



Religious Impact on the Consumption of Banking Products, empirical study on Sample Customers

Kadami cheikh sidahmed el alaoui*

University of mascara algeria

Sidahmed.kadami@univ-mascara.dz

Hachemaoui kamel

University of mascara algeria

K_hachemaoui@hotmail.com

Abstract ;

This research delves into the influence of religious factors on consumer behavior, specifically aiming to identify the role of the degree of religiosity in determining the level of consumer adoption of banking products. The topic was explored through a field study conducted on a sample of consumers, and the data was analyzed using the Statistical Package for the Social Sciences (SPSS) 26. The study concluded that there is a significant correlation between individuals' level of religiosity and their consumption of banking products, indicating that religious beliefs significantly impact a customer's intention to engage with banks.

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* Autour corresponding

1. Introduction

Religious beliefs and practices, referred to as religiosity, represent the basic elements that profoundly shape the individuals' values, attitudes, and behaviors across various aspects of life, including their economic decisions. Those beliefs and practices can significantly influence individuals' openness to certain financial services, such as loans and savings. Consequently, an understanding of the impact religiosity has on the consumption of banking products is of a paramount importance not only for academic researchers but also for banks and financial institutions seeking to satisfy their customers' needs in a manner that respects their religious inclinations. The primary aim of this paper is to explore the intricate interrelationship between religiosity and banking product consumption focusing on how and the extent to which religious beliefs influence the consumer financial decision-making.

1.1 Research Problem

The rising research on the interplay of religious convictions and financial behavior has become a crucial area of interest across diverse academic domains. Despite growing research in this field examining the relationship between religion and economic outcomes, the specific correlation between religiosity and banking product consumption remains opaque. Literature review has shown that existing researches focused on broader vision of religion influence neglecting nuanced impacts of religious behaviors on financial choices. This study endeavors to bridge this gap by examining the different religious perspectives influencing financial decisions, and relationship between religiosity and the consumption of a variety of banking products. Through investigating how religious perspectives control financial decisions, this research seeks to deepen comprehensiveness of the correlation between religious beliefs and economic choices within the banking frame.

1.2 Research questions :

- 1- Is there a correlation between the degree of religiosity and the consumption of banking products?
- 2- Does the degree of religiosity influence individuals' choice of banking products?
- 3- Can religious factors play an important role in shaping the consumption pattern of banking products?
- 4- Does religious behavior have a direct or indirect impact on the consumption pattern of banking products ?

1.3 Research hypothesis

- 1- There's a correlation between the degree of Religiosity of individuals and the consumption of banking products.
- 2- The degree of religiosity influence individuals' choice of banking products.
- 3- Different religious factors directly play an important role in shaping the consumption pattern of banking products.
- 4- Religious behavior directly and indirectly affects the consumption patterns of banking products

1.4 Research Objectives

- To determine the relationship between the level of religiosity and the consumption of banking products.
- To measure the extent to which religiosity can impact the behavior individuals to word the banking products.

1.5 Research Design

In this study, a quantitative research design will be employed, administering a questionnaire that will be directed to clients attending various banks. To analyze this data, we will use the statistical program (spss) to input the initial data, and we will try through this study to arrive at a set of conclusions. The most important of which is whether there is a positive or negative correlation between the degree of customer Religiosity and consumption of banking products. We will also provide a model of the relationship between the degree of religiosity to customers as an independent variable and the consumption of banking products as a dependent variable.

2.Literature Review: The Role of Religiosity in Banking Consumption

This section tries to delve into the theoretical aspects of the study, focusing on the key elements of religiosity and its influence on consumption of banking products.

Someone's degree of religiosity can be the key to explaining this situation, and in this paper we will take religion as a starting point and analyze it, and we try to study and examine the link between two kinds of religious motives: intrinsic religiosity and extrinsic religiosity, whether it is compulsory consumption, such as obtaining a loan to buy a house, or voluntary consumption, such as opening a savings account.

Religiosity is viewed mainly as one the basic determinant of social behavior, and research in the social and psychological fields has consistently demonstrated the influence of religious values on individuals' actions and attitudes (Koenig HG., 2011). Religiosity is an essential aspect of human choices which has been shown to significantly influence social and psychological behaviors.

There is not a clear distinction between religion and religiosity (Cleveland et al., 2013), religion refers to a set of ideas, values, and beliefs, whereas religiosity represents the degree to which an individual sticks to and integrates these religious beliefs into their life. Religion, on the other hand, found many definitions among arab and west scholars that they defined differently including:

Religiosity refers to the extent to which individual's frequent participation in religious practices in worship places, such as attending religious services, and membership in religious organizations and groups, or involvement in activities of a religious nature (Ramadan, p. 46, 2005). It's clear from the defintion that the focus relies on behavioral aspects of religiosity. It suggests that a person's level of religiosity can be measured by how often they attend sacred places of worship, participate in religious rituals, and engage in other related customs.

Religiosity can be defined as the degree of participation or integration in religious services and activities (Orenstein. A 2001.p310). This definition of religiosity is quite similar to the precedent one, but it places a greater emphasis on the concepts of "participation" and "integration" in religious activities.

Another defintion highlights religiosity as the theoretical and practical method or doctrine someone adopts in his life and in practicing relationship with others, as well as in his worship of Almighty God and in his submission to him (Al-Zuhily, 2008, p. 5). This definition paves the way to broader understanding of religiosity, by taking in consideration the term not only as a set of beliefs or practices but as a primordial part of someone's life. It emphasizes the interrelationship of an individual's religious beliefs and social relationships.

Mayer defines religiosity as an important aspect of religion, often seen as a density of religious beliefs and participation (Mayer, 1996, p. 860). This definition views other aspect of religiosity, emphasizing the frequency and intensity of religious beliefs and behaviors.

Religiosity is a concept shaped by the american heritage as the situation in which the individual is associated to religion (American Heritage, 1982, p. 1044). This definition is precide and helps to understand how someone is connected to a religion, and focalises on the primary idea of religious which is affiliation to a religion. In academic terms, it could be said differently as the degree to which an individual is recognised with and participates in a given religious community.

According to Allport (1950), we can distinguish between two types of religiosity: intrinsic religiosity and extrinsic religiosity. Individuals with intrinsic religiosity live their lives in accordance with their religious beliefs, adhering to them rigorously. In contrast, those with extrinsic religiosity use religion as a means of enhancing their social acceptance (Allport & Ross, 1967). Intrinsic religiosity aligns with principles shaping someone's life and religious convictions. While, extrinsic religiosity tends to be more instrumental and concerns with individuals using religion as way to achieve personal goals.

Thus, religious people basically live their daily lives in accordance with their religion. Intrinsic religiosity of someone from abroad tend to selectively follow religion to meet his needs and social goals. he also engages in various religious activities (Tjipmoto& Arli, 2017).

When bridging this theoretical framework to real-world applications one must consider some aspects as the relationship between religious practice, religious commitment, and consumer banking behavior. It is expected that the consumption behavior of banking products will correspond to the religious beliefs of individuals, but until then and to confirm this, we need to investigate the impact of religious motives on the consumption of banking products. (Schumaker, John, F. (1992).

Religious motives can be divided into two main categories : external and internal religions (alport 1950) as stated above by Allport. Individuals with intrinsic religiosity live their lives in accordance with their religious beliefs, while those with extrinsic religiosity are more influenced by social determinants (Arlie et al., 2019). Both religious motives are expected to influence the consumption of banking products in different ways, and religion may have a unique impact on their behavior depending on their religious motivations.

People of fundamental religion tend to live their lives according to their religion i.e. Individuals with intrinsic religiosity tend to live their lives in accordance with their religion and try to meet needs aligned with their religious values, and they feel empowered to meet those needs (Allport & Ross, 1967). For these individuals, religion is not limited to the fulfilment of personal interests, and they regard faith as an inherent value in itself (allport 1966) where their needs are in line with their religious values, but they feel strongly that they are able to meet those needs. Religious people are fundamentally concerned with ethical standards and discipline when they live their daily lives with followers of their religion. (wiebe and fleck 1980).

3. Banking Products

3.1. Definition of Banking Services

3.1.1 Definition of a Service

In marketing, there are several definitions of service, some of which are mentioned:

According to the American Marketing Association, a service is defined as "any activities or benefits that are offered to another that is essentially for sale or are offered for connection with a particular commodity and does not result in ownership of anything". Its production may or may not be tied to a physical product." Kotler further defines a service as "any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product." (Kotler & Keller, 2006, p. 462).

3.1.2 Banking Services

Banking services refer to the activities offered by a bank as part of its second-party customer activity to satisfy their different needs and desires, and from the bank's point of view it is an important source of profit provided by a bank to its customers to fulfill their needs. From the bank's perspective, these services are a significant source of revenue (Naji Dheeb, Fundamentals of Banking Marketing, Wael Publishing House, Jordan, p. 50).

3.1.3 Types of Banking Services

Banks provide a numerous type of services, both traditional and modern, especially in the light of the digital transformation that banks base their services on nowadays we will mention some of them. Some of these services include:

Deposit Accounts: Such as current and savings accounts, these are fundamental banking products that allow customers to deposit and withdraw funds, as well as earn interest on their deposits.

Check Payments: Banks provide checkbooks to account holders. Account holders can draw checks from the bank to pay for goods or services.

Money Transfers: Banks assist their customers in transferring funds from one place to another through checks, remittances, and other means.

ATM Services: Automated Teller Machines (ATMs) replace human tellers in performing banking functions such as deposits, withdrawals, and balance inquiries.

Debit Cards: Cardholders can electronically withdraw money from their accounts using debit cards. To validate transactions, the majority of debit cards need the usage of a Personal Identification Number (PIN).

Home Banking Services: Performing financial transactions from home as opposed to a bank branch is known as home banking. Inquiries about accounts, money transfers, bill payments, loan applications, and deposit instructions fall under this category.

Online Banking Services: Banks provide their customers with online banking services that let them access their account information from anywhere in the world.

Loan Provision: A loan is a sum of money provided by a bank to a borrower. It is a loan for which the interest rate, repayment, terms, and general conditions are predetermined, usually through a contract and a schedule, for the purpose of building or buying a house, car, etc.

Foreign Exchange: Banks deal in foreign currencies. Depending on customer requirements, banks exchange foreign currencies for local currencies, which is essential for settling international trade transactions.

Bank Guarantees: Customers benefit from bank guarantees provided by modern commercial banks. When customers need to deposit a certain amount of money with government offices or courts for a specific purpose, the bank can act as a guarantor for the customer instead of the customer making the deposit.

Bills of Exchange and Discounting: Bill discounting is another common type of loan provided by modern banks. Through this method, the holder of a bill can present it to the bank for discounting. The bank, after deducting a marginal amount (in the form of a commission), pays the value of the bill to its holder. (internal booklet intended for workers, prepared by Mr. Mohammed krim PDG of the local development bank).

4. Applied study:

4.1 Population and Sample:

The primary objective of this research is to examine the impact of religiosity on the consumption of banking products and services. Our study was addressed to clients, business owners and all those involved in banking transactions in the various states of the country. Given the large population, a questionnaire was distributed to the population of study. The target population for this study comprises frequent customers of various banks. A sample of 300 respondents was obtained through the distribution of 350 questionnaires between January 1st and April 30th, 2024, resulting in an

85% response rate. This was done through social media platforms such as Facebook and Instagram, as well as by distributing questionnaires directly to customers at various bank branches.

4.2 Research Methodology and Data Sources:

In this research, the primary data collection instrument used to identify the practical framework of the study is the questionnaire. This questionnaire was designed to gauge customer attitudes regarding the influence of religious motivations on their consumption of banking services in order to determine the extent to which they are influenced by religion when the consumption of banking services matter. . The questionnaire was divided into two sections :

Section 1: this section is devoted to collect personal data demographic data, such as gender, age, education level, and whether respondents have bank accounts.

Section 2 : The second section consists of five parts each with a set of questions addressing a specific aspect of the research:

- The first part is about the importance of the religious aspect in the choice of banking service.
- The second part examined factors influencing the selection of banking services.
- The third part targeted the impact of Islamic law (Shariah) on consumer decisions.
- The fourth part explored customer satisfaction and suitability of the banking products based on religious principles after his personal experience with certain banking products in accordance with his religious.
- The fifth part analyzed the impact of religious attitudes on the customer's investment decisions orientations on investment decisions.

Respondents were asked to tick their answers on a Likert scale, with five response options. A total of 300 questionnaires were distributed, and after ensuring reliability and validity, 276 completed questionnaires were collected.

4.2.1: Model and study variables.

Based on the literature review of some previous studies, the following research model was constructed

Figure 1:Study Model

Independent Variables: - Religious Influence on Banking Service Choice. - Factors Influencing Banking Service Choice. - Satisfaction and Suitability after Personal Experience. - Religious Orientations and Investment Decisions.	Dependent variable: Adherence to Sharia and its impact on consumer decisions.
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Source :Prepared by the researcher

Table 1: Questionnaire Distribution

	Number	Percentage (%)
Number of questionnaires distributed	300	100
Number of questionnaires refused	24	8
Number of complete questionnaires	276	92

Source :Prepared by the researcher

SPSS analysis conducted by the student

Table 2: Descriptive Statistics of Survey Respondents (SPSS v26)

Variables		Number	Percentage(%)
Gender	Male	186	67.39
	Female	90	32.61
Total		276	100
Age group	18/25	45	16.30
	26/35	109	39.49
	36/45	94	34.05
	45/55	23	08.33
	Olderthan 55 years	5	01.81
Total		276	100

Education level	primary	0	0
	Elementary	2	0.72
	secondary	17	6.15
	university	102	36.95
	master	53	30.10
	magister	83	19.20
	PhD	19	6.88
Total		276	100
Bank account owning	yes	204	73.91
	no	72	26.09
Total		276	100
Type of bank account	Current account	215	77.90
	Savings account	40	14.50
	Islamic savings account	21	7.60
Total		276	100

SPSS analysis conducted by the student

4.2.2 Data analysis :

Based on the data displayed in the table, it clearly indicates that the sample is predominantly male, constituting 67.39% of the total, while females made up only 32.61% of the sample. The majority of participants are aged within the 26-35 age group (39.49%), followed by the 36-45 age group (34.05%). The smallest proportion, 1.81%, is over 55 years old. These results suggest that younger people with higher levels of education constitute the majority of the sample. This is likely due to the increasing demand for university graduates, as evidenced by the high proportion of individuals with bachelor's degrees (36.95%), followed by those with master's degrees (30.10% and 19.20%, respectively). The absence of respondents with only a primary education level (0%) may reflect the educational advancements in Algeria.

Presentation of the reliability and validity test results of the questionnaire:

To assess reliability and consistency, Cronbach's alpha coefficient was used, and the alpha-kronbach coefficient was 0.92.

Table 3: Results of Cronbach's Alpha Test

Variable	Cronbach's alpha coefficient
Religiosity	0.911
Bankingproducts consumption	0.952
Full questionnaire	0.921

Source: spss output

The aforementioned table demonstrates that all of the coefficients of all the variables under investigation are high and meet the norms of good research (exceeding 0.60), ranging between 0.6 and 1. The Cronbach's alpha value was 0.921 for the questionnaire as a whole, 0.911 for religiosity, and 0.952 for the consumption of banking products. These numbers and values indicate how reliable the Cronbach's alpha measurement instrument is.

4.2.3: Presenting the results of the validity and reliability tests for the questionnaire sections :

To verify the validity and reliability of the questionnaire, the Cronbach's alpha coefficient, was used to gauge the degree of consistency of the measuring instrument, considered acceptable if it is greater than or equal to 0.6, i.e., between 0.6 and 1.

The following table shows the results of the test on the questionnaire axes.

Variable	Items	Cronbach's alpha coefficient
The influence of religion on choosing banking services.	05	0,919
Factors influencing the choice of banking services.	07	0.869
Satisfaction and suitability following personal experience.	05	0.718
Religious orientations and investment decisions	07	0.645
Adherence to Sharia law and its impact on consumer decisions.	08	0.750

Source : spss output

According to the table, the overall questionnaire items have a Cronbach's alpha coefficient of 0.93, which is greater than 0.6 and extremely close to 1 which means also that it meets the statistical criteria for each dimension of the questionnaire, indicating the credibility of the responses and

suggesting a good correlation between the questionnaire items, thus allowing the generalization of the study results to the entire study population.

4.2.4: Testing the Correlation Hypotheses Between Variables

Correlation analysis was conducted at a significance level of 0.05 to examine the relationship between the independent variable (religiosity) and the dependent variable (consumption of banking products). Pearson's correlation test was used to determine the linear relationship between the two variables. The following hypotheses were formulated:

Null hypothesis (H_0) : There is no significant statistical relationship between religiosity and the consumption of banking products at a significance level of $\alpha \geq 0.05$.

Alternative hypothesis (H_1): There is a significant statistical relationship between religiosity and the consumption of banking products at a significance level of $\alpha \geq 0.05$.

		Value	Standard AsymptoticError	Approximate value	T-Signification approximative
Interval by Interval	Pearson correlation coefficient	,450	,063	8,331	,000 ^c
Ordinal by Ordinal	Spearman'scorrelation	,462	,053	8,619	,000 ^c
N valid observations		276			

Source : spss output

To study the relationship between religiosity (measured by the belief that religious values and ethics influence banking decisions) and the consumption of banking products (measured by the belief that the availability of Sharia-compliant products increases trust in banks), the following hypotheses were tested:

H_0 : There is no significant relationship between religiosity and the consumption of Sharia-compliant banking products.

H_1 : There is a significant relationship between religiosity and the consumption of Sharia-compliant banking products.

		Value	Standard AsymptoticError	Approximate value	T-Signification approximative
Interval by Interval	Pearson correlation coefficient	,392	,065	7,054	,000 ^c
Ordinal by Ordinal	Spearman'scorrelation	,366	,057	6,514	,000 ^c
N valid observations		276			

Source : spss output

The table results indicate a positive correlation between individuals who consider religious values and ethics when making banking decisions and those who believe that the availability of Sharia-compliant banking products increases their trust in the bank. The Pearson correlation coefficient of 0.392, with a p-value less than 0.05, supports the alternative hypothesis (H_1) that there is a significant relationship between these two variables. Therefore, the null hypothesis (H_0) is rejected.

		Value	Standard AsymptoticError	Approximate value	T-Signification approximative
Interval by Interval	Pearson correlation coefficient	,199	,051	3,298	,001 ^c
Ordinal by Ordinal	Spearman'scorrelation	,184	,058	3,033	,003 ^c
N valid observations		265			

Source : spss output

The table results show a positive correlation between individuals who have prior experience with Islamic banking products and those who believe that the availability of Sharia-compliant banking products increases trust in the bank. The Pearson correlation coefficient of 0.199, with a p-value less than 0.05, supports the alternative hypothesis (H_1) that there is a significant relationship between these two variables. Therefore, the null hypothesis (H_0) is rejected.

		Value	Standard AsymptoticError	Approximate value	T-Signification approximative
Interval by Interval	Pearson correlation coefficient	,131	,078	2,181	,030 ^c
Ordinal by Ordinal	Spearman'scorrelation	,187	,063	3,143	,002 ^c
N valid observations		276			

Source : spss output

The table results indicate a positive correlation between the belief that religious beliefs can hinder the use of certain banking services and the belief that the availability of Sharia-compliant banking products increases one's willingness to deal with the bank. The Pearson correlation coefficient of 0.131, with a p-value less than 0.05, supports the alternative hypothesis (H_1) that there is a significant relationship between these two variables. Therefore, the null hypothesis (H_0) is rejected.

5. Conclusion:

There is a significant correlation between individuals' religiosity and their consumption of banking products. Those who are inherently religious tend to avoid interest-based transactions and dealings with conventional banks, preferring to utilize various loans and offers provided by Islamic banks. However, those who are externally religious may not object to dealing with conventional banks, especially for loans related to purchasing or constructing homes. Thus, the second

hypothesis is confirmed: there is an inverse relationship between religiosity and the consumption of banking products. In other words, the higher the level of religiosity, the lower the consumption of banking products. This indicates that religious beliefs significantly shape the consumption patterns of banking products. Additionally, the religious behavior adopted by individuals has a direct impact, manifested in avoiding dealings with conventional banks, except for receiving salaries, which is often considered unavoidable. It is noteworthy that Islamic banks in Algeria, for instance, are subject to the same regulations imposed by the Algerian Central Bank on conventional banks, making the full implementation of Islamic principles a challenging task.

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