adoption rate varies from country

to country. Thus, Islamic banks are widely spread in countries such as Malaysia, Pakistan, and Saudi Arabia, while Islamic banks in Oman remain largely ignored by customers due to its relatively recent emergence and establishment compared to other countries (Rosmanidar et al., 2021).

In the Omani context, the Omani central bank and the updating of regulations related to Islamic finance have contributed to establishing a strong and solid foundation for the growth of the Islamic banking sector (Al Balushi et al., 2019). However, they still face some challenges related to customers' preference for conventional banks due to lack of awareness, especially since conventional banks appeared before Islamic banks in Oman. In addition, some customers remain suspicious about the integrity of Islamic banks, especially those of conventional banks offering Islamic windows, wondering if these windows really operate in accordance with the requirements of Shariah or whether they are more oriented towards market expansion. Therefore, it is very important to study customer behavior and understand the factors behind the acceptance of Islamic banking services (Miah et al., 2024).

The intention to choose Islamic banking is influenced by many factors, whether personal factors such as compatibility, financial literacy, religiosity, perceived risk, and awareness, or institutional factors such as service quality, product range, shariah compliance assurance, and reputation, or societal factors such as cultural norms and social influence from family and friends (Amit et al., 2022).

Given the different factors affecting the adoption of Islamic banking from one country to another in line with its local context, researchers have realized the importance of conducting studies specific to each country in order to obtain accurate details and results. After investigating and researching previous studies, this research will focus on studying six main factors that affect the adoption of Islamic banking, which are compatibility, religiosity, awareness, reputation, quality of service, and social influence.

2.2 Key Factors, their relationship and impact on the adoption of Islamic banking:

❖ Compatibility and adoption of Islamic banking

The meaning of compatibility refers to the extent to which the product or service is compatible with the beliefs and needs of customers. In terms of Islamic banking services, it refers to the compatibility of the services provided by Islamic banks with the religious belief, personal need, and financial preference of the customer (Charag et al., 2020). Based on most previous studies, compatibility, whether religious, value-based, service-oriented, cultural, or societal, plays a significant role in customers' choice to use Islamic banking services.

Mustapha et al.'s (2023) study, conducted in Malaysia, indicated that compatibility clearly influences customers' choice of Islamic banks over conventional banks. The study also indicated that banks that offer services that align with their religious values and beliefs and offer modern banking services that meet their needs

and preferences, such as self-banking, e-wallets, and many others, are highly accepted by customers. This strengthens the argument that customers not only want products and services that align with their religious beliefs but also services that align with their financial needs, preferences, and lifestyle, as well, the study by Naeem (2020), encourages Islamic banks to focus on developing and diversifying their services and making them easy, fast and within the reach of customers, which leads to gaining customer satisfaction and attracting them to adopt their services.

Also, another study by Bukhari et al. (2021) in Pakistan confirmed that how well customers perceived services offered by the Islamic banks in terms of needs directly affects acceptance of these services. The results of their study highlighted that the major reasons that customers base their inclination toward Islamic banks rather than conventional ones is that these services are considered socially aligned by the Pakistan customers who perceive service offered by Islamic banks to be linked with justice, religion, fairness, and honesty. This confirms the importance of providing banking services that meet customer needs and comply with Islamic Sharia principles in order to increase customer trust (Khan et al., 2022).

Furthermore, a study in Indonesia revealed that customers' religiosity does not necessarily translate to customers' Islamic bank preference. Junaidi et al. (2023) found that customers would only accept Islamic banking services if they are easy to use, convenient, and compatible with their respective financial needs and requirements, which shows that compatibility is positively related to Islamic banking adoption and that compatibility is a mediating variable between religiosity and adoption. This validates the necessity to provide banking services that can be tailored to the customer's requirements.

H1: Compatibility positively affects customers' adoption of Islamic banking services in Oman.

❖ Religiosity and adoption of Islamic banking

Religiosity means the extent of an individual's commitment to Islamic teachings. Religiosity can be measured in terms of belief, practice, religious awareness, and behavior in daily dealings, such as honesty, integrity, and justice (Sudarsono et al., 2021). Religiosity is considered one of the most influential factors in human behavior, as the more religiosity an individual has, the more likely he is to engage in behavior that is consistent with his religious beliefs, whether socially, economically, or morally. According to Abasimel et al. (2023), in the financial context, religiosity is defined as the extent to which Islamic teachings influence an individual's decisions related to money and banking, such as his preference for Islamic banks and his rejection of transactions that violate religious teachings, such as Riba.

Most previous studies have agreed that religiosity is one of the main factors in customers' preference

for Islamic banks over conventional ones. The study by Alkhatib et al. (2024), which was conducted in Jordan, confirmed that customers do not make the decision to adopt Islamic banks for financial or investment reasons but rather adopt them due to their commitment to following Islamic teachings in their banking transactions. Also, the research conducted by Bananuka et al. (2020) on non-Muslim countries confirmed that a large group of Muslims in the United Kingdom pay great attention to adopting Islamic banks due to their adherence to their Islamic religious values. This demonstrates the powerful influence of religion on an individual's financial decisions.

While most studies confirm that religiosity has a significant impact on customers' adoption of Islamic banking services, some studies show the opposite. Siska (2022) showed that customers are more concerned with financial, profitability, and investment considerations when choosing Islamic banks, and less focused on religious considerations. According to another study, customers are more concerned with practical factors like customer privacy, quality and efficiency, and service speed than they are with religious factors (Rahman et al., 2023). These studies demonstrate that although religion has a strong influence on individuals, it is not considered a primary factor in customers' choice to adopt Islamic banking services, and that profitability and practical factors are more important to customers in some countries.

H2: Religiosity positively affects customers' adoption of Islamic banking services in Oman.

❖ Awareness and adoption of Islamic banking

In the general context, awareness is defined as the cognitive state through which a person can perceive a specific thing around him. This thing may be an idea, a product, a trademark, a service, a behavior, a natural, social, or economic phenomenon, and many other things. Awareness combines attention, knowledge, understanding, and information. In the context of Islamic banking, awareness is defined as the extent of customers' awareness of the operational processes and services available in Islamic banks and what distinguishes them from conventional banks (Bilal et al., 2020).

Many countries have conducted studies on the relationship between awareness and adoption of Islamic banking services. According to a study by Siska (2022), in his literature review on digital Islamic banking in Indonesia, he confirmed that there is a lack of awareness towards Islamic services due to the weakness of awareness and promotional campaigns from Islamic banks themselves. Another study indicated that the lack of awareness among customers led to the false belief among customers that Islamic banks are just a change of name and that it is only a marketing method to attract more customers and nothing more (Salmasi et al.,

2024).

In addition, Janah et al. (2020) found that many people mistakenly believe Islamic windows in conventional banks are just a marketing trick to attract Muslim customers. This misunderstanding often comes from a lack of transparency, the similarity between Islamic and conventional banking products, and a general lack of awareness about how Islamic banking actually works. Thus, the study suggests that Islamic windows should be completely separated from conventional activities in financing and management and made fully autonomous while awareness programs should be carried out to enlighten customers about how Islamic banks work.

A study conducted by Hassan et al. (2023), which targeted youth to determine their awareness and use of Islamic banks, indicated that youth awareness of Islamic banking services, such as Islamic finance, Islamic investment, and electronic wallets, positively affects their choice of Islamic banks; another study confirmed that lack of awareness of these services negatively affects the use of Islamic banks (Bukhari et al., 2021). Therefore, Islamic banks and institutions' focus on raising awareness, educating individuals, and promoting their services is crucial to attracting customers, especially youth customers. Moreover, a study by Junaidi et al. (2023) indicated the importance of digital awareness. Islamic banks must use digital platforms to raise awareness, particularly among younger generations, as digital banking and fintech solutions expand.

H3: Awareness positively affects customers' adoption of Islamic banking services in Oman.

❖ Reputation and adoption of Islamic banking

Basically, reputation is how people perceive a bank according to its past acts and performance. In Islamic finance, reputation refers to whether an Islamic bank has performed transparently and in the public interest, that is, upholding Shariah standards, and also whether it has performed well financially (Sudarsono et al., 2021). If a bank has a good track record and is seen as trustworthy, it can really influence people's decisions.

Several studies have shown that reputation plays an important role when it comes to choosing Islamic banks. For example, in earlier research, it was found that many non-Muslim customers ranked reputation as one of the top factors they consider. Non-Muslim often do not adopt Islamic banks for religious reasons, but rather for trust and a good reputation. Knowing that an Islamic bank has an excellent reputation for reliability, ethics, quality, and transparency will attract them to adopt Islamic bank (Bananuka et al., 2020).

While in Muslim countries religiosity comes before reputation. Indonesia showed that if an Islamic bank has good reputation, this will positively influence the customer's choice to use Islamic banking. Although the reputation's effect is strong, it is low compared to religiosity (Sudarsono et al., 2021). Moreover, other studies in Malaysia have supported this view, by showing that reputation was the third most important reason for

choosing Islamic banks after religiosity and service quality (Mustapha et al., 2023).

On the other hand, although most studies agreed on the positive impact of a bank's reputation on encouraging customers to adopt Islamic banks, some studies have shown that a bank's reputation may have a negative impact. For example, a study by Bilal et al. (2020) found that most customers chose Islamic banks based on their apparent reputation, but when they adopted Islamic banking services and found that their quality and services did not match their lifestyle and financial decisions, this led to their feeling of disappointment towards these banks. The discrepancy between customers' perception of services and the actual service led to customer dissatisfaction, thus increasing the possibility that they will switch to conventional banks.

H4: Reputation positively affects customers' adoption of Islamic banking services in Oman.

❖ **Service quality and adoption of Islamic banking**

Quality of service as perceived by the customer refers to the service that a particular customer feels it has been provided by the bank. If the service is good-fast, transactions are timely, and the staff is polite-the customer will feel satisfied and rate that service as excellent. A bad service evaluation would come if the service is slow, if workers offend the customer, or if the customer is even confused in understanding of what is said to him (Gonu et al., 2023). People always consider their actual experiences concerning the service quality and not advertisements or promises. Actual experiences have a greater influence than marketing claims (Supriyanto et al., 2021).

Many studies in various countries have proven that bank service quality has a glaring effect on the consumer's acceptance of Islamic banks. For instance, Khan et al. (2022) studied service quality and adoption of Islamic banks. The investigation sought Generation Z and found that despite the legal-religious motives of the customer, service quality, considered from Generation Z's point of view, plays a very important role in the adoption of Islamic banks. As a result, Generation Z is more likely to think about service quality in terms of practicality than legal and religious considerations.

A similar study done in Indonesia showed that a key factor in customer satisfaction in Islamic banks is the offering of high-quality digital services, like banking applications on smartphones, electronic wallets, electronic payments, and other services. The study also showed that combining modern services with adherence to Sharia increases customer satisfaction and confidence, thus boosting the adoption of Islamic services (Asnawi et al., 2020). Further, a study by Li et al (2021) indicated that the prompt response of the staff in customer service departments in Islamic banks and their concern in resolving issues facing customers and working to fix and enhance them noticeably increases customer satisfaction with the bank.

In addition, some other studies have questioned the idea that "high-service quality directly leads to service adoption." Junaidi et al. (2023), for instance, argue that while service quality is influential in building satisfaction and trust, it is often secondary to more basic determinants such as religious commitment or moral conformity. Their study in Indonesia revealed that although service quality was valued and considered important, the initial adoption was never contingent on it; rather, service quality was more influential in retaining customers post-adoption.

H5: Service quality positively affects customers' adoption of Islamic banking services in Oman.

❖ **Social influence and adoption of Islamic banking**

Social influence is the way in which people around us, like family, friends, workmates, or even society in general, can affect the way we think or make a decision. In terms of banking, this happens when the social circle encourages an individual to use some of the banking services or to adopt some financial practices (Bilal et al., 2020). For example, if a person's family or close relatives place a high value on Sharia-compliant financial services and praise Islamic banks, they are likely to encourage the same decision and choose Islamic banking. Therefore, social influence can either enhance or weaken a customer's willingness to use new banking services. This depends on the nature of the individual's social environment and cultural expectations (Charag et al., 2020).

Social influence plays a pivotal role in shaping the acceptance of Islamic banking services, according to empirical studies. Mindra et al. (2022) demonstrated that social influence in Uganda had a moderately positive effect on the relationship between an individual's willingness to use Islamic banking services and their attitudes toward them. Customers who heard positive reviews about these services from friends, family, or even religious leaders were more likely to consider using and even implement these services. Additionally, Rahman and et al. (2023) noted the importance of family networks in Pakistan in shaping public opinion, which in turn influences individuals' choices regarding the use of these services.

In addition, in their study in the Indonesian context, Junaidi et al. (2023) demonstrated that social perceptions were instrumental in shaping first-time users of Islamic banking services, particularly recommendations from close family members and prominent religious leaders. This research reinforces the idea that Islamic banks can effectively penetrate markets through word-of-mouth promotion and recommendations from religious groups, especially among those who may lack initial knowledge of Islamic financial principles.

The rise of digital social media is another crucial factor. Although traditional face-to-face methods continue to influence Muslim-majority communities, social media platforms and other digital media are increasingly influencing people's perceptions of Islamic banking (Naeem, 2020). This shift poses significant challenges

for banks striving to maintain their reputations, as digital platforms can quickly amplify negative experiences while simultaneously accelerating the spread of positive news through online promotion and religious forums.

H6: Social influence positively affects customers' adoption of Islamic banking services in Oman.

2.3 Research Framework:

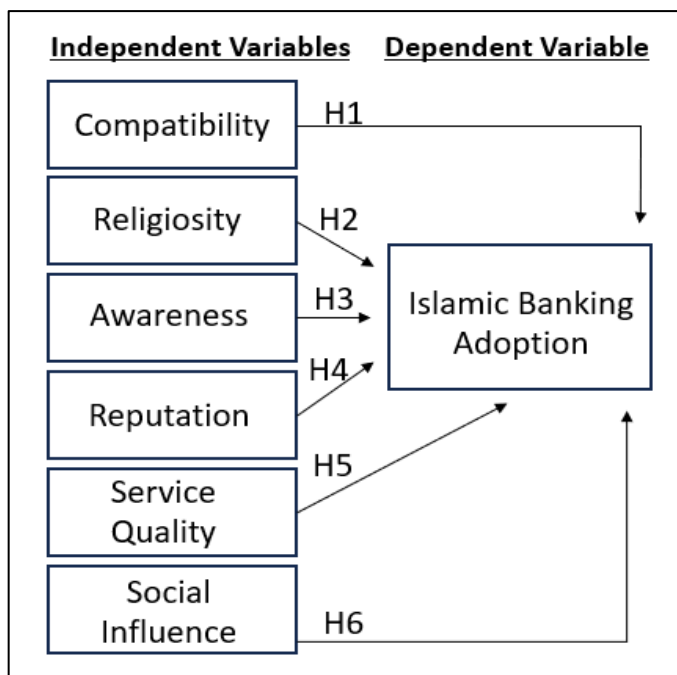


Figure 1. Research Framework

3. Research Methodology:

The study used quantitative descriptive research, the study targeted the six factors influencing the adoption of Islamic banking in Oman: compatibility, religiosity, awareness, reputation, service quality, and social influence. A structured questionnaire based on a five-point Likert scale was circulated electronically among Islamic banking users in the Sultanate. Probability sampling was employed for representing-the-target sample of 70 respondents drawn from different backgrounds, including students, workers, and customers. The instrument's validity was ascertained through an expert review and pilot test, and its reliability was established through the use of Cronbach's Alpha with all the values above 0.70. Data were analyzed using Excel and SmartPLS; therefore, the hypotheses were tested to see whether they were supported or not supported.

4. Result and Discussion:

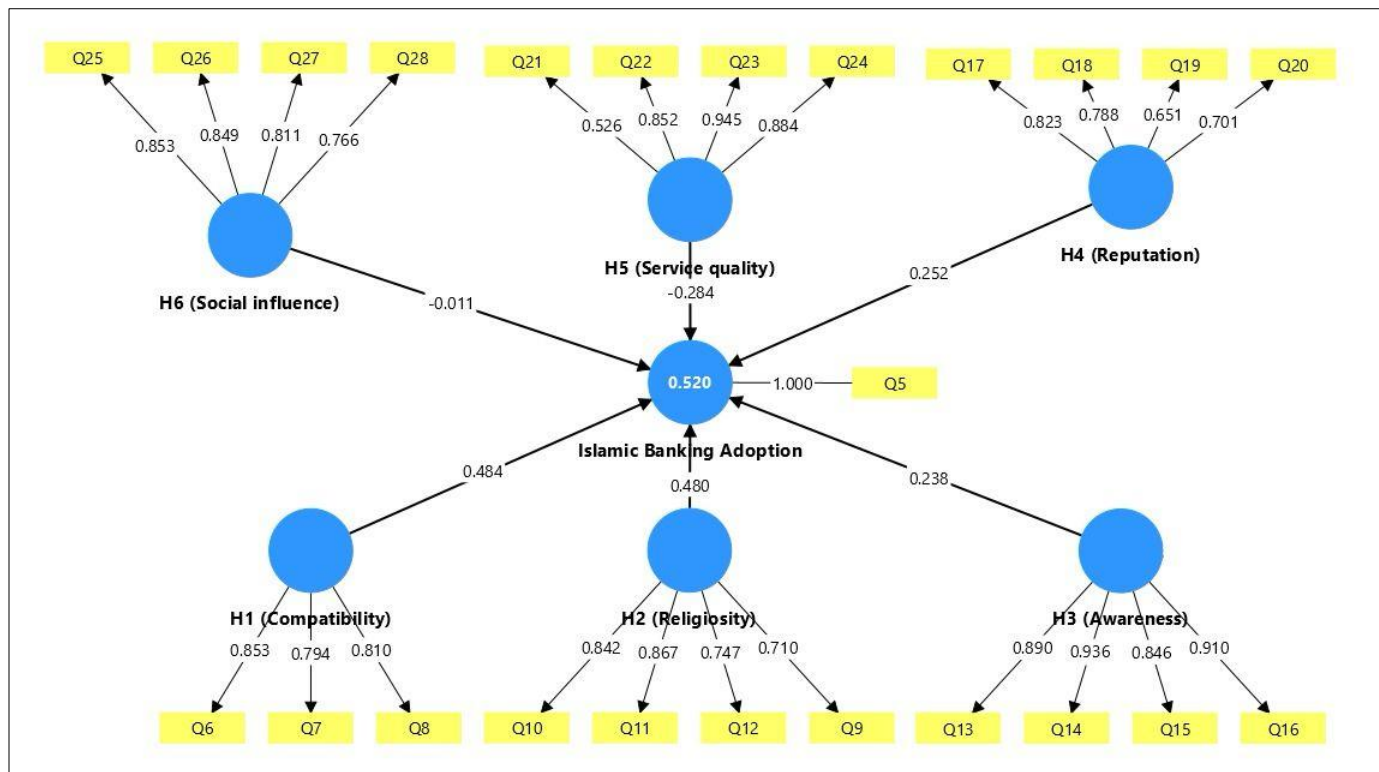


Figure 2. Smart PLS Results of Structural Model

Hypothesis	Construct	Path Coefficient	Hypothesis Result	Effect Strength
H1	Compatibility	0.484	Supported	Strong
H2	Religiosity	0.480	Supported	Strong
H3	Awareness	0.238	Supported	Moderate
H4	Reputation	0.252	Supported	Moderate
H5	Service Quality	-0.284	Not Supported	Weak
H6	Social Influence	-0.011	Not Supported	Weak

Table 1. Hypotheses Testing and Structural Model Analysis

The above structural model and table discusses the structural model analysis conducted to study the effect and the relationship of six independent variables (compatibility, religiosity, awareness, reputation, service quality, and social influence) on the Islamic Banking Adoption (IBA) in Oman. The results of SEM through SmartPLS show the strength, direction, and significance of the path coefficients.

H1: Compatibility → Islamic Banking Adoption (B= 0.484)

Compatibility shows a strong positive effect on Islamic banking adoption with a path coefficient of 0.484. Therefore, according to the results, H1: "Compatibility positively affects customers' adoption of Islamic bank-

ing services in Oman” is supported and accepted. This shows that people in Oman are more likely to adopt Islamic banking when it is compatible with their existing beliefs, values, and everyday activities. This confirms the findings of Aziz and Afaq (2020), who concluded that people are more likely to accept and utilize Islamic banking when it fits easily and naturally into their lifestyle.

H2: Religiosity → Islamic Banking Adoption (B= 0.480)

Religiosity shows a strong positive effect on Islamic banking adoption with a path coefficient of 0.480. Therefore, according to the results, H2: “Religiosity positively affects customers’ adoption of Islamic banking services in Oman” is supported and accepted. The study shows that customers in Oman are more encouraged to adopt Islamic banking services because they follow Islamic religion and teachings in their transactions. This confirms the findings of the study by Alkhatib et al. (2024), who state that clients choose Islamic banks because they are dedicated to adhering to Islamic principles in their banking dealings, not because they are looking to make financial or investment decisions.

H3: Awareness → Islamic Banking Adoption (B= 0.238)

Awareness shows a moderate positive effect on Islamic banking adoption with a path coefficient of 0.238. Therefore, based on the results, H3: “Awareness positively affects customers’ adoption of Islamic banking services in Oman” is supported and accepted. This mean that customers are more likely to adopt Islamic banking service when they are aware of it and aware of the differences between Islamic banks and conventional banks. These results align with study by Hassan et al. (2023), who found that young people's choice of Islamic banks is positively impacted by their knowledge of Islamic banking services such electronic wallets, Islamic finance, and Islamic investing.

H4: Reputation → Islamic Banking Adoption (B= 0.252)

Reputation shows a moderate positive effect on Islamic banking adoption with a path coefficient of 0.252. Thus, based on the results, H4: “Reputation positively affects customers’ adoption of Islamic banking services in Oman” is supported and accepted. this shows that whenever the Islamic Bank has a good reputation this will impacts and attracts more customers to adopt Islamic banking service. The results of this study are consistent with previous studies. For example, Sudarsono et al. (2021) agreed that the reputation of the Islamic bank in terms of credibility and transparency, in addition to the efficiency of the services provided by it, effectively affects customers’ adoption of Islamic banks.

H5: Service Quality → Islamic Banking Adoption (B= -0.284)

Service quality shows a weak negative effect on Islamic banking adoption with a path coefficient of -0.284. So, according to the results, H5: “Service quality positively affects customers’ adoption of Islamic banking services

in Oman” is not supported. The study shows that customers are not encouraged to adopt Islamic banking because of its service quality but because it aligns with their religious beliefs. Similarly, a study conducted by Junaidi et al. (2023) suggest that although service quality plays a role in promoting satisfaction and trust, it frequently takes place next to more basic variables like moral compliance or religious commitment.

H6: Social influence → Islamic Banking Adoption (B= -0.011)

Social influence shows a weak negative effect on Islamic banking adoption with a path coefficient of -0.011. Thus, according to the results, H6: “Social influence positively affects customers’ adoption of Islamic banking services in Oman” is not supported. So, this shows that most of people are not encouraged by their social circle to adopt Islamic banking which mean that their social circle like friends, family and coworkers are not affecting their decision on choosing Islamic banks in Oman. These results correlate with research by Alkhatib et al. (2024), which believes that religious convictions have a greater influence on Islamic finance decisions than do societal influences.

5. Conclusion and Recommendations:

5.1 Conclusion:

This study aimed to determine what motivates Omanis to adopt Islamic banking services. The results indicate that religious beliefs are the highest consideration—people choose Islamic banks because they wish to observe the principles of Islam in financial transactions, such as paying no interest.

Another consideration is the compatibility. People are more likely to accept Islamic banking when it fits within their lifestyle and is deemed easy. Consumers will also tend to go for the option they are more aware of and have a good reputation as customers feel more comfortable when they understand what Islamic banking entails and believe the bank is truthful and ethical.

On the other side, service quality and social norms had little impact in this study. Appreciating good service does not rank high on the list for selecting Islamic banking. Additionally, social influence does not strongly impact a person’s choice.

To conclude this, Islamic banks in Oman need to shift their focus to establishing trust and awareness among the public and appealing to their values, and continuing to improve service quality. These combined efforts will help attract and retain customers in a meaningful way.

5.2 Recommendations:

- **Focus on Compatibility:** Being the first criterion of consideration, Islamic banks should offer services and products that suit the values and day-to-day financial behavior of the customers. Since, mostly, users adopt Islamic banking as a compatibility application toward their lifestyle and belief, now banks should also focus on how their services promote ethical interest-free, and culturally fit banking.
- **Emphasize the Religious Approach:** Religiosity was among the strongest motivating factors toward the adoption of Islamic banking. Banks are recommended to enhance more in emphasizing Shariah compliance in their advertisements, in educating their customers, and even in rendering services. This might entail using religious scholars in promotions or actually applying Islamic values within the promotion approach themselves.
- **Increase Awareness and Education:** Awareness level is moderate but still concerning. It is recommended that campaigns for banks create awareness using social media in universities, mosques, and among communities. Educating people about how Islamic banks work and how they differ from conventional banks will encourage people to switch to these banks.
- **Maintain and Enhance Reputation:** Reputation implies trust. Banks should keep on developing their transparency, sincerity, and professionalism. It can also take customer feedback into account in its business operations, address their concerns in a timely manner, and reveal the bank's commitment to Islamic principles, thus enhancing trust.
- **Service Quality Improvement:** Although our study did not find that service quality had a significant impact, it is still something to think about. Customer satisfaction and loyalty will increase if the bank provides them with a smooth, fast, and professional experience. Therefore, the bank should train staff on customer service, upgrade the technology regularly, and make systems fail-proof from delays or transaction errors.

6. Future research:

With the gradual change in customer behavior, financial preferences, and market dynamics, the domain of Islamic banking needs to be considered for further research. The present study's findings pertain to a period in time and a sample that may change with the introduction of new Islamic banking products and increased public awareness. Future studies must strive to include more respondents and from a greater geographic area within Oman so the results can be reliable and generalized. Another consideration for future research is the use of mixed methods, qualitative and quantitative, to understand better the perceptions and motivations of

customers. Moreover, sampling from different age groups, income levels, and educational backgrounds could help capture a fuller picture and broaden the strength of the findings.

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