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Muslim community interest in Islamic banking services: A qualitative exploration through the lens of the 10P marketing mix

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Abstract

Despite Indonesia's Muslim-majority population, Islamic banking accounts for less than one-tenth of national banking assets, and many religiously sympathetic Muslims continue to bank conventionally. Existing research on this gap is predominantly survey-based and identifies which factors correlate with intention, but says little about how religious motives, pragmatic considerations, and external constraints combine in actual banking decisions. This study explores what attracts Muslim consumers to Islamic banking, what keeps others with conventional banks, and how these factors relate to the Theory of Planned Behavior (TPB) and to the marketing levers that banks control. Using a qualitative descriptive design, semi-structured interviews were conducted with ten purposively selected informants in Sawahan District, Surabaya: two Islamic bank employees, four Islamic bank customers, and four conventional bank customers. Data were analyzed through thematic analysis, combining a priori codes derived from TPB and an extended services marketing mix with inductive coding. Adoption was driven by riba *avoidance combined with fee-free products, branch proximity, and family influence, whereas non-adoption reflected limited Islamic financial literacy, peer conformity, and, most distinctively, institutional lock-in, in which salaries and scholarships are disbursed through designated conventional banks. These findings suggest that religious attitudes are necessary but not sufficient for adoption, and that*

perceived behavioral control is shaped by institutional arrangements as much as by individual capability. The study offers testable propositions linking TPB constructs to bank-side marketing levers and implies that payroll and scholarship partnerships, community-based literacy programs, and wider service access are priority strategies for Islamic banks.

Keywords: *Islamic banking; behavioral intention; theory of planned behavior; extended marketing mix; Islamic financial literacy; Indonesia*

Introduction

The global expansion of Islamic finance has attracted considerable scholarly and practitioner attention over the past three decades, particularly as Muslim-majority nations seek financial systems consonant with Shariah principles. Indonesia, home to the world's largest Muslim population of approximately 231 million people, or 86.88% of the national population, offers a striking case (Samiaji & Arundina, 2023). By June 2025, Islamic banking assets had reached IDR 967.33 trillion, yet the sector's share of national banking assets stood at only 7.41% (Otoritas Jasa Keuangan [OJK], 2025). The gap between the demographic potential and the actual market position of Islamic banks has persisted for more than three decades.

The formal establishment of Islamic banking in Indonesia dates to 1991, when Bank Muamalat Indonesia was founded with the support of the Indonesian Ulema Council (MUI), the government, and the Association of Indonesian Muslim Intellectuals (ICMI). Law No. 21 of 2008 on Islamic Banking subsequently provided a comprehensive framework distinguishing Islamic Commercial Banks (*Bank Umum Syariah*), Islamic Business Units (*Unit Usaha Syariah*), and Islamic Rural Banks (*Bank Pembiayaan Rakyat Syariah*) (Fauzi & Murniawaty, 2020). These institutions operate on the prohibition of *riba* (usury), *maysir* (speculation), and *gharar* (excessive uncertainty), offering instead profit-and-loss sharing arrangements such as *mudharabah* and *musharakah*, as well as sale-based instruments such as *murabahah* and *istishna* (Khotimah, 2018).

Despite this institutional architecture, participation remains below expectations: only about 9.13% of Indonesia's Muslim population actively uses Islamic banking services (Romadhon & Supaijo, 2023). This disconnect between religious identity and banking practice is a compelling research puzzle with implications for financial inclusion and for the credibility of the Islamic finance project itself. If most Muslims regard *riba* as prohibited, why do so many continue to bank conventionally?

International research has approached this puzzle mainly through behavioral-intention models. Studies grounded in the Theory of Planned Behavior (TPB) show that attitude toward Islamic banking is the most consistent predictor of intention, while religiosity typically operates through attitude rather than directly (Souiden & Rani, 2015; Bananuka et al., 2019). Yet the literature has not settled whether religious conviction or pragmatic considerations dominate the choice. Early work in Jordan found that religion was not the only significant patronage motive and that customers were also profit-motivated (Erol & El-Bdour, 1989); later evidence from Malaysia pointed to a combination of Islamic reputation, financial reputation, and service quality (Dusuki & Abdullah, 2007); and in one Malaysian study religious obligation did not significantly predict intention while pricing did (Amin et al., 2011). Indonesian studies report similar mixtures of religiosity, product knowledge, brand image, and service accessibility (Tripuspitorini, 2019; Widiawati, 2020; Novian et al., 2023).

This body of work shares a methodological limitation. It relies predominantly on surveys analyzed with regression or structural equation modeling, which establishes whether a construct is statistically associated with intention but cannot show how religious motives, economic calculations, and external constraints interact in the decisions of real people. Two perspectives are also seldom heard. Conventional bank customers, who constitute the main growth market for Islamic banks, are rarely the focus of research models (Albaity & Rahman, 2019), and the views of frontline Islamic bank employees are almost

never examined alongside those of customers. As a result, we know a good deal about which factors matter but considerably less about why religiously sympathetic Muslims remain with conventional banks and how bank-side practices are experienced by consumers.

This study addresses that gap through a qualitative, multi-stakeholder account. Its contribution lies not in the scope of its sample but in the depth of insight that in-depth interviews can provide: they can surface the mechanisms behind the intention–behavior gap, reveal constraints that standard survey instruments do not measure, and connect consumer-side psychological constructs to the marketing levers that banks actually control. To do so, the study combines two lenses. TPB (Ajzen, 1991) serves as the explanatory framework for how attitudes, subjective norms, and perceived behavioral control shape intention, while an extended services marketing mix, comprising the 7Ps of Booms and Bitner (1981) and three complementary elements (partnership, packaging, and positioning), serves as an analytical lens for the bank-side factors that consumers encounter.

The study is situated in Sawahan District, Surabaya, a densely populated and socioeconomically diverse urban district in Indonesia's second-largest city, where Islamic and conventional bank branches operate side by side. It addresses three research questions: (1) What motivates Muslim consumers to adopt Islamic banking services? (2) What prevents other Muslim consumers from adopting them? (3) How do these motivations and barriers relate to the constructs of TPB and to the elements of the extended services marketing mix? In answering these questions, the study offers a set of empirically grounded propositions for future testing and practical guidance for Islamic banks seeking to convert latent religious sympathy into actual adoption.

Literature review

Behavioral intention toward Islamic banking: The Theory of Planned Behavior

TPB holds that intention, the proximal antecedent of behavior, is determined by three factors: attitude toward the behavior, subjective norms reflecting perceived social pressure, and perceived behavioral control, that is, the perceived ease or difficulty of performing the behavior (Ajzen, 1991). Perceived behavioral control also affects behavior directly when it reflects actual control, which makes TPB particularly useful for explaining why stated intentions are not always translated into action. Consumer interest, understood as a cognitive and affective orientation toward selecting a financial institution or product (Widiawati, 2020; Mardita et al., 2023), is conceptually close to the attitude–intention segment of this model.

TPB has become the dominant framework in research on Islamic bank adoption, but its constructs have not performed uniformly. Attitude is the most robust predictor across settings as diverse as Malaysia, Tunisia, Uganda, and the United Arab Emirates (Amin et al., 2011; Souiden & Rani, 2015; Bananuka et al., 2019; Kaakeh et al., 2019). Evidence on subjective norms is mixed: social influence significantly predicted intention among Malaysian customers (Amin et al., 2011), whereas among Ugandan micro-business owners its predictive power was subsumed by attitude (Bananuka et al., 2019). Perceived behavioral control has received the least attention, and when it is included it is usually operationalized as individual capability or convenience rather than as the institutional conditions under which banking choices are made.

Religiosity is commonly added to TPB as an antecedent. In Tunisia, religiosity influenced purchase intention only indirectly through attitude, and religious practice was not significantly related to attitude (Souiden & Rani, 2015). A mixed-methods study in Egypt identified distinct religiosity clusters associated with different attitudes toward Islamic banking (Abou-Youssef et al., 2015), while

in the United Arab Emirates, Shariah compliance, image, and awareness shaped attitude, which in turn mediated intention (Kaakeh et al., 2019). Indonesian studies similarly report positive effects of religiosity on interest in Islamic banks (Tripuspitorini, 2019; Fauzi & Murniawaty, 2020). Taken together, these studies suggest that religiosity predisposes consumers toward Islamic banking but does not by itself determine whether they adopt it.

Religious versus pragmatic motives: An unresolved debate

A long-standing debate concerns whether Muslims choose Islamic banks primarily for religious or for pragmatic reasons. Studies in Bahrain found that adherence to Islamic principles was a leading reason for patronizing Islamic banks (Metawa & Almossawi, 1998), whereas early evidence from Jordan showed that religious motives did not stand out as the only significant ones and that customers were also profit-motivated (Erol & El-Bdour, 1989). Nationwide evidence from Malaysia suggested that selection is driven by a combination of Islamic and financial reputation together with service quality (Dusuki & Abdullah, 2007), and pricing, but not religious obligation, significantly predicted Malaysian customers' intention to use Islamic personal financing (Amin et al., 2011).

Indonesian findings mirror this ambiguity. Religiosity, trust, corporate image, and profit-sharing arrangements have all been linked to interest and loyalty (Khotimah, 2018), alongside brand image (Widiawati, 2020) and product knowledge (Novian et al., 2023). Because these studies typically enter religious and pragmatic variables as parallel predictors, they cannot show whether the two operate as substitutes, as complements, or sequentially. Clarifying how these motives combine in individual decisions is a question better suited to qualitative inquiry.

Knowledge, literacy, and social influence

Limited knowledge of Islamic banking is widely cited as a barrier in Indonesia (Ismanto, 2018; Novian et al., 2023). The relationship is not

straightforward, however. Among conventional bank customers in the United Arab Emirates, Islamic financial literacy was negatively related to intention when considered alone but positively related when its effect operated through attitude (Albaity & Rahman, 2019), suggesting that knowledge matters only insofar as it shapes evaluations. Social influence is equally complex. In collectivist societies such as Indonesia, families, peers, colleagues, and religious leaders are important sources of banking information and recommendation (Syamsurizal et al., 2022), and religious endorsement can strengthen public trust (Nengsih et al., 2021). Interest in Islamic banking has also been described as resulting from internal, social, and emotional factors (Mardita et al., 2023), with negative service experiences able to deter even religiously motivated consumers (Romadhon & Supaijo, 2023). What remains unclear is how these influences interact with each other and with religious attitudes in the decisions of consumers who might adopt Islamic banking but do not.

The extended services marketing mix as a lens on bank-side levers

Whereas TPB explains intention from the consumer's side, the marketing mix describes the controllable elements through which firms shape consumer responses. McCarthy's (1960) original 4Ps of product, price, place, and promotion were extended by Booms and Bitner (1981) to 7Ps for services through the addition of people, process, and physical evidence, an extension that has gained broad acceptance among marketing academics as a generic services mix (Rafiq & Ahmed, 1995). The mix has nonetheless been criticized for its internal orientation and its limited attention to relationships and customer interaction (Constantinides, 2006).

To address this limitation, the present study adds three complementary elements. *Partnership* draws on relationship marketing, in which cooperative relationships based on commitment and trust are a source of competitive advantage (Morgan & Hunt, 1994); in banking, this includes arrangements with employers, schools, universities, and government agencies. *Packaging* refers to the

presentation of an offering, including visual identity and interface design (Kotler & Keller, 2016). *Positioning* refers to the distinctive place a brand occupies in consumers' minds relative to competitors (Ries & Trout, 2001; Kotler & Keller, 2016). The resulting ten-element framework is not a canonical construct, and it is not treated here as a theory to be tested. It serves as a sensitizing analytical device for organizing the bank-side factors that consumers encounter, while TPB provides the explanatory logic.

In Islamic banking, each element carries particular significance. Product covers Shariah-compliant instruments such as *wadiah* deposits, *mudharabah* savings, *murabahah* financing, and purpose-specific products such as Hajj savings, which must meet customer needs while satisfying Shariah criteria (Abdallah & Lubis, 2015). Price reflects the absence of interest and, in many products, of monthly administrative fees. Place concerns the distribution of branches, ATMs, and electronic data capture (EDC) terminals, whose limited reach is a recognized barrier in Indonesia (Novian et al., 2023). Promotion includes communication through events and digital channels such as Instagram (Widiawati, 2020). People refers to the competence and integrity of staff who must explain Shariah contracts; process to service-delivery procedures, including the selective placement of ATMs and EDC terminals; and physical evidence to tangible and digital cues that signal credibility and Shariah compliance. Partnership, packaging, and positioning complete the framework as described above.

Toward an integrated analytical framework

The two literatures reviewed above have developed largely in parallel. TPB-based studies explain intention through consumer-side constructs but seldom identify which bank actions shape those constructs, while marketing-mix analyses describe bank-side elements without explaining how they enter consumers' decisions. This study brings the two lenses together. It assumes, as a working framework, that product, price, and positioning chiefly shape attitudes; that

people, promotion, and community-based partnerships shape subjective norms; and that place, process, and institutional partnerships shape perceived behavioral control. These linkages are not hypotheses to be tested statistically but analytical expectations that guided coding and are refined in light of the interview data.

Research methodology

Research design

This study adopted a qualitative descriptive design (Sandelowski, 2000), which aims to provide a comprehensive account of a phenomenon in terms close to participants' own descriptions while allowing interpretation through existing frameworks. The design suited the study's purpose of understanding how Muslim consumers explain their banking choices and how these explanations relate to established theory, rather than estimating the strength of associations between variables (Creswell & Poth, 2018).

Study setting

Sawahan District, Surabaya, was selected because it combines a large Muslim population, socioeconomic diversity ranging from lower-income households to educated professionals, and the presence of both Islamic and conventional bank branches within the district. This combination made it possible to observe banking decisions in a setting where Islamic banking is physically available but not dominant.

Participants and sampling

Informants were selected through purposive sampling with maximum variation across three stakeholder groups, so that motivations and barriers could be compared from complementary vantage points: Islamic bank employees (n = 2), Islamic bank customers (n = 4), and conventional bank customers (n = 4), giving a total of ten informants. Inclusion criteria were being a Muslim adult residing or working in Sawahan District and holding an active account with the bank

concerned; employees were required to have direct customer-facing responsibilities. To protect anonymity, informants are identified by codes: E1–E2 for employees, IC1–IC4 for Islamic bank customers, and CC1–CC4 for conventional bank customers. Their characteristics are presented in Tables 1 and 2.

The adequacy of the sample was judged in terms of information power rather than numerical saturation (Malterud et al., 2016). The study's aim was narrow, informants were selected for their specific experience of the phenomenon, the analysis was supported by established theory, and the interviews were designed to elicit rich accounts; all four conditions reduce the number of participants needed. Empirical work on interview studies also indicates that most high-level themes tend to emerge early in data collection (Guest et al., 2006). Nevertheless, the small number of informants, particularly employees, is acknowledged as a limitation, and the findings are offered as analytically rather than statistically generalizable.

Table 1. Characteristics of Islamic bank employee informants

No	Code	Age	Institution	Interview date
1	E1	32	Bank Muamalat Indonesia	6 June 2025
2	E2	36	Bank Syariah Indonesia (BSI)	6 June 2025

Source: Research data, 2025.

Table 2. Characteristics of customer informants

No	Code	Age	Bank	Product used	Interview date
1	IC1	43	BCA Syariah	Children's savings (*wadiah*)	1 June 2025
2	IC2	20	BSI	Easy Wadiah savings	1 June 2025
3	IC3	40	BSI	Hajj savings	1 June 2025
4	IC4	20	BTN Syariah	Wadiah savings	4 June 2025
5	CC1	42	BCA	Savings	3 June 2025
6	CC2	44	CIMB Niaga	Savings	3 June 2025
7	CC3	20	Bank Jatim	Savings	4 June 2025
8	CC4	20	BCA	Savings	4 June 2025

Note: IC = Islamic bank customer; CC = conventional bank customer. Source: Research data, 2025.

Data collection

Data were collected through semi-structured in-depth interviews, a method well suited to eliciting detailed accounts of sensitive topics such as financial behavior and religious motivation. The interview guide covered four areas: familiarity with banking products; reasons for current banking choices; awareness and evaluation of Islamic banking features; and the influence of family, peers, employers, and institutions on banking decisions. Questions were open-ended and followed by probes that invited informants to describe specific episodes, such as how and why they opened their accounts. Customer interviews were held between 1 and 4 June 2025 and employee interviews on 6 June 2025, at times and places convenient for informants. Interviews were conducted face-to-face in Indonesian, recorded with informants' permission, and transcribed verbatim for analysis.

Data analysis

Transcripts were analyzed using thematic analysis following the six phases described by Braun and Clarke (2006). In the first phase, the researchers familiarized themselves with the data by reading each transcript repeatedly and noting initial ideas. In the second, data were coded using a hybrid deductive–inductive approach (Fereday & Muir-Cochrane, 2006): an a priori codebook was derived from the three TPB constructs and the ten elements of the extended

marketing mix, while new codes were created for meanings that did not fit these categories, such as disbursement-related constraints. Coding was carried out by the authors, and differences in interpretation were resolved through discussion. In the third and fourth phases, codes were grouped into candidate themes and reviewed against the coded extracts and the full data set. In the fifth phase, themes were defined and named; in the sixth, they were written up with supporting evidence.

Analysis also included a systematic cross-group comparison. For each theme, a matrix recorded whether it was raised by employees, Islamic bank customers, conventional bank customers, or more than one group, which allowed convergence and divergence across stakeholder perspectives to be identified explicitly.

Trustworthiness

Rigor was addressed using the four criteria of Lincoln and Guba (1985), operationalized for thematic analysis as recommended by Nowell et al. (2017). Credibility was supported by data-source triangulation, operationalized through the cross-group matrix described above, so that each theme was checked against the perspectives of all three stakeholder groups; for example, limited service accessibility was examined in the accounts of both employees and customers. Transferability was supported by a detailed description of the setting and informants (Tables 1 and 2), enabling readers to judge the relevance of the findings to other contexts. Dependability was supported by an audit trail comprising the interview guide, transcripts, and the codebook. Confirmability was supported by grounding every interpretation in informants' accounts and by reporting the analytic procedure transparently, while the researchers remained aware of their own position as Muslim researchers studying Islamic banking.

Ethical considerations

All informants received an explanation of the study's purpose and gave their consent before the interviews. Participation was voluntary, and identifying details were replaced with codes to protect anonymity.

Results and discussion

The analysis produced three groups of findings: motivations for adopting Islamic banking, barriers that keep Muslim consumers with conventional banks, and the ways in which these motivations and barriers relate to the extended marketing mix and to TPB. Each is presented below and discussed in relation to prior research.

Motivating factors: Why Muslim consumers choose Islamic banking

Two broad motivations emerged among informants who had adopted Islamic banking: religious obligation, centered on the avoidance of *riba*, and economic benefit, centered on fee-free products and convenient access. Tables 3 and 4 summarize the employee and customer accounts.

Table 3. Employee perspectives on motivations for Islamic banking adoption

Informant	Stated motivation	Product referenced	Key insight
E1	No administrative fees charged to customers	Easy Wadiah savings	The *wadiah yad dhamanah* contract guarantees the principal, with a possible voluntary gift (*hibah*) from the bank
E2	Avoidance of *riba* (usury)	Easy Wadiah savings	Shariah compliance is the foundational criterion for choosing a bank

Source: Research data, 2025.

Table 4. Islamic bank customer perspectives on motivations for adoption

Informant	Stated motivation	Product used	Key insight
IC1	School-based promotional event by BCA Syariah; no balance deductions	Children's savings (*wadiah*)	Promotion through a school partnership triggered awareness
IC2	Family tradition of using BSI; desire to avoid *riba*	Easy Wadiah savings	Family reference group reinforced the religious motive
IC3	Hajj savings goal; *riba* avoidance; information obtained from BSI's Instagram	Hajj savings	Digital channels informed a purpose-specific religious product
IC4	Branch close to home; no administrative fees	Wadiah savings	Geographic access and price enabled adoption

Source: Research data, 2025.

The employees' accounts illustrate the dual nature of these motivations. E1 emphasized the financial advantage of fee-free savings under the *wadiah yad dhamanah* contract, in which the bank guarantees the full return of deposits and may voluntarily offer a gift (*hibah*) without contractual obligation. E2 placed primary emphasis on Shariah compliance, presenting the prohibition of *riba* as both a personal conviction and the defining feature of the institution. This resonates with the argument that Islamic banks occupy a distinct market segment whose primary appeal is *riba*-free financial services for religiously motivated customers (Abdallah & Lubis, 2015).

Among Islamic bank customers, religious and economic motives appeared in different combinations. IC2 and IC3 explicitly cited *riba* avoidance as their primary motivation. For IC2, this motive was reinforced by a family tradition of banking with BSI, while IC3's decision to open a Hajj savings account was informed by BSI's Instagram account, which provided accessible and credible information about the product's Shariah compliance. This is consistent with evidence that digital and physical cues build trust in Islamic banks (Widiawati, 2020) and with findings that religiosity operates through favorable attitudes toward Islamic banks (Souiden & Rani, 2015).

IC1 and IC4, by contrast, emphasized pragmatic considerations. IC1 learned of BCA Syariah's children's savings product during a promotional visit to her child's school and valued the absence of balance deductions; IC4 chose an Islamic bank because a branch was close to home and no administrative fees were charged. These accounts support findings that pricing, promotional activities, and geographic accessibility shape adoption (Amin et al., 2011; Syamsurizal et al., 2022). They also qualify the view that religion is the leading motive for patronizing Islamic banks (Metawa & Almossawi, 1998). In this setting, religious and pragmatic motives were not alternatives. Religious acceptability made Islamic banking an option worth considering, while fees, proximity, and timely information determined whether it was actually chosen. The pattern echoes the combination of religious and financial criteria reported in Malaysia (Dusuki & Abdullah, 2007).

Barriers to adoption: Why conventional bank users persist

The accounts of conventional bank customers point to three categories of barriers: cognitive barriers arising from limited knowledge, structural and institutional barriers arising from service access and disbursement arrangements, and social barriers arising from the practices of family and peers. Table 5 summarizes these findings.

Table 5. Barriers to Islamic banking adoption among conventional bank customers

Informant	Stated reason for conventional banking	Barrier category	Implication
CC1	Lack of understanding of how Islamic banking works	Cognitive (literacy)	Literacy programs are needed before attitudes can form
CC2	No exposure to Islamic banking; salary paid through a conventional bank chosen by the employer	Cognitive and institutional	Payroll partnerships could redirect salary flows
CC3	Scholarship disbursed only through a designated conventional bank	Institutional (lock-in)	Partnerships with government and universities are needed
CC4	Family and peers use conventional banks	Social (reference group)	Community outreach could shift prevailing norms

Source: Research data, 2025.

Cognitive barriers were the most frequently mentioned. CC1 acknowledged not understanding how Islamic banking works, and CC2 reported never having been exposed to Islamic banking services. These accounts are consistent with studies identifying low Islamic financial literacy as a constraint on market penetration (Ismanto, 2018; Novian et al., 2023). They also help interpret the finding that literacy promotes intention only when it shapes attitudes (Albaity & Rahman, 2019). For these informants, the problem was not an unfavorable evaluation of Islamic banking but the absence of any evaluation at all, so that the attitude component of TPB was never activated.

Structural and institutional barriers formed the second category. CC2 and CC3 noted that Islamic banks have fewer branches and ATMs than conventional banks. More distinctively, both informants described their conventional accounts as not having been chosen at all. CC2's salary was disbursed through a conventional bank selected by the employer, and CC3's scholarship could only be received through a designated conventional bank. We describe this situation as institutional lock-in: the banking relationship is determined by an employer or

funding body, and the individual's own preferences become largely irrelevant. In TPB terms, institutional lock-in is a form of low actual behavioral control that survey instruments rarely capture, because perceived behavioral control is usually measured as individual capability or convenience. It suggests that partnerships with employers, universities, and scholarship programs could remove a barrier that marketing communication alone cannot address (Nengsih et al., 2021).

Social barriers formed the third category. CC4 continued to use a conventional bank mainly because family members and friends did so, illustrating the influence of reference groups on financial decisions (Syamsurizal et al., 2022). Read alongside IC2's account, this case shows that subjective norms can work in both directions: family practice drew IC2 toward Islamic banking and kept CC4 with a conventional bank. This helps explain the mixed evidence on subjective norms in survey research (Amin et al., 2011; Bananuka et al., 2019), because the direction of normative pressure depends on the banking practices that already prevail in a person's network. Community-based outreach through mosques, Islamic organizations, and *pesantren* may therefore matter less as a source of information than as a way of changing what is normal within reference groups.

Analysis through the extended services marketing mix

Table 6 maps the motivations and barriers reported by each informant to the elements of the extended marketing mix, and the discussion that follows examines each element in turn.

Table 6. Informant motivations and barriers mapped to the extended services marketing mix

Informant	Marketing-mix element	Stated motivation or barrier	Analytical insight
E1	Price	No administrative fees	Fee-free products strengthen the economic value proposition
E2	Product; positioning	Transparent, *riba*-free contracts	Shariah compliance is the core of the brand promise
IC1	Promotion; partnership	School-based promotional event	Institutional channels reach new segments
IC2	People (reference group)	Family's long-standing use of BSI	Families act as informal ambassadors
IC3	Physical evidence; promotion	BSI's Instagram as a credibility signal	Digital content builds trust
IC4	Place; price	Branch proximity; no fees	Access enables adoption once religious acceptability is present
CC1	Positioning; promotion	Limited understanding of Islamic banking	The brand promise has not reached this segment
CC2	Partnership; place	Salary via employer's bank; few branches	Institutional lock-in and limited access
CC3	Partnership; place	Scholarship via designated bank; few ATMs	Institutional lock-in overrides preference
CC4	People (reference group)	Peers and family bank conventionally	Prevailing norms sustain the status quo

Source: Research data, 2025.

Product. The products used by informants, namely children's savings, basic *wadiah* savings, and Hajj savings, show how Shariah-compliant products can be aligned with consumers' life goals. The *wadiah yad dhamanah* contract appealed to informants who valued capital preservation alongside religious compliance, while Hajj savings linked a personal religious obligation to a disciplined savings mechanism.

Price. The absence of administrative fees was a significant incentive, particularly for younger informants and for families saving small amounts. Fee-

free structures thus strengthen the economic case for Islamic banking alongside its religious appeal.

Place. Service accessibility remains a strategic challenge. The employees acknowledged that BSI and Bank Muamalat operate fewer ATMs and EDC terminals than their conventional competitors and attributed this partly to compliance considerations, specifically the avoidance of association with merchants dealing in non-halal goods or services. This principled stance creates practical access constraints, which makes digital banking and network expansion strategic priorities.

Promotion. Promotion was an effective awareness-building tool. BCA Syariah's school-based event reached a new segment of parents saving for children's education, and BSI's Instagram account served as an information channel for Hajj savings. Combining community events with digital media appears effective in reaching consumers with different levels of awareness.

People. The employees showed clear personal alignment with Shariah values, which supports institutional credibility. Their ability to explain contracts such as *wadiah* in plain terms was central to how the benefits of Islamic products were communicated to customers.

Process. The selective placement of ATMs and EDC terminals reflects an operational commitment that differentiates Islamic banks, but at the cost of service convenience. Mobile banking and other digital solutions are needed to offset the limitations of the physical network.

Physical evidence. IC3's reliance on BSI's Instagram account shows that digital cues now function as physical evidence, signaling credibility and Shariah compliance to consumers who may never visit a branch.

Partnership. Partnership emerged as the element with the greatest potential to change behavior. Salary and scholarship disbursement arrangements dominated by conventional banks create institutional lock-in for consumers such

as CC2 and CC3, while BCA Syariah's school partnership shows how institutional channels can work in favor of Islamic banks.

Packaging. Packaging was not raised by any informant. Rather than inferring its importance, we interpret this absence as an indication that presentation and visual design were not salient in informants' decisions compared with religious acceptability, cost, access, and institutional arrangements. Its role may be greater among younger, digitally oriented consumers, which future research could examine.

Positioning. Islamic banks have established an identity as Shariah-compliant, *riba*-free institutions, and this identity was clearly understood by adopters. Among conventional bank customers, however, limited understanding (CC1, CC2) suggests that this positioning has not reached a significant segment of the Muslim population. Strengthening it requires sustained community engagement as well as mass communication.

Integrating the Theory of Planned Behavior and the extended marketing mix

Table 7 brings the two lenses together by linking the themes to TPB constructs and to the marketing-mix elements through which banks can influence them.

Table 7. Themes linked to TPB constructs and marketing-mix levers

TPB construct	Themes identified	Informants	Marketing-mix levers
Attitude	*Riba* avoidance; fee-free products; awareness or lack of awareness of Islamic banking	E1, E2, IC1–IC4, CC1, CC2	Product, price, positioning, promotion
Subjective norms	Family tradition favoring Islamic banking; peer conformity favoring conventional banking	IC2, CC4	People, community-based promotion
Perceived behavioral control	Branch proximity; limited branch and ATM network; salary and scholarship lock-in	IC4, CC2, CC3, E1, E2	Place, process, partnership

Source: Authors' analysis of research data, 2025.

Three insights follow from this integration. First, religious attitudes appear necessary but not sufficient for adoption. Religious acceptability created a favorable predisposition among adopters, but adoption followed only when pragmatic conditions such as proximity, fee-free products, or timely information were also present. This suggests that religious and economic considerations operate sequentially rather than as competing explanations, which may help reconcile the conflicting findings on religious and pragmatic motives (Erol & El-Bdour, 1989; Metawa & Almossawi, 1998; Dusuki & Abdullah, 2007; Amin et al., 2011). Second, perceived behavioral control in Islamic banking is shaped by institutional arrangements as well as by individual capability. Institutional lock-in through salary and scholarship disbursement can override favorable attitudes entirely, which may explain part of the gap between Muslim identity and banking behavior in Indonesia. Third, subjective norms are bidirectional and path-dependent, reinforcing whichever banking practice already prevails in a consumer's network.

These insights are offered as propositions for future research rather than as tested conclusions. Proposition 1: Religious attitude toward Islamic banking translates into adoption only when perceived behavioral control is favorable. Proposition 2: Institutional disbursement arrangements reduce perceived and actual behavioral control and weaken the attitude–behavior relationship. Proposition 3: The direction of subjective norms depends on the prevailing banking practice of a consumer's reference group. Testing these propositions would require measures of institutional lock-in that existing TPB instruments do not contain.

Conclusion

This study explored why some Muslim consumers in Surabaya adopt Islamic banking while others remain with conventional banks, drawing on

interviews with ten informants from three stakeholder groups. Adoption was driven by *riba* avoidance in combination with fee-free products, branch proximity, family influence, and accessible information. Non-adoption reflected limited Islamic financial literacy, conformity to the banking practices of family and peers, and institutional lock-in, in which salaries and scholarships are disbursed through designated conventional banks.

Theoretically, the study contributes to research on Islamic bank adoption in three ways. It shows that religious attitudes are a necessary but insufficient condition for adoption. It extends the notion of perceived behavioral control to include institutional arrangements that lie outside the individual's control. And it links TPB constructs to the bank-side levers of an extended services marketing mix, yielding three propositions that can be tested in future quantitative research.

Practically, the findings suggest four priorities for Islamic banks in Indonesia. First, partnerships with employers, universities, and government scholarship programs could make Islamic banks viable disbursement channels and remove institutional lock-in. Second, Islamic financial literacy programs delivered through schools, mosques, and community organizations could activate favorable evaluations among Muslims who currently have none. Third, physical and digital service networks should be expanded to reduce accessibility barriers. Fourth, credible digital content on platforms such as Instagram can reach younger consumers and complement community-based promotion.

The study has several limitations. The small number of informants, especially the two employees from two banks, and the focus on a single urban district limit the transferability of the findings, which should be read as analytical insights rather than statistical generalizations. The interviews captured informants' accounts at one point in time and may be affected by social desirability, particularly regarding religious motives. Future research could test the three propositions with larger samples, develop a measure of institutional lock-in, compare urban and rural settings, and include a wider range of bank employees

and institutional decision-makers such as payroll managers and scholarship administrators.

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