

# **Perception of Muslims and Non-Muslims towards Conventional and Participative Banking: A case study of Indian state of Telangana**

**Dr. Kafeel Ahmad – Assitant Professor BGSB University Rajouri**

**Muntazir Abass Bhat - Research Scholar BGSB University Rajouri**

## **ABSTRACT**

The main role of banks is to bridge the gap between savers and investors. However, there are two types of banks one charges interest from lenders and another does not charge any interest. The former is known as traditional/conventional banking while the latter is known as participative/Islamic banking. Lately, Participative banking gained a lot of recognition in western countries like USA and UK as these countries allowed participative banks to freely function as per shariah guidelines. These countries have realized the growth and stability option by participative banks the issuance of SKUK (Islamic bonds) is expanding with the international reach of investors and issuers<sup>1</sup>. Indian, 2<sup>nd</sup> most populous country in the world is yet to take any decision regarding the full functionings of participative banks. although some NBFCs work on sharia guidelines in Kerala and Telangana. The purpose of this study is to analyze the perception of people toward conventional and participative banking in Telangana. Through this study, the researcher wants to analyze and compare the perception of Muslims and non-muslims towards conventional as well as participative banking in Telangana state. This state was selected because some NBFCs work on shariah guidelines unlike other states of India. This study has taken 400 samples i.e. 200 Muslims and 200 non-Muslims. The researcher has used the Cochran formula to get the exact number of samples to be taken for the study. The responses were collected through a questionnaire. This study found that perception of people changes based on their religion in the case of participative banking while their perception remains neutral in the case of conventional banking.

## **Keywords:**

Participative banking, Conventional banking, NBFCs, Skuk.

## **BANKING SYSTEM IN INDIA**

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<sup>1</sup> <https://www.imf.org/external/themes/islamicfinance/>

The banking system in India can be traced back to the Vedic period 1750 BC. During the period of the Maurya Dynasty, an instrument known as Adesha was in use we can call it a modern cheque. At the time of the Buddhist period, LOC (Letter of Credit) was used. Mughals had a very high degree of a centralized and very good financial and military base which was formed on the long tradition of banking. It is not possible to run the state machinery and land revenues without proper financial intermediaries<sup>2</sup>. However, Britishers officially started banks in India in 1770. And the first bank in India was the Bank of Hindustaan<sup>3</sup> but It didn't last long as it was liquidated in 1829. SBI is the oldest and largest bank which was founded in 1806. Initially, it was known as the bank of Calcutta then renamed the bank of Bengal then the bank of Bombay (1840), and the bank of Madras (1843) was founded, and later on 1921, all three banks were merged to form the imperial bank of India which later came to know as State bank of India. SBI also acted as the central bank for many years until the reserve bank of India was established (1935). RBI acts as the central agency for banks and regulates banking in India.

After India got independence new banks were set up and in just the first 20 years of independence 14 new banks were nationalized but the real change came post-1990 when RBI allows private investors to invest in the banking sector and initially 10 banks were given licenses to operate i.e. HDFC, ICICI Axis bank, etc. and this is not the end, in 2013-14 the RBI introduces new payment banks which can accept deposits up to 1 lakh but are denied to lend money

### **CONVENTIONAL BANKING SYSTEM**

India has a good network of conventional banking systems. In Telangana, some NBFCs are working on an interest-free module but their operations are not as huge as conventional banks. although Telangana is not the only state which has a non-interest basis NBFC cities like Mumbai and Chennai and Kerala state does have an interest-free banking module currently functioning.

The banking system in Telangana is the same as in other parts of India, and it works based on interest.

### **PARTICIPATIVE BANKING SYSTEM: AN EVOLUTION AND HISTORY**

Till now we have discussed the Interest-based banking system. Interest is a fixed rate at which the borrower has to pay back to the lender. This system of finance used to be very harsh and money lenders charged as much as 50% rate of interest but with the passage of time and intervention by the government the interest rates were lowered down. However, it is still a burden on an underprivileged section of society, and sometimes they don't even use banking facilities for fear of interest. With the emergence of Islam in the Arabian peninsula, any kind of

transaction which involves interest (Taken or Given) was prohibited. Although, the concept of interest-free transactions was not new. Jews used to do interest-free transactions but only within their community and would charge interest if they were doing business outside their community. As per the Institute of Islamic Banking and Insurance, London, Islamic banking includes a system or a banking activity that is as per the guidance of shariah law. The law emphasizes ethical values in dealing with business. Shariah prohibits accepting and paying interest (Riba). Shariah banking encourages investors to invest in equity financing rather than liability-based financing. The major appreciation for Islamic banking is that it reduces the possibility of crisis and brings discipline to the economy. As everyone invests as an owner of a business all stakeholders behave responsibly.

Generally, interest-free banking focuses on financial equity and full services. The transaction which is interest-based and derivative transactions like Options, Future, and Forward as well as short selling which are highly speculative are not part of Islamic banking.

## **REVIEW OF LITERATURE**

**Haron et al. (1994)** conducted their research in Malaysia to study the patronage of both Muslims and non-muslims towards participative as well as conventional banks. The researcher also studies the perception of people towards participative banking in Malaysia. **Hegazy (1995)** conducted his research in Egypt to find out the demographical profile of 400 customers of both conventional and participative banks. Two banks were selected i.e. Faisal Bank (Islamic bank) and Bank of Commerce and Development (conventional bank). The results found that 98% of Islamic bank customers are Muslims while it is 54% in conventional banking. While 32% of customers of conventional banks are Christians. The study found that religion plays a leading role in motivating people to invest in Islamic banking. **Metwally (1996)** researched to find out the attitude of Muslims toward the dual banking system. The research was conducted in three countries Kuwait, Saudi Arabia, and Egypt. The result stated that there are not many differences between conventional and participative banking regards benefits and cost of products and services also the level of services is almost the same and religion plays a major role in the choice of banking institutions. **Ahmad and Haron (2002)** did the research in Malaysia to find out the attitude of corporate customers towards Islamic banking they found that 55% of people prefer Islamic banking because of religious compulsion. However, 75% think that government should promote interest-free banking by using other marketing channels other than just interest-free.

**Rahman et al., (2015)**.“Does Islamic banking help in the economic development of Muslim Countries?”. The study was conducted to analyze the role of Islamic banking in the development of Muslim countries. The researcher argued that conventional banking should not be replaced just because of interest (Riba) but that Islamic banking should perform extremely well. However, if we check the past performance of IBs over the last 40 years it has motivated people to invest in them but failed to employ these funds in the production sector. The research also argued that IBs represent a tiny portion of the banking system and it should not be considered as rivalry with conventional banking in financing investment in the current manufacturing industry, or other activities in the production sector. The researcher also found that role of IBs in Economic Development, till now is not significant but it can have a good future if tough measures are taken to correct wrong practices, better policies are adopted, and innovative products and mechanisms shall be launched. **Cevik, et al., (2015)** “*The Behavior of Conventional and Islamic Bank Deposit Returns in Malaysia and Turkey*”. The research was conducted to examine the empirical behavior of conventional bank deposit rates and the rate of return on retail Islamic profit-and-loss sharing (PLS) investment accounts in Malaysia and Turkey. The analysis shows that PLS returns and conventional bank deposit rates exhibit co-integration over the long run: conventional bank interest rates and the rates of return on retail Islamic investment accounts move together.

**Alharbi et al., (2016)** “Development of Islamic Finance in Europe and North America: Opportunities and Challenges”. The study was conducted to analyze the potential of Islamic banking in western countries, as investors are continuously looking for new investment opportunities, products, and assets that are not related to existing products and services to expand their portfolios. Islamic finance provides this opportunity for those investors. However, some obstacles need to be resolved to allow IBs to grow in western countries. The researcher mentioned some measures that should be taken to attract investors in western countries first, regulatory agencies must adopt specific laws for the Islamic finance industry. Second Islamic finance industry must tackle the issues of islamophobia, lack of political support, and diversity of opinion, third, the industry must resolve the legitimacy of Islamic contracts issue And fourth, the educational system in the west and the Islamic finance industry need to spread consciousness about the Islamic finance industry by offering specific courses on participative banking. **Salman et al., (2018)** “*Islamic Financial System and Conventional banking: A Comparison*”. The study was conducted to find out the difference between conventional and Islamic banking concerning

Profitability, Efficiency, and Liquidity. The researcher found that Islamic and conventional banking is different from each other in terms of performance but most performance criteria show a positive trend for Islamic banking, therefore, the Islamic bank's performance was showing much better than conventional banks in Pakistan. Also, the future of Islamic banks shows brighter as Islamic banks were not suffered during the crisis. **SHAHID, MAHAMMAD, and RAJ, JEEVAN (2019)** researched "*Islamic banking in India: an overview*" per his study Islamic banking is the fastest-growing field since the main focus of Islamic banking is on risk-sharing, transparency, cooperative ventures, and ethical investing which attracts both Muslims and non-muslims. As per his study, there is a lot of scope for Islamic banking in India along with certain limitations.

**OBJECTIVES OF THE STUDY:**

Perception of people towards conventional and Participate banking across Telangana: A Case study of Muslims and Non-Muslims.

**H<sub>a</sub>1:** There is insignificant variation among people in their perception of conventional and participative banking.

**RESEARCH METHODOLOGY**

This study is across the religion in Telangana state and will analyze the perception based on the respondent's religious beliefs. To represent the Muslim population Hyderabad has been selected and to represent the non-muslims population Vijaywada has been selected. 200 samples from each city have been taken into consideration.

**MEASUREMENT SCALE**

For the current study, the researcher is using the Likert scales as these scales have been used to measure the perception previously in marketing research (Parasuraman et. Al, 1991). To check the reliability of measurement scales Cronbach's Alpha is to be used.

**STRATIFIED SAMPLING**

For the present study, the researcher is using a stratified random sampling method. The population from the study is to be divided into two strata i.e. those who use banking services and those who don't use them. Then only that segment of the population is taken into consideration

which is using banking services to measure the perception of conventional banking. However, to measure the perception of participative banking, the Snowball sampling method is to be used to select those respondents who are using participative banking services in Hyderabad through NBFCs.

The sampling unit for the study is both Muslim and non-Muslim populations of Jammu and Kashmir and Telangana state who are using either conventional or participative banking systems.

The size of the sample is to be determined by using the Cochran formula: Cochran (1977).

$$N = \frac{Z^2 \cdot p \cdot q}{e^2}$$

Cochran formula			
5%	level	of	
significance(Z)		1.96	3.8416
% of population(p)		50%	0.5
q=(1-p)		50%	0.5
e = Margin of error		0.05	0.0025
Total Sample Size			384

As per the Cochran formula, the total sample for the study is to be taken as 384 but for convenience, the researcher has taken 400 samples.

### **THE PRELIMINARY DATA TEST**

The data is collected and analyzed with the help of SPSS 20.0. As we have already discussed a total of 400 respondents from Hyderabad and Vijayawada are selected for the study. Collected data is analyzed through descriptive statistics and frequency tests for demographic variables. Out of the total responses, only those responses are considered for the study which is filled, if any part of the response is missing that response has not been taken for study hence those responses were discarded.

Descriptive statistics are used to understand the profile of the respondents and to study the influence of demographic variables on the perceptions of participative banking.

Chi-Square Test is used to compare the perception of respondents across two Cities i.e. Hyderabad and Telangana. Similarly, the Mann-Whitney U test is used to compare the perception of respondents across religions i.e. between Muslims and Non-Muslims.

ANOVA test is used to study the difference in the level of perception of respondents across demographic variables, i.e. age, gender, occupation, and Post-hoc has been used to study the relationship between different dimensions of a demographic variable within-group i.e. respondents of different age groups, gender, and occupation. Moreover, the researcher has used mean as a tool to study the motivational factors that respondents consider significant to shift from conventional to participative banking.

<b>DEMOGRAPHIC PROFILE OF THE RESPONDENTS</b>					
<b>Gender</b>	Number	Percentage	<b>Religion</b>	Number	Percentage
Male	210	53%	Muslim	200	50%
Female	190	48%	Non-Muslim	200	50%
<b>Total</b>	<b>400</b>	<b>100%</b>	<b>Total</b>	<b>400</b>	<b>100%</b>
<b>Age</b>	Number	Percentage	<b>Occupation</b>	Number	Percentage
Below 25	95	24%	Student (Higher Education)	70	18%
25-35	100	25%	Private employee	93	23%
35-50	112	28%	Government Employee	118	30%
Above 50	93	23%	Self Business	119	30%
<b>Total</b>	<b>400</b>	<b>100%</b>	<b>Total</b>	<b>400</b>	<b>100%</b>
<b>City</b>	Number	Percentage			
Hyderabad	200	25%			
Vijayawada	200	25%			
<b>Total</b>	<b>400</b>	<b>100%</b>			

**TESTING OF HYPOTHESIS**

To study the perception of people towards conventional and participative banking in Telangana State, the researcher has formulated the below hypothesis.

**H<sub>0</sub>1:** *There is insignificant variation among people in their perception of conventional and participative banking across the study area.*

To analyze the perception of respondents in the study area i.e. Hyderabad and Vijayawada the researcher has used the Chi-square test.

**VARIATION OF PEOPLE IN THEIR PERCEPTION TOWARDS CONVENTIONAL AND PARTICIPATIVE BANKING ACROSS RELIGIONS:-**

The objective of the study is to compare the perception among respondents across the 2 cities in the study area. The researcher has tried to find out if the perception of respondents based on their religion is the same or not. The perception is analyzed based upon certain statements for conventional as well as participative banks. The statements are

PERCEPTION OF PEOPLE TOWARD CONVENTIONAL BANKING					
STATEMENT	REGION	Yes/No		Chi-Square Value	Test Result
Does Conventional banks are more technologically advanced?	Hyderabad	70%	30%	0.08	Insignificant
	Vijayawada	91%	9%		
Does Conventional banks have the ability to provide services to every corner of the world?	Hyderabad	68%	32%	0.11	Insignificant
	Vijayawada	80%	20%		
Does Conventional bank needs written proof for every transaction?	Hyderabad	75%	25%	0.11	Insignificant
	Vijayawada	88%	12%		
Do you feel that the interest charged on your loan by the bank is reasonable?	Hyderabad	18%	82%	0.00	Significant
	Vijayawada	66%	34%		
Do you feel that banks are exploiting customers by levying hidden charges other than interest?	Hyderabad	90%	10%	0.00	Significant
	Vijayawada	21%	79%		

**Statement 1** is framed to analyze the perception of respondents about the technology used by conventional banks and the result reveals insignificant variation which means people across their religions perceive conventional banks as technologically advanced than participative banking. **Statement 2** is framed to analyze the perception of conventional banks' ability to provide services throughout the globe. The result reveals insignificant variation, which means respondents in the study area i.e. Hyderabad and Vijayawada, believes that conventional bank can provide services to every corner of the world. Similarly, **Statement 3** pertains to knowing the perception of respondents about accountability and transparency in conventional banks. The test reveals insignificant variation among respondents throughout their religion, which means respondents in the study area, believe that conventional banks are accountable and transparent while providing services to customers. **Statement 4** was to find out whether the interest charged



by conventional banks is reasonable or not. The result shows significant variation between respondents in the study area, which means respondents' perception across their religions changes as some believe the interest charged by conventional is reasonable while others don't believe it. **Statement 5** was asked to know if customers of conventional banks feel exploited as banks levy hidden charges other than interest. The result shows significant variation between respondents in the study area, which mean respondent's perception about hidden charges is not the same across the study area as some believe hidden charges as exploitation by conventional banks while others don't think so.

CHI-SQUARE TEST CONVENTIONAL BANKING					
	Statement 1	Statement 2	Statement 3	Statement 4	Statement 5
Chi-Square	2.89	2.56	2.56	16.88	1.752
Df	1	1	1	2	2
Asymp. Sig.	0.08	0.11	0.11	0	0

The chi-square test revealed an insignificant variation for the first three statements and a significant variation for statements 4 and statements 5. It means that all respondents have the same perception about conventional banking when it comes to Technology, conventional banks' ability to provide services across the world, and Accountability and Transparency, but their perception differs when it comes to Interest charged by conventional banks and levying hidden charges other than interest.

The respondent's perception about participative banking is also analyzed with the following statements.

The researcher analyzed the perception about participative banking through statements which are used to identify how respondents perception about f participative banking concepts like Interest-free lending and borrowing, Interest-free loan, Profit and loss sharing, and also to know what respondents think about its effect on national growth. The Chi-square test is used to analyze the variation among the respondents across the region.

PERCEPTION OF PEOPLE TOWARDS PARTICIPATIVE BANKING					
STATEMENT 6-10	REGION	Yes/No		Chi-Square Value	Test Result
Do you feel banks should have a mechanism of interest-free lending and borrowing?	Hyderabad	79%	21%	0.00	Significant
	Vijayawada	32%	68%		
Would you like to take a loan without interest?	Hyderabad	88%	12%	0.28	Insignificant
	Vijayawada	80%	20%		
Would you deposit your money on Profit and Loss sharing?	Hyderabad	75%	25%	0.00	Significant
	Vijayawada	25%	75%		
Do you feel participative banking system is good for national growth and development?	Hyderabad	68%	32%	0.00	Significant
	Vijayawada	18%	82%		
Do you think Islamic banking would help India to grow?	Hyderabad	90%	10%	0.00	Significant
	Vijayawada	27%	63%		

**Statement 6** is framed to analyze the perception of respondents about interest-free lending and borrowing mechanism and the result reveals significant variation which means people across their religion have different perceptions as 79% respondents from Hyderabad, and 32% from Vijayawada are in favor of interest-free lending and borrowing facility of participative banking. **Statement 7** is framed to analyze the perception about a loan without interest facilities of participative banks. The result reveals insignificant variation, as 88% from Hyderabad, and 80% from Vijayawada, favors this function of participative banking. Similarly, **Statement 8** pertains to know the perception of respondents about Profit and Loss sharing. The test reveals significant variation among respondents throughout the region, as 75% from Hyderabad, and 25% from Vijayawada are in favor of this facility of participative banking. **Statement 9** was to find out whether participative banks would help in national growth and development. The result shows significant variation as 68% from Hyderabad, and 85% from Vijayawada believe that participative banks would help in national growth and development. **Statement 10** was asked to know whether Islamic banking would help India to grow. The result shows significant variation, As 90% from Hyderabad, and 27% from Vijayawada believe that participative banking would help India to grow.

**CHI-SQUARE TEST PARTICIPATIVE BANKING**

	ST6	ST7	ST8	ST9	ST10
Chi-Square	3.802	3.802	79.21	1.818	1.796
Df	1	1	1	2	2
Asymp. Sig.	0	0.28	0	0	0

The chi-square test revealed a significant variation for statement 6, Statement 8, Statement 9, and Statement 10 and an insignificant variation for statement 7. It means that respondents across religions have different perceptions about participative banking when it comes to Interest-free lending and borrowing, Profit and loss sharing, National growth and development and participative banking would help India to grow, but their perception remains the same, when it comes to Loan without interest facility, as respondents across the region favor this function of participative banking.

Once it has been identified the respondents' perception across the region, it is then compared to find out which region is more inclined towards participative banking. The result for which is mentioned in the table below.

DATA RESULT FROM PARTICIPATIVE BANKING				
STATEMENTS	Hyderabad		Vijayawada	
	Yes	No	Yes	No
Do you feel banks should have a mechanism of interest-free lending and borrowing?	79%	21%	32%	68%
Would you like to take a loan without interest?	88%	12%	80%	20%
Would you deposit your money on Profit and Loss sharing?	75%	25%	25%	75%
According to you which type of banking system is good for national growth and development?	68%	32%	18%	82%
Do you think Islamic banking would help India to grow?	90%	10%	67%	33%

**Statement 1** it is visible that among the two cities of the study area 79% of respondents from Hyderabad and only 32% respondents from Vijayawada are interested in interest-free lending and borrowing which means people of Hyderabad are inclined towards participative banking. For **statement 2<sup>nd</sup>**, respondents across the region have the same preference. As 88% of respondents in Hyderabad, 80% of respondents from Vijayawada are interested in interest-free loan facilities provided by participative banks. For **statement 3**, 75% of respondents of Hyderabad and 24% of respondents from Vijayawada are interested in this facility, which reveals people of Muslim-dominated areas are interested to invest in profit and loss sharing basis. 68% of respondents of Hyderabad believe that participative banking is good for national growth and development while only 18% of respondents from Vijayawada believe that participative banking is good for national growth and development. Similarly, 90% of Respondents from Hyderabad believe that participative banking will help the Indian economy while 26% of respondents from Vijayawada believe that participative banking will help the Indian economy.

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#### **Hypothesis Result**

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H<sub>0</sub>1: There is significant variation among people in their perception towards conventional and participative banking.

	Tests Used	Result
A) There is significant variation among people in their perception towards conventional banking.	CHI-SQUARE TEST	REJECTED
B) There is significant variation among people in their perception towards participative banking.		ACCEPTED

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The table shows the hypothesis result, based on the Chi-Square Test results the researcher is rejecting the alternate hypothesis for conventional banking and accepting the alternate hypothesis for participative, which means the researcher is accepting that there is significant variation among people in their perception of participative banking in the study area.

It means religions plays important role in the perception of people towards participative banking however, the study revealed that the religion of a person does not matter when it comes to conventional banking.

**KEY FINDINGS****PERCEPTION OF PEOPLE TOWARDS CONVENTIONAL BANKING:**

1. For conventional banking, the result shows an insignificant variation in perception between the people of Hyderabad and Telangana. The study revealed that the domicile of a person does not affect their perception of conventional banking.
2. Respondents' perceptions about the technological advancement of conventional banks are identical. Results revealed an insignificant variation which means that all respondents in the study area irrespective of their region consider conventional banks as technologically more advanced than participative banking.
3. Respondent's perception about conventional banks' ability to provide services throughout the globe was analyzed and results reveal an insignificant variation in the study area, which means respondents across the region believe that conventional banks have a huge network and can provide services in every corner of the world.
4. Respondent's perception about transparency and accountability of conventional banking was analyzed and results reveal an insignificant variation, which means respondents across the region believe that conventional banks are highly accountable and transparent while providing services to customers.
5. Respondent's perception about the interest charged by conventional banks was analyzed and the result reveals significant variation which means, that respondents in the study area have different perceptions towards this statement, as some respondents feel it reasonable while others believe it is not reasonable.
6. Respondent's perception about conventional banks exploiting customers by levying hidden charges was analyzed and the result reveals significant variation which means, some respondents in the study area feel exploited by conventional banks while others feel they are not exploited by conventional banks.
- 7.

**PERCEPTION OF RESPONDENTS TOWARDS PARTICIPATIVE BANKING:**

8. For participative banking, the researcher found significant variation in the perception between the people of Hyderabad and Vijaywada. The study revealed that the domicile of a person affects

his perception in the case of Participative banking. The study revealed that people of Hyderabad will prefer participative banking while people of Vijayawada are not inclined towards participative banking. However, they feel interest-free banking is a better option and will avail if provided.

9. Respondent's perception about interest-free lending and borrowing mechanism was analyzed and the result revealed a significant variation in the study area which means respondent's perception changed based on the study area when it comes to interest-free lending and borrowing mechanism.
10. Respondent's perception about participative banking facility of providing a loan without interest was analyzed and the result reveals an insignificant variation in the study area which means respondent's perception doesn't change when it comes to loans without interest facility irrespective of their region.
11. Respondent's perception about profit and loss sharing facility of participative banking was analyzed and results reveal a significant variation between respondents in the study area which means when it comes to profit and loss sharing respondent's perception is different.
12. Respondent's perception that participative banks would help in national growth and development in the study area shows significant variation which means respondents across the region have different perceptions as some feel that participative banks would help in national growth and development while some others believe that conventional banking is enough to help the Indian economy.
13. Respondent's perception that participative banking would help India to grow was analyzed and results reveal a significant variation between respondents in the study area which means respondents' perception about participative banking would help India to grow does not remain the same.
14. The perception of people towards both participative and conventional banking was analyzed and based upon certain assumptions i.e. data in the nominal form and is mutually exclusive. The test stated that the hypothesis is true in the case of participative banking only but false in the case of conventional banking.

**PERCEPTION OF RESPONDENTS TOWARDS CONVENTIONAL BANKING  
ACROSS RELIGION:**

1. The test was conducted to find out if religion plays any role in the case of conventional banking. The test results revealed insignificant variation between Muslims and non-Muslims in the case of conventional banking. So based upon the results the researcher can conclude that religion does not play any role in the case of conventional banking.
2. Respondent's perception about conventional banks technology was analyzed and test results reveal an insignificant variation among respondents in the study area, which means respondents across the religion, believe that conventional banks are technologically more advanced in comparison to participative banking.
3. Respondent's perception about conventional banks' ability to provide services throughout the globe was analyzed and test results reveal an insignificant variation, which means respondents across the religion believe that conventional banks have a huge network and can provide services in every corner of the world.
4. Respondent's perception about transparency and accountability of conventional banking was analyzed and the test result reveals the insignificant variation, which means respondents across the religion believe that conventional banks are highly accountable and transparent while providing services to customers.
5. Respondent's perception about the interest charged by conventional banks was analyzed and the test result reveals insignificant variation which means, that respondents across the religion have the same perception in the study area.
6. Respondent's perception about conventional banks exploiting customers by levying hidden charges was analyzed and the result reveals insignificant variation which means, respondents in the study believe that conventional banks exploit customers by levying extra hidden charges.

**PERCEPTION OF RESPONDENTS TOWARDS PARTICIPATIVE BANKING ACROSS RELIGION:**

7. The test was conducted to find out if religion plays any role in the case of participative banking. The test results revealed significant variation between Muslims and non-Muslims in the case of participative banking. So based upon the results the researcher concluded that religion plays an important role in the case of participative banking.
8. Respondent's perception about interest-free lending and borrowing mechanism was analyzed and the result revealed a significant variation in the study area which means respondent's perceptions

across the religion change when it comes to interest-free lending and borrowing facility of participative banking.

9. Respondent's perception about loans without interest was analyzed and the result revealed an insignificant variation in the study area which means respondent's perception across the religion does not change when it comes to loan without interest facility of participative banking.
10. Respondent's perception about profit and loss sharing facility of participative banking was analyzed and results reveal a significant variation between respondents across religions which means when it comes to profit and loss sharing respondent's perception is different.
11. Respondents in the study area have different perceptions when it comes to national growth and development. The result reveals significant variation across religions as Muslims feel that a mixture of both participative as well as conventional banking would help the Indian economy while non-Muslims believe that conventional banking is enough to help the Indian economy.
12. Respondent's perception about participative banking would help India to grow was analyzed across religion and results reveal a significant variation in the study area which means Muslims believe that participative banking would help India to grow while as non-Muslims think the opposite.

### **Future Research Suggestions**

The participative banking concept is still at the initial stage in India. There is huge scope for future research. However, researchers should consider the present study as a base so that limitations can be avoided. Based on this study and the limitations faced by the researcher an effort has been made to list some of the areas in which further research can be done

1. Since this study is based upon 400 samples, follow-up study needs to be taken while selecting a large sample to find out if the perception of people changes or remains the same.
2. New studies could include additional areas in data collection to check if the perception of people changes in different geographical locations concerning participative banking.

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