

## **ABSTRACT**

The primary objective of this thesis is to examine the factors that stimulate customers to adopt Islamic Banking in a dual banking atmosphere i.e. the case of Pakistan. Other objectives include chalking out the Islamic Banking services mostly demanded by Pakistani people and to find out the characteristics of users of Islamic Banking in Pakistan. The thesis uses primary data gathered by using questionnaires considering a sample size of 400 respondents from different regions in Lahore. The Islamic Banking selection criteria as perceived by people of Pakistan are analyzed by using Chi square Test. To further discover the respondent's perception of factors affecting adoption of Islamic Banking, factor analysis is also employed. Finally the selection factors are ranked by using their mean scores. The study revealed that all the factors undertaken for study significantly affect the decision of Pakistani people for adoption of Islamic Banking but the most important of them are staff behavior, convenience / accessibility and influence of friends and relatives. The thesis also exposed that the most demanded Islamic Banking services are acquisition of loans and transfer of funds. The demographic characteristics of users and non- users of Islamic Banking exposed that well qualified and well employed young people of Pakistan prefer to use Islamic Banking services. Lots of works have been done in the field of Islamic Banking by now but no work has since been done to chalk out the success factors of Islamic Banking in case of Pakistan. So this research will be an addition to the existing literature.

**Key Words:** Islamic banking, Islam, Pakistan, bank patronage decision

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