

# Introducing Islamic Banking in the Czech Republic: a Customer Perspective Study

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## ABSTRACT

**Research background:** Islamic banking is booming industry worldwide, yet in Czech republic, Islamic banking is not present in the banking model. In this context, there is a scientific interest to investigate possibility of implementing Islamic banking principles into Czech banking legal infrastructure and opening Czech markets to diverse banking models.

**Purpose of the article:** The objective of this article is to define and measure customer perceptions regarding the implementation of the Islamic banking system in the Czech market. The primary goal is to investigate the preferences of Czech banking customers in relation to this system. This article may play a pivotal role in further future discussions and academic papers.

**Methods:** To analyse behaviour of bank customers, an empirical analysis was used, which collected responses in October 2024. The respondents were selected using a random sampling methodology to ensure representativeness. The survey focused on measuring the respondents' knowledge, opinions, and attitudes toward Islamic banking. The questionnaire included structured questions covering key areas such as ethical preferences, awareness of Islamic banking principles, and perceptions of its implementation in the Czech market. To analyse the data, descriptive statistical techniques were employed. The findings were evaluated using Adjusted R Square values to measure explanatory power, while statistical significance was assessed using p-values from F-tests. These methods provided robust insights into the factors influencing customer perceptions of Islamic banking and its ethical dimensions, ensuring the validity and reliability of the results.

**Findings & Value added:** The survey results indicate that awareness of Islamic banking in the Czech republic is remarkably low, with the majority of respondents having limited knowledge of its principles. Despite this lack of familiarity, the study revealed a significant interest in ethical banking practices among Czech consumers. Islamic banking, with its emphasis on risk-sharing and prohibition of interest, aligns with these ethical preferences, suggesting a potential market for its introduction. Additionally, respondents viewed Islamic banking as a potential tool for enhancing the ethical standards of the Czech banking sector, highlighting its appeal as an alternative to conventional banking practices. By combining empirical data with theoretical analysis, the research offers valuable insights for policymakers, financial institutions, and academic researchers interested in diversifying the banking sector and promoting sustainable financial practices. The article is in line with the focus of the Journal of Business Sectors, which also explores innovative approaches in banking and finance. The study examines the adoption of Islamic banking in the Czech context, a topic relevant to business sectors and financial institutions.

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## INTRODUCTION

In recent years, global interest in Islamic banking as an alternative banking system has experienced a significant

surge (Ahroum et al., 2020). Originating from principles embedded in Islamic law (Shari'ah), Islamic banking prohibits interest (riba), promotes risk-sharing, and emphasizes ethical investment. These principles align closely

with the growing global emphasis on sustainability, social responsibility, and ethical financial practices. While the concept has been well-established in Muslim-majority countries, its growth in non-Muslim majority nations, particularly in Europe, demonstrates its broader appeal as a financial system rooted in ethical values.

This trend raises intriguing questions about the adaptability of Islamic banking in non-Muslim majority countries like the Czech Republic, where the financial landscape is predominantly governed by conventional banking systems. As the Czech Republic continues to integrate into the global economic framework, it is crucial to explore how alternative financial systems, such as Islamic banking, could complement its market. The growing interest in ethical finance and sustainable investments among Czech consumers presents an opportunity to examine whether Islamic banking could address unmet demands for alternative financial products while adhering to local legal and cultural contexts.

The primary aim of this research is to explore the potential for implementing Islamic banking in the Czech Republic. This involves an in-depth analysis of its advantages, possibilities, challenges, and limitations. The study investigates consumer preferences, perceptions, and readiness to adopt Islamic banking services in the Czech Republic.

Ultimately, this study aspires to offer valuable insights into the potential integration of Islamic banking within a European context. The findings are expected to inform policymakers, financial institutions, and academics about the client's perceptions on Islamic banking system.

## THEORETICAL BACKGROUND

Islamic financial system is complex system that includes insurance, capital formation, capital markets and other financial sectors and services (Bertillo & Bertillo, 2022). According to Mohammed Ariff (1988) Islamic banking is defined as an interest-free banking system that is based on principles of Sharia Law. Instead of charging interest, Islamic banks are based on sharing of the profits and losses with the customer (Čihák & Hesse, 2008). Besides interest, Islamic scripture also prohibits uncertainty, gambling, speculation and other prohibited transactions related to pornography, tobacco, short selling or alcohol, which is projected into Islamic banking model (Agustin et al., 2023).

To ensure profitability, Islamic banks use non-lending models, such as fee-based transactions, to effectively manage liquidity, especially considering the challenges associated with Islamic bank lending. (Azad et al., 2023). One notable obstacle to Islamic banking is its struggle against inflation, which significantly influences not only the number and amount of fees but also the calculation of profit-sharing margins. In contrast, the exchange rate plays a negligible role in contributing to the income of Islamic banks (Tumewang et al., 2019).

Islamic banks around the world also continue developing innovative solutions specially tailored to fulfill the needs and requirements of customers while not going astray from Islamic principles. Furthermore, these banks exhibit lower credit risk and insolvency risk in comparison to their conventional counterparts (Abedifar et al., 2013). However, another study indicates that while Islamic banks maintain these advantages, they face higher liquidity risk and possess identical operational risk in comparison with conventional banks (Safullah & Shamsuddin, 2018).

Beginnings of Islamic banking were presented to the world with the revelation of the Quran 14 centuries back (Alshater et al., 2022). But as a subject of study, Islamic finance alongside Islamic banking went through inceptive development from 1940s to the mid-1970s (Sheikh, 2021). This financial concept quickly expanded across the globe and now is gaining recognizable presence in new countries (Imam & Kpodar, 2016). The history of modern Islamic banking is relatively young, but its rapid acceptance in the world has led to a massive spread and becoming one of the fastest growing segments in international banking and capital markets (Beg, 2016). Expansion of Islamic banking worldwide has also resulted in continued growth in value and market share (Lukonga, 2023). A pivotal observation derived from a review of the scholarly literature is that the primary objective of implementing Islamic banks is to bring greater justice and attain superior socio-economic advancement (El-Galfy, 2012).

Customers choose to invest their money in Islamic banks primarily to earn profit. As the bank's profit-sharing rate increases, it attracts more deposits from third parties, thereby boosting the bank's assets. According to the theory of money supply, when prices rise, the quantity of goods offered also increases, and the opposite is true when prices fall (Sitompul, 2021). In contrast, Indonesian example shows that profitability of Islamic banks in Indonesia is not significantly influencing customers switching behavior between Islamic banks and conventional banks (Abduh et al., 2012).

On the contrary, the modern Czech banking system is a system that was implemented in the late twentieth century. The evolution of Czech banking is however more complicated than it might seem. (Dubská, 2013). After the collapse of the Soviet Revolution, the Czech banking industry, initially seen as a success story in the transition period, later faced challenges common to other transition countries, including bank failures (Pruteanu-Podpiera et al., 2008). Subsequently, the sector opened to foreign investors, causing the creation of a large number of small or medium-sized banks, which was proven to be unsustainable and a lot of those banks failed later (Dubská, 2013).

There is a proven percentage of dissatisfaction of the banking services on the Czech market. Exactly 16,4% of respondents of a study are not satisfied with current products and services provided by their bank. (Chochořáko-

vá et al., 2015) Islamic banking may be a refreshing choice for many customers in the market, as data suggests that Islamic banking customers place a high value on ethics (Gilani, 2015). Greater awareness of Islamic banking and Islamic finance in general is leading to greater adoption of these models regardless of gender (ElMasah & Abou-El-Sood, 2022).

Although many academic researchers state that Islamic banking is a good complement to conventional banking, some argue that Islamic banking also has its shortcomings. Given the rapid growth of Islamic finance, which is currently expanding at double-digit rates, there is a necessity to implement more suitable valuation models to enhance marketability and reputation (Ahroum et al., 2020). A study conducted in Malaysia about Islamic banking says that it is not significantly different from conventional banks, which can also lead to people rejecting this concept (Chong & Liu, 2009). Also from this statement, an argument can be made suggesting that Islamic banking in modern world cannot be sustainable, profitable or able to compete without conventional aspects. Some studies suggest that Islamic bankers are continually trying to come up with new financing methods that can compete with conventional financial institutions (Perry & Rehman, 2011). But in the Czech republic, where the majority population is not Muslim, the primary drive of implementing Islamic banks is not religious, but more about diversifying risk and giving customers alternative options on the current market.

Nevertheless, Czech residents may have problems opening Islamic bank accounts, especially because of the reserved attitude towards Islam (Vojtěch, 2015). Studies specializing in Islamic banks for non-Muslims suggest that Islamic banks in non-Muslim countries should rebrand most Islamic products to attract non-Muslim customers (Ezeh & Nkamnebe, 2022). Uganda shows a case that for Islamic banking to thrive, the customer perception of these banks must be separated from religion. Therefore, proponents of Islamic banking should refrain from using religion as a campaign vehicle. (Bananuka et al., 2020) Various academics are supporting these claims and suggest rebranding Islamic banking as ethical banking, profit loss sharing banking or interest-free banking (Gilani, 2015).

Czech republic might learn a valuable lesson from Indonesian practical example, where a successful dual banking system has been established (Priyo Nugroho et al., n.d., 2023). However, introducing a similar dual banking model in Czech republic would necessitate considerable challenges. It would be necessary to reconsider the operating conditions, as recommended in other studies of the dual banking model, because Islamic banks than cannot operate in a fully Islamic manner (Bakhouche et al., 2022). Ugandan example shows that for the Islamic banking to thrive, it will require not only significant support but also continuous development from regulators (Lujja et al., 2016).

However, Czech legal system does not have required flexibility to comprehend Islamic banking principles, making it nearly impossible to implement in the current legal structure (Vojtěch, 2015). Financial crisis could be the reason that policy makers will search for alternative models to substitute traditional financial institutions and systems. According to other studies findings, countries where Islamic banking is developing are experiencing faster economic growth than other countries, while the level of financial development and other growth factors remain constant (Imam & Kpodar, 2016). If a country has a healthy (efficient and distortion-free) economy, the introduction of an Islamic financial system can result to more stable and efficient banking system than what the current conventional interest-based system offers (Iqbal & Mirakhor, 1999). Other reason for implementing Islamic banks into current banking system could be motivated with increased cooperation of banks across borders (Hassan & Aliyu, 2018).

## RESEARCH OBJECTIVE, METHODOLOGY AND DATA

The next section of this paper is devoted to the analysis of data on customers' perspectives on the integration of the Islamic banking system into the Czech banking sector. The study focuses on a group of respondents comprising individuals who maintain bank accounts in the Czech republic. The respondents were selected through a random sampling methodology to ensure the representativeness of the sample. Data collection was conducted in October 2024 on a sample of 270 respondents in the Czech republic using CAWI method.

Descriptive statistical analysis was used to analyse the characteristics of the variable. Specifically, descriptive statistics techniques were utilized to present the respondents' profiles through frequency distribution analysis. Regression and correlation analysis techniques were used to detect statistically significant differences in the influence of each independent factor.

Based on the literature findings, the following scientific hypotheses were constructed:

- H1: The importance of ethical and moral aspects of banking products is significantly determined by demographic factors
  - A) Gender
  - B) Generation
  - C) Education
- H2: Ability to distinguish Islamic banking from banking in the Czech republic
  - A) Preference for ethical and moral aspects in banking products
  - B) Knowledge of Islamic banking
  - C) Perception of the bank's interest in clients' interests
  - D) Considering Islamic banking as a competitive substitute for the Czech banking system

- E) Considering the introduction of Islamic banking as a tool to increase ethicality in the Czech banking market
- H3: Perceptions of the introduction of Islamic banking as a tool to increase ethicality in the Czech banking market
  - A) Preference for ethical and moral aspects in banking products
  - B) Inclination to establish a product with a bank that uses Islamic banking
  - C) Viewing interest as a positive for society
  - D) The view that Czech banks are interested in the best interests of the client
  - E) Preference for risk sharing between the bank and the client rather than payment of interest
  - F) Caring whether the gain from an investment is not at the expense of another person's loss

For the statistical analysis of the results to determine the outcomes of the hypotheses, the following questions in table 1 from the questionnaire were analysed.

Table 1: Questions from the questionnaire survey

CODE	QUESTION
SEX	What is your gender?
GEN	To which generational range does your birth year belong?
EDU	What is your highest level of education?
I	When choosing a financial product, I place great importance on its ethical and moral aspects.
II	Have you ever heard about Islamic banking before completing this questionnaire?
III	I understand the principle of Islamic banking.
IV	I can recognize the basic differences between Islamic banking and banking used in the Czech republic.
VI	I would consider opening an account with a bank using the Islamic banking system mentioned above if given the opportunity.
VII	I see interest as a positive tool for society.
VIII	Banks in the Czech republic are interested in the best interests of the client/customer.
IX	I consider Islamic banking to be a competitive substitute for the current Czech banking system.
X	I think that Islamic banking can coexist with the current banking system in the Czech republic.
XI	The introduction of Islamic banking to the Czech market may mean an increase in the ethicality of the Czech banking market.
XII	I would prefer to share the profit and risk between the bank and the client instead of collecting interest.

XIII I care if my gain is not at the expense of another person's loss.

Note: SEX – gender, GEN – generation, EDU – education  
Source: own processing

## RESULTS & DISCUSSION

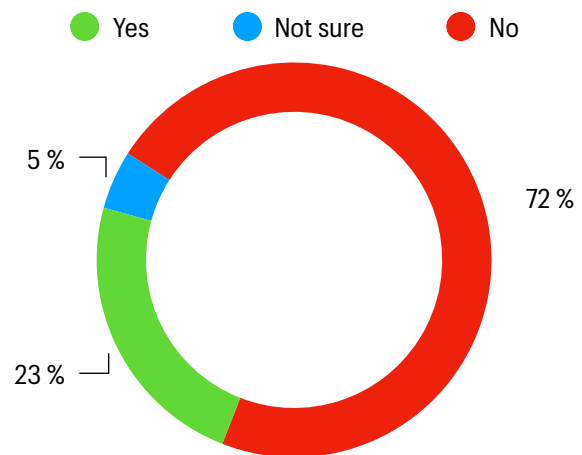
Total number of respondents was 270, The structure of respondents in terms of age was as follows: 1,28% Silent Generation, 2,22% Baby boomers, 6,67% Generation X, 38,52% Generation Y, 49,63% Generation Z and 1,48% Generation Alpha above 18 years old.

Of the total 270 responses, 65,93% were men and 34,07% were women. Educational level of respondents: 11,11% primary education, 45,19% higher education and 43,7% reported university degree.

Based on the descriptive statistics in table 2: skewness and skewness (values in the interval <-2 ; 2>) and Shapiro-Wilk test (p-value <0.001), the normal distribution is confirmed.

The results of the correlation analysis in table 3 indicate that a weak strength of correlation is observed for different combinations of variables.

Chart 1: II – Previous awareness of Islamic banking



Source: own processing

The chart 1, based on II. question, indicates that the majority of respondents had not heard of Islamic banking prior to completing the questionnaire. A smaller segment reported being familiar with the concept, while a minimal number expressed uncertainty. This highlights a significant gap in awareness regarding Islamic banking among the surveyed population.

As a high level of unawareness regarding Islamic banking was anticipated, respondents were provided with a definition and an explanation of the basic principles of Islamic banking as part of the questionnaire survey.

Table 2: Descriptive statistics

	SEX	GEN	EDU	I	II	III	IV	VI	VII	VIII	IX	XI	XII	XIII
Valid	270	270	270	270	270	270	270	270	270	270	270	270	270	270
Mean	1.341	4.370	2.326	2.615	1.815	2.252	2.074	3.170	2.844	3.793	3.167	2.959	3.037	3.030
Std. Deviation	0.475	0.843	0.666	1.157	0.498	1.025	0.918	1.267	1.166	1.017	1.143	1.148	1.159	1.341
Variance	0.225	0.710	0.444	1.338	0.248	1.052	0.842	1.607	1.359	1.035	1.307	1.318	1.344	1.798
Skewness	0.676	-1.465	-0.482	0.531	-0.340	1.021	1.190	-0.059	0.278	-0.556	-0.045	0.169	-0.073	0.067
Kurtosis	-1.555	3.153	-0.745	-0.376	0.279	0.648	1.490	-1.086	-0.793	-0.422	-0.923	-0.665	-0.906	-1.303
Shapiro-Wilk	0.598	0.764	0.770	0.890	0.667	0.818	0.780	0.905	0.906	0.871	0.909	0.912	0.912	0.884
P-value S-W	<.001	<.001	<.001	<.001	<.001	<.001	<.001	<.001	<.001	<.001	<.001	<.001	<.001	<.001

Note: SEX - gender, GEN: generation, EDU: education

Source: own calculation

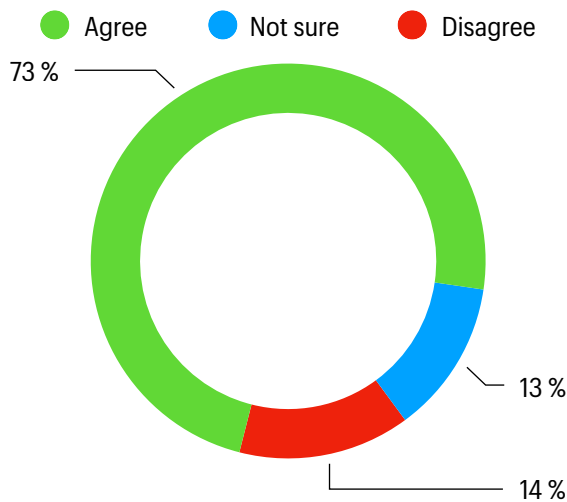
Table 3: Total variables Pearson's Correlations

VAR	SEX	GEN	EDU	I	II	III	IV	VI	VII	VIII	IX	XI	XII	XIII
I	-0.166	0.052	-0.010	–										
II	0.048	-0.040	-0.131	-0.118	–									
III	-0.108	0.214	0.021	0.160	0.215	–								
IV	-0.007	0.065	-0.021	-0.029	0.136	0.545	–							
VI	-0.189	0.017	0.150	0.266	-0.026	0.170	0.095	–						
VII	0.204	-0.100	-0.116	-0.207	0.091	-0.113	-0.014	-0.531	–					
VIII	0.008	-0.084	0.023	0.065	0.012	-0.028	-0.071	-0.269	0.474	–				
IX	-0.194	0.117	0.138	0.203	-0.168	0.196	0.126	0.483	-0.310	-0.117	–			
X	-0.075	0.099	0.165	0.276	-0.077	0.191	0.121	0.403	-0.221	-0.059	0.438	–		
XI	-0.247	0.100	0.197	0.338	-0.156	0.163	0.049	0.603	-0.505	-0.166	0.580	0.474	–	
XII	-0.212	0.009	0.167	0.249	-0.046	0.158	0.165	0.593	-0.568	-0.195	0.444	0.331	0.652	–
XIII	-0.209	-0.010	0.176	0.530	-0.092	0.149	0.071	0.483	-0.387	-0.126	0.356	0.313	0.431	0.425

Note: SEX - gender, GEN - generation, EDU - education

Source: own calculation

Chart 2: III – Understanding of Islamic banking principles



Source: own processing

After the definition and basic principles were explained, respondents were then asked whether they understood the concept. The graph reveals that a substantial proportion of respondents (144) agreed that they understand the principles of Islamic banking, with an additional 54 strongly agreeing. However, 34 participants expressed uncertainty, and smaller groups (26 and 12) disagreed or strongly disagreed, respectively. This suggests that while

a majority claim some level of understanding, a notable segment remains uncertain or uninformed.

**H1: The importance of ethical and moral aspects of banking products is significantly determined by demographic factors**

The regression analysis for H1 in table 4 is statistically insignificant (p-value F test 0.053). Consequently, the scientific hypothesis H1 is rejected - gender, generation and education do not affect respondents' personal perceptions of the importance of ethical and moral aspects of banking products.

**H2: Ability to distinguish Islamic banking from banking in the Czech Republic**

The regression model for H2 in table 5 is statistically significant (p-value F test 0.0283), but its strength is very weak because the ability to distinguish Islamic banking from banking in the Czech republic is only 2.8% (Adjusted R Square 0.0280) influenced by knowledge of Islamic banking (II) and considering Islamic banking as a competitive substitute for the Czech banking system (IX). The correlation between the variables is very weak. The scientific hypothesis H2 is partially confirmed.

**H3: Perceptions of the introduction of Islamic banking as a tool to increase ethicality in the Czech banking market**

The regression model for H3 in table 6 is statistically significant (p-value of the F-test < 0.0001), and the Perception of the introduction of Islamic banking as a tool to enhance ethics in the Czech banking market is 51.5%

(Adjusted R Square 0.5146) influenced by the Preference for ethical and moral aspects in banking products (I), the inclination to open a product with a bank that applies Islamic banking principles (VI), the view of interest as a

Table 4: Regression analysis – H1

Multiple R	R Square	Adjusted R Square	Standard Error	Observations
0.1682	0.0283	0.0173	1.1467	270
ANOVA				
	df	SS	MS	F test
Regression	3	10.1877	3.3959	2.5827
Residual	266	349.7530	1.3149	Significance F
Total	269	359.9407		0.0538
	Coefficients	Standard Error	t Stat	P-value
Intercept	3.0742	0.5110	6.0162	<0.0001
GENDER	-0.3958	0.1499	-2.6408	0.0088
GENERATION	0.0303	0.0846	0.3588	0.7200
EDUCATION	-0.0264	0.1051	-0.2506	0.8023

Source: own calculation

Table 5: Regression analysis – H2

Multiple R	R Square	Adjusted R Square	Standard Error	Observations
0.2146	0.0461	0.0280	0.9047	270
ANOVA				
	df	SS	MS	F test
Regression	5	10.4331	2.0866	2.5493
Residual	264	216.0854	0.8185	Significance F
Total	269	226.5185		0.0283
	Coefficients	Standard Error	t Stat	P-value
Intercept	1.4352	0.3842	3.7357	0.0002
I	-0.0268	0.0512	-0.5228	0.6016
II	0.2893	0.1129	feb.18	0.0110
VIII	-0.0494	0.0555	-0.8911	0.3737
IX	0.1323	0.0595	2.2215	0.0272
XI	-0.0160	0.0622	-0.2575	0.7970

Source: own calculation

Table 6: Regression analysis – H3

Multiple R	R Square	Adjusted R Square	Standard Error	Observations
0.7248	0.5254	0.5146	0.7999	270
ANOVA				
	df	SS	MS	F test
Regression	6	186.2779	31.0463	48.5232
Residual	263	168.2739	0.6398	Significance F
Total	269	354.5519		<0.0001
	Coefficients	Standard Error	t Stat	P-value
Intercept	0.8096	0.3352	2.4155	0.0164
I	0.1286	0.0505	2.5441	0.0115
VI	0.2475	0.0522	4.7418	<0.0001
VII	-0.1195	0.0592	-2.0196	0.0444
VIII	0.0391	0.0559	0.6993	0.4850
XII	0.3816	0.0572	6.6709	<0.0001
XIII	0.0203	0.0481	0.4226	0.6729

Source: own calculation

benefit for society (VII), and the preference for risk-sharing between the bank and the client over paying interest (XII). The correlation between the variables is weak. The scientific hypothesis H3 is partially confirmed.

The regression analysis revealed that gender, generation, and education have no impact on the perception of ethical aspects of banking products, leading to the rejection of hypothesis H1. For hypothesis H2, only a weak relationship was found between the knowledge of Islamic banking and the ability to differentiate it from Czech banking, resulting in a partial confirmation of the hypothesis. Hypothesis H3 was partially confirmed, as the perception of Islamic banking as a means to improve ethics in banking is linked to the preference for ethical aspects, interest in Islamic banking products, and the perception of interest and risk.

Table 7: Hypotheses overview

	A	B	C	D	E	F
H1	R	R	R	-	-	-
H2	R	C	R	C	R	-
H3	C	C	C	R	C	R

Note: C - hypothesis confirmed, R - hypothesis rejected  
Source: own processing

Table 8: Regression models for each hypothesis

H1	The regression model is not significant
H2	$y_2 = 1.4352 - 0.0268x_1 + \mathbf{0.2893x_2} - 0.0494x_3 + \mathbf{0.1323x_4} - 0.0160x_5$
H3	$y_3 = 0.8096 + \mathbf{0.1286x_1} + \mathbf{0.2475x_2} - \mathbf{0.1195x_3} + 0.0391x_4 + \mathbf{0.3816x_5} + 0.0203x_6$

Source: own research

The results of the regression analysis provided valuable insights into the hypotheses: the rejection of H1 shows that demographic factors, specifically education and generation, do not significantly influence respondents' perceptions of the importance of ethical and moral aspects of banking products. However, gender is statistically significant (P-value = 0.0088), suggesting that perceptions may differ based on gender. This finding partly contrasts with previous research, which suggests that the choice of Islamic banking is not significantly influenced by gender but rather by awareness and knowledge of Islamic banking (EIMassah & Abou-El-Sood, 2022). This discrepancy highlights the potential for contextual or cultural differences in how gender influences perceptions of ethical and moral banking practices.

The partial confirmation of H2 is supporting the theoretical claim from literature research that the ability to distinguish Islamic banking from Czech banking is influenced by prior knowledge of Islamic banking (II) and its perception as a competitive substitute (IX). While prior knowledge lacks explicit theoretical backing in the text, the perception of competitiveness aligns with studies emphasizing that Islamic banking develops innovative me-

thods to compete with conventional financial systems (Perry & Rehman, 2011). This reinforces the view that Islamic banking can complement or even substitute conventional banking, despite acknowledged limitations.

The partial confirmation of H3, which examines the perception of Islamic banking as a tool to enhance ethics, aligns with Gilani (2015), who emphasizes that Islamic banking appeals to customers prioritizing ethical considerations in their financial decisions. The study's findings support this connection, indicating that preferences for ethical and moral aspects significantly influence positive perceptions of Islamic banking. This reinforces the theoretical claim that Islamic banking's ethical foundation can meet customer demand for socially responsible financial practices. The literature search also confirms the ethicality of Islamic banking (El-Galfy, 2012), where the main reason for introducing Islamic banking should be to establish greater justice and achieve greater socio-economic progress.

## CONCLUSION

The aim of this paper was to assess the current knowledge of Islamic banking in the Czech republic and evaluate its potential acceptance among customers. The research shows that the majority of respondents were unfamiliar with Islamic banking, highlighting a significant gap in awareness. The literature review indicates that implementing Islamic banking in the Czech republic may be challenging due to the reserved attitude towards Islam. To overcome this, Islamic banking could be rebranded to appeal to non-Muslim customers by emphasizing its ethical and socially responsible principles.

H1 revealed that gender significantly influences perceptions of ethical and moral aspects of banking products, contrasting with research by EIMassah & Abou-El-Sood (2022), which prioritizes awareness over demographic factors. This discrepancy underlines the importance of cultural and regional differences in shaping consumer attitudes.

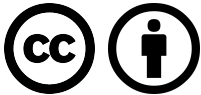
H2 partially confirmed that knowledge of Islamic banking and its perception as a competitive substitute are key factors in the ability to distinguish Islamic banking from conventional banking. However, the lack of broader explanatory power (Adjusted R Square = 2.8%) highlights a significant gap in awareness, aligning with the findings of Ahroum et al. (2020) on the necessity of educational efforts to bridge this gap.

From an ethical perspective, respondents perceived Islamic banking as a potential tool to enhance ethical standards within the Czech banking sector and H3 was partially confirmed. This improvement in ethicality could lead to greater satisfaction among Czech banking customers. However, legislative limitations pose a significant barrier, as Islamic banks would need to align with the same rate structures as conventional banks. This dependence conflicts with the religious principles of Islamic banking and the concept of an efficient market (Saeed et al., 2023).

Despite these challenges, there are viable paths to introduce Islamic financial services in the Czech republic. These include the establishment of fintech companies, money institutions, wealth management firms, investment companies, or insurance providers. Such innovative approaches could help integrate Islamic banking principles into the Czech market while addressing legislative and cultural hurdles.

This research serves as an inspiration for further scientific studies. Additionally, the findings provide a valuable reference for banks and other financial institutions operating within the Czech republic's financial sector.

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