

What Do Bankers Think About *Halal* Financial Services?

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ARTICLE INFO

Article history:

Received 12 October 2019

Received in revised form
2 January 2019

Accepted 25 January 2019

Published 30 January 2019

Keywords:

Halal Financial Services

Islamic Banking

Shariah Compliance

Attitude

Knowledge

ABSTRACT

Over the past three decades, Malaysian halal financial services have become one of the fastest growing industries with a range of products and services accepted by both Muslims and non-Muslims. However, the Islamic financial products and its Islamic banking institutions are facing stiff competition from conventional products in relation to marketing coverage, branding, product packaging and other pivotal aspects such as product features, benefits and advantages. Moreover, there is an immense pressure on the institutions to remain competitive along with the national goals of building shariah-driven ecosystem within the halal industry. Against the backdrop of the competitive financial industry landscape, this qualitative study examines the crucial attributes of Islamic financial services with focus on knowledge, attitude and level of acceptance of bankers in promoting, marketing and selling Islamic financial products and services. Employing semi structured interview technique; customer service officers of seven banks within Kuala Lumpur City Centre were selected. This exploratory study is aimed to identify the perception of bankers towards halal financial services and the study has discovered bankers' knowledge, attitude and level of acceptance of specific products can generate customer's positive perception, awareness and acceptance of the product offered which will increase their satisfaction and loyalty. This study is expected to promote knowledge advancement and understanding of Islamic financial services towards fostering a healthy and complete offering of shariah compliant financial solutions. It can later further expand the asset base and outreach of the Islamic financial industry, and subsequently contributes towards increased customer satisfaction and loyalty.

1. Introduction

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Issues surrounding Islamic banking products and services have been a subject of long debate among financial and banking industry players and consumers. Over the recent years, the government policies of ensuring that products are *halal*, have been looked into and improved for the benefit of all parties involved, particularly the Muslim end-consumers which form the bulk of Malaysia's population. In tandem with the nation's continued aspiration of positioning the country as a *halal* hub in the world business map, it is thus equally important to investigate the understanding of bankers' standpoint towards products that are permissible and *shariah* compliant.

Shariah compliance covers the entire *halal* spectrum of all areas in human activities which include the ritual worship and business transactions in accordance with the Islamic principles. *Halal* means permitted, allowed and lawful. *Haram* is forbidden, disallowed and unlawful. All issues pertaining to *halal* or *haram* should be referred to the Quran and Sunnah. The sphere of *halal* not only covers food, but also extends to consumable products, tourism and hospitality, financial services and supply chain management. *Halal* has become a new cultural phenomenon; a religious belief turns into official recognition of certification, label, brand of product and service (Wilson, 2014). Acceptance and understanding of what is *Halal* is central to every Muslim's belief. From the business perspective, organisations either appear to perceive *Halal* as a brand component of sorts or recognise that within the potential to become a brand – both of which can help increase market share from the religio-cultural perspective. For Muslims, *Halal* is more than a brand element. It forms part of the belief system and moral code of conduct, integral in day-to-day living (Wilson & Liu, 2010). As Wilson (2014) denoted those who choose to follow the Islamic faith, therefore the meaning of *halal* is implicit.

The principles of Islamic finance needs to comply with the *shariah*. The principles are the prohibition of *riba* (usually interpreted as usury or interest) and the removal of debt-based financing; the prohibition of *gharar* or elements of uncertainties, elimination of sinful activities i.e. gambling, alcohol and pork, risk-sharing of both the financial provider and entrepreneur, and desire for an economic transaction from the financial transaction (Gait & Worthington, 2008). Additionally, five principles of Islamic finance which are determined by the *shariah*; providing guidelines and legal framework: (a) profit and loss sharing (PLS) principle (both capital provider (lenders) and entrepreneur (borrower) share both profit and loss, as well as business risk); (b) all transactions must be backed up by tangible asset; (c) the prohibition of *riba* (usury); (d) the prohibition of *gharar* (uncertainty); and (e) the prohibition of financing non-*shariah* compliant business activities i.e. production and sales of alcoholic beverages, pork, tobacco, gambling activities, immoral and illicit trading (Khediri, Charfeddine, & Youssef, 2015).

Despite no religious obligation on the part of non-Muslims to observe the *halal* aspects and *shariah* principles of the Islamic products, it could be argued that by signing the buy and sell agreements of any Islamic financial products, the customers are bound to the terms and conditions of the usage of the particular products (Johan, Putit, & Syed Alwi, 2014). Ethical and moral obligations to observe *halal* and comply with the *shariah* in the Islamic products' transactions of *halal* financial services are applicable to bankers and customers regardless of faith. This study will add value and further enhance researchers' knowledge and understanding of the dimensions, namely knowledge, attitude and level of acceptance of the bankers, so as to enable researchers to formulate recommendations and strategies to expand the customer base of Islamic financial products in the Muslim and non-Muslim market segments, as well as to help the sector to serve customers better.

2. Halal Financial Services and Shariah Compliance

Over the past three decades, *halal* financial services have emerged as one of the fastest growing industries. It has spread to all corners of the globe and is widely accepted by both Muslim and non-Muslim (M. Iqbal & Molyneux, 2005) and performed the same essential functions as the conventional banking system, except for the need to carry out transactions in accordance to the rules and principles of

Islam (Henry & Rodney, 2004; Z. Iqbal & Mirakhor, 2011). In the Malaysian context, *halal* financial services have been a significant contributor to the growth and development of the Malaysian economy particularly the Islamic financial industry (Abdullah, Hassan, & Mohamad, 2007).

The Islamic finance has experienced exponential growth and it is regarded as the fastest growing sector in global finance and *shariah* compliance must be strictly observed and adhered to in Islamic banking. Iqbal & Mirakhor (2011) accentuated that Islamic financial systems are based on fairness and justice. While the conventional system focuses on the economic and financial aspects of transactions, Islamic banking and finance was developed based on the principles that do not allow the separation between the temporal (worldly) and the religious factors (Wiyono & Rahmayuni, 2012).

The basic framework of an Islamic financial system prohibits interest in transactions. *Shariah* law prohibits the giving and taking of *riba*. *Riba* means excess or increase, and is interpreted as an unjustifiable increase of capital in loans or sales. A guaranteed and fixed pre-determined rate on the principal loan amount regardless of the performance of the investment is considered as *riba* and is prohibited under Islamic finance. Next is the prohibition of speculative behavior. Islamic finance discourages risk and uncertainty or *gharar*. The factor contributing to the establishment of *gharar* is when there is inadequate information and therefore increases the uncertainty. For example, some clauses or sub-clauses of a contract are missing, vague and not clearly defined. It could be also when the costing and pricing part is not clearly predetermined (Razali, 2012). Sanctity of contracts is when Islamic finance upholds the contracts and information must be disclosed to all parties involved in the transaction. This requirement in Islamic finance reduces asymmetric information and moral hazard in contractual obligations in *shariah* approved activities. In Islamic finance, certain activities are regarded as non-permissible and sinful; which customers must not engage.

The non-permissible activities include alcohol related products, pork products, gambling, tobacco, arms and munitions; adult entertainment (Ibrahim, Ong, & Akinsomi, 2012). *Shariah* principles are the foundation for the practice of Islamic finance through the observance of the belief, conditions and principles espoused by *shariah*. Comprehensive compliance with *shariah* principles will bring confidence and credibility of Islamic finance operations to the general public and the financial markets. However, there are still limited research works in the area of *shariah* compliance, in particular the Islamic banking and finance institutions (Amin, Abdul Rahman, Abdul Razak, & Rizal, 2017; Hidayah, 2014; Johan, 2018; Johan, Mohd Dali, Ahmad Suki, & Hafit, 2017; Ullah, 2014).

3. Bank Negara Malaysia's Islamic Banking System: Statistics for Selected Financing Products, 2010 -August 2017

Based on Bank Negara Malaysia February 2018's Monthly Statistical Bulletin statistics as shown in **Error! Reference source not found.** Islamic financial products have gained market acceptance with significant increase in growth over the past eight-year period (2010 – 2017). As of Dec 2017, the assets of Islamic financial services which comprise Islamic banks and Islamic banking schemes amounted to RM653,622 million, constituting 25.6% of the total assets of RM2,548,481 million in the banking system. This compares with RM262,383 million of Islamic financial service's total assets in end December 2010 which constituted 17.3% of the total assets in the banking system (RM1, 513,524 million).

Table 1. Islamic Banking System: Overdraft and Selected Term Financing Products, 2010-2017 (end of period data) – Figures in RM Million

	2010	2011	2012	2013	2014	2015	2016	2017
Overdraft	4,446.7	4,780.9	5,373.6	6,280.1	7,334.10	9,192.80	11,057.90	12,693.80
Hire Purchase	44,959.0	52,468.8	57,008.7	64,287.0	69,976.30	72,343.80	70,220.70	71,358.70
Leasing	875.4	1,247.7	1,141.2	1,252.8	1,134.20	919.90	1,043.30	1,000.70
Personal Financing	15,534.0	20,289.9	25,591.7	26,423.5	26,833.80	27,296.80	28,784.00	29,928.20
Housing Financing	29,824.5	37,348.9	48,736.4	62,839.7	72,320.30	95,887.50	110,882.60	131,054.00

(Source: (Bank Negara Malaysia 2018))

4. Bankers' Attitude towards *Halal* Banking

A bank that declares and promises provision of almost similar products and services offered by conventional banks and at the same time emphasises on *shariah* compliance adds value to the market. In the eyes of a Muslim consumer, banks which follow *shariah* principles offer halal banking products. Not every Muslim is convinced that Islamic banks truly follow the *shariah* and are basically different in their principles and practices from conventional banks. This point of view is not limited to liberal or conservative segments of Muslim societies - making religious perspective less important in predicting Muslims consumers' attitude towards Islamic banks. This provides the basic perception for developing measures from Muslims attitude towards Islamic banking (M. M. Butt & Aftab, 2013).

Attitude towards *halal* banking is context specific and different from the concept of religiosity even though it is based on a person's religious beliefs. Religiosity measures intrinsic and extrinsic beliefs and attitudes toward religion. It is logical to argue that compared to religiosity, attitude towards *halal* banking is more relevant and specific component that could predict the consumer behaviour (M. M. Butt & Aftab, 2013). Therefore, a bank's commitment to conform to the *shariah* law is believed to be an element that can influence consumers' attitudes and beliefs in supporting its services.

5. Bankers' Knowledge of Islamic Banking

Butt et al. (2011) described that customers demand personalized services and expect the bank to have full knowledge of banking. It is expected that all financial institutions should have adequate knowledge of products and services offered in order to respond to customer inquires effectively. Customer awareness of Islamic banking products and services offered by the banks is also important. This is because customers might have little knowledge about products such as *ijara*, *musyarakah*, etc. (Khattak & Rehman, 2010). On the other hand, a study has shown that a significant number of respondents were aware of Islamic financial products and knew about key Islamic banking terms. However, they do not apply the products (Naser, Jamal, & Al-Khatib, 1999). Thus, the bankers' knowledge of Islamic products and services is substantial in educating the respective and prospective customers, and subsequently developing their understanding and acceptance of *halal* financial services.

It is also important to consider that apart from bankers' knowledge; the attitudes, perceptions and knowledge of market participants are essential for the market acceptance of the Islamic products. For

individual consumers and business firms, these factors determine the extent to which they choose to support these alternative products and services. As a result, direct and indirect knowledge transferred from the bankers to market players, whether through verbal, printed documents and words of mouth may contribute extensively to the development of *halal* financial services. Ismail et al.(2013) recommended that Islamic banks should hire experienced and professional bankers who can contribute to the product knowledge and expertise. This will lead to the enhancement of the product features as well as the services offered in order to remain competitive and increase the market share. The researchers further reiterated that product quality will definitely increase and therefore meet customer satisfaction.

A study by Dusuki (2008) found that Islamic banks are also expected to fulfill social welfare objectives namely contributing to the social welfare fund of the community, promoting sustainable development projects, and alleviating poverty. Nevertheless, since the consumers include both Muslims and non-Muslims, the in-depth knowledge of Islamic product structures, principles and usage may be limited. These consumers, particularly, the non-Muslims, apply and utilize Islamic banking facilities for convenience and economic benefits without a clear understanding and knowledge of the *halal* and *shariah* principles. It has therefore given rise to the need to educate the consumers, particularly the non-Muslims.

6. Bankers' Level of Acceptance towards Islamic Banking

Islamic financial institutions will benefit positively from satisfied customer provided the former understands how the factors contribute to the customers' satisfaction. The reason is that meeting customers' expectations for key service quality attributes should lead to satisfied customers who in the future, will remain loyal to the service and recommend it to other potential customers. Customers' opinions and feedback are useful in measuring customer satisfaction towards Islamic products and services (Estiri, Hosseini, & Yazdani, 2011). In order to compliment the customers' belief, the bankers' should portray the right level of acceptance themselves in promoting and selling Islamic banking products and services. The level of acceptance is correlated to the knowledge of each product by being able to differentiate the features between Islamic and conventional products. Another important element is the bankers' experience gained through having and utilizing the Islamic products themselves or product training that they have attended.

Consequently, bankers' positive acceptance of Islamic banking is vital in fulfilling customers' needs and measuring customer satisfaction, which could provide bankers with reliable indicators of future customer support for their services (Naser, Al-khatib, & Karbhari, 2002). According to Dusuki & Abdullah (2007), customers' perception towards Islamic banking is far more critical due to the fact that Islamic banks have to compete with the long established conventional banks in some of the dual - banking system. Therefore, it is important for the bankers to build their acceptance level of Islamic products and services not just to convince but also crystallize the insights of customers in accepting *halal* financial services.

7. Methodology

This study employed exploratory method by conducting interview with customer service officers of selected banks within Kuala Lumpur City Centre which are; Bank Islam Malaysia Berhad and Al-Rajhi bank; two full-fledged Islamic banks of local and international banks respectively, Bank Simpanan Nasional, CIMB Bank, Public Bank, RHB Bank, and Maybank are operating on dual-banking systems both conventional and Islamic. Every interview session, took 30 minutes, was conducted with customer service officers of selected bankers. The qualitative data were later transcribed, coded and analysed. The profile of the participants is as follows:

Table 2. Profile of Participants

Participant	Gender	Years of experience in banking industry
Bank 1	Male	7
Bank 2	Male	4
Bank 3	Female	5
Bank 4	Male	5
Bank 5	Male	3
Bank 6	Female	5
Bank 7	Female	4

The semi-structured interview has four parts which included demographics; constructs of attitude, knowledge and level of acceptance. The main focus of the interview was to get the participants' feedback, understanding, expectation, and their stance towards *halal* financial services. Another critical area is their experience operating in dual-banking system as well as full-fledged Islamic banks in Malaysia which is also important to consider in order to attract the Muslim consumers (Gayatri & Chew, 2013). The researchers approached the customer service officers the way ordinary customers seek information. Later, the officers in charge were informed about the purpose of the visit and explained that the interviews would be recorded and the recording then would be transcribed. The researchers guaranteed the anonymity of participants in the transcripts and reporting.

8. Results

8.1 Knowledge of Islamic Banking

From the interviews, the banker's knowledge of Islamic banking indicates that seven bankers are aware of Islamic banking and able to compare with the conventional banking products. On the question whether their banking operates under *shariah* compliance and the meaning of *shariah* compliance, the bankers explained:

Yes our banking are operated under shariah compliance. Shariah compliance means that, in promoting the product there must not involve of any prohibited elements which already stated in Al-Quran such as riba, gambling and gharar (uncertainty) (Bank 1).

Shariah compliance has been applied by our company because we are operated as Islamic financial institutions. So we have to follow the shariah compliance. So shariah compliance as you know it is the rules that we have to follow in Islam when doing business. So it is prohibited to take or accept riba in doing business transaction (Bank 3).

Yes, our banking operates under shariah compliance. Shariah compliance is the rules that have to follow by us in doing our banking business. Our Islamic bank that have shariah compliance (Bank 4).

Law that follow the shariah & Islamic concept as the main role of financial activities (Bank 5).

Every aspect of transaction or any other business must follow Islamic rule which is our business has adopt shariah compliance (Bank 2).

We have Islamic bank that complies with shariah compliance in the business. Basically, shariah compliance is a rule that as Muslims we have to follow in order to gain pure money without anything that mix up with the interest and al-gharar which is uncertainty (Bank 6).

We have operated under shariah compliance. We have Islamic bank which implement shariah compliance. Shariah compliance is Islamic law which we have to follow in our daily business transactions in which prohibits us to charging interest to our customer and involve with any forbidden products (Bank 7).

The following questions were then asked to understand the Islamic banking product that the banks can offer and their ability to differentiate the products from conventional ones. All the bankers were able to explain what *shariah* compliance is and that the purpose of Islamic banking is ultimately meeting the *maqasid al-shariah* (focusing on equal sharing of resources for both profit and loss making).

What are Islamic banking products that you can offer to the customers which are attractive can provide high profit?

In my point of view, I think Islamic banking product are not created to gain high profit but then it exists because to be an alternative for Muslims in any financial transaction which not involve of any prohibited elements as well as it gives benefit for both parties and helps each other (Bank 1).

Mudharabah is the product. This is because the arrangement between bank or capital provider with the entrepreneur can mobilise both sides in which the funds can run the business of the entrepreneur activity. But the profit will be shared according to the agreement (Bank 3).

Islamic products that we offer to our customer are not intended to gain higher profit but to help them to not involved in any prohibited elements as a Muslim are prohibited to do so (Bank 4).

Housing loan, it's for long term (Bank 5).

*For me, Islamic product offered by us are not aimed to gain higher profit but we want to highlight that we follow the Islamic law which is not involved with activities that prohibits to do such as implement interest and gambling. We want our customer to have their profits in halal way.
(Bank 2).*

Of course we want higher profits in doing business but from the Islamic aspects, I think it is better to help our customer to invest their money in the proper Islamic way (Bank 6).

Islamic product is not intended to gain higher profits. It is more importantly to follow the shariah compliance which is free from interest and prohibited from the forbidden activities and in the same time to help Muslims to apply banking products without doubt (Bank 7).

Bankers who are working on dual-banking systems will have the advantages of understanding both conventional and Islamic product features and benefits. Therefore, they would be able to explain and educate current and prospective customers on both conventional and Islamic perspectives. It is a bonus for bankers to be well equipped with relevant knowledge of the Islamic banking since Islamic banking is

still very new in the banking industry. When choosing Islamic products and services offered by the banks over the conventional ones, interviewees narrated that:

In my opinion, I think it is more preferable to choose Islamic banking which it is convenient to Muslims or non-Muslims (Bank 1).

The most preferable product of course Islamic product because as you know the entire product is not involved with the interest which is riba. Islamic product is more preferable because through the use of various Islamic finance concepts such as ijarah (leasing), mudharabah (profit sharing), musyarakah (partnership), we as a financial institution have a great deal of flexibility, creativity and choice in the creation of Islamic finance products. Furthermore, by emphasising the need for transactions to be supported by genuine trade or business related activities, Islamic banking sets a higher standard for investments and promotes greater accountability and risk mitigation (Bank 3).

In my opinion, Islamic product is more preferable (Bank 4).

Islamic product (Bank 5).

I prefer Islamic product rather than conventional product (Bank 2).

Islamic product because nowadays not only Muslims apply Islamic product but also non-Muslims applied Islamic product (Bank 6).

I think Islamic product is more preferable to choose because as we know Islamic product is free from interest (Bank 7).

8.2 Bankers' Attitude towards Halal Financial Services

Banker's attitude towards *halal* banking plays a major role in convincing customers choosing Islamic banking products as the right attitude of both bankers and customers can later influence the decision making process. This is the critical point of sale of closing a deal and for the customers to choose and decide the precise products. The attitude of bankers towards *halal* banking will have a positive relationship on the attitude of customers. When bankers are able to provide an in depth explanation to customers on Islamic products offered with the right attitude, ultimately, their ability to influence and convince the customers is inevitable. The researcher found that almost all the bankers responded positively towards *halal* banking:

Because the concepts applied for every product are simple and easy to understand as well as it serve fair for both parties that involve (Bank 1).

Yes it is a good idea because it is not only to earn profit but to do well and bring welfare to people. Islam upholds the concept that money, income and property belongs to Allah (Bank 3).

Because it simple and make our customer life much easier (Bank 4).

More peaceful and under Islamic law (Bank 5).

In Islam, we must obey the rules have been state in Al-Quran. So Islamic banking is a good idea to choose in order to get halal money in which no riba (Bank 2).

Give benefits to our customer that from Muslims and non-Muslims (Bank 6).

It is a good idea because Islamic is making life easier. By having Islamic product which we know it is free from any interest it will not burden the person to pay the interest (Bank 7).

Though Islamic banking is not new in the banking services, it is still trying to regain customers' trust to further strengthen their base in the financial service sector. It is hard to deny that various problems have occurred from time to time and how the banks tackle the issues play a big role in portraying their attitude towards *halal* financial services. When asked why customers should choose their products compared to others, the bankers answered:

In Islamic banking product basically we applied mudharabah concept which mean profit sharing by both parties in the agreed profit ratio usually for saving or investment and moreover on our product we are not practice of charging interest (Bank 1).

It is because our services do not have any riba and terms of payment can considerate between bank and customer (Bank 3).

Because our products are basically applied a better services and more convenient for customer needs and wants (Bank 4).

Because it more effective and based on syariah Compliance (Bank 5).

Our product is well known because we have worldwide branch office that you can easy make any transactions (Bank 2).

We have many branches in Malaysia nationwide so it will be easy to our customer to make the transactions Bank 6).

We have online banking which is maybank2u. This online banking will speed up the transaction process with just click wherever they are (Bank 7).

8.3 Banker's Level of Acceptance towards Islamic Banking

For the customer to believe in Islamic banking, first and foremost the bankers' should accept *halal* Islamic banking products and be able to convince customers on the advantages of utilizing them. Therefore, their level of acceptance is an important key element in influencing and convincing customers to accept Islamic banking products. Majority of the bankers believe that Muslim customers should apply for Islamic banking rather than conventional banking and financial products. Undesirably, one bank representative disputes the purification of *syariah* compliance products and believes that the Islamic banking products are charging interest. This could be due to fact that the bank is still new in the Islamic banking industry and the representative might have been exposed to conventional banking for quite sometimes and have limited knowledge on Islamic banking products, resulting in contradictory remarks as compared to others. It could also due to the perception of the banker's preference for conventional over Islamic banking products.

On the question whether they agree that Muslim customers should choose conventional products, the bankers reaction were:

Of course not agree because conventional banking only cause burdensome people to pay high interest for long term period (Bank 1).

Yes, because Islamic product in Malaysia not truly Islamic and the interest rate is still high rather than conventional (Bank 3).

For me, I will not agree but then it depends on the customers (Bank 4).

Disagree. The conventional banks give greater emphasis on credit-worthiness of the clients (Bank 5).

No, because Islamic product have more benefit than conventional even though the product process or procedure may be the same except Islamic product do not have interest so I want my customer to get all the benefits and also their money flow is in halal way (Bank 2).

I'm not agree because should be Muslims applying Islamic product in order to follow Islam law which have been implement in Islamic products (Bank 6).

Not agreed because Muslims should apply Islamic product because it is follow the shariah compliance (Bank 7).

The last question was on how they would convince their customers to choose Islamic banking products. The responses were:

I will try to convince them that by having Islamic banking product it will give you more benefits which free from interest charge like conventional banking product have done (Bank 1).

I will convince you that Islamic product do not have riba. So that the processing transaction of your money would be in the Halal path without riba (Bank 3).

Try to make them understand so that they know better what all is about (Bank 4).

Try to understand their needs first then I will proceed to giving or offer my customer our Islamic product that can help them to solve their problem without paying the interest (Bank 5).

For Muslim it is our responsibility to find halal way in everything. So this is also important to our customer to choose Islamic banking in the way to manage their money. I would convince and attract my customer especially Muslim to have the Islamic product rather than conventional (Bank 2).

Try to explain the Islamic product first than I will convince them to apply Islamic product (Bank 6).

Explain on what they actually need and understand what they need then I will convince them with the Islamic products that we have (Bank 7).

9. Discussion and Conclusion

The bankers who participated in this exploratory research have demonstrated great interest in *halal* financial services, however, further enhancement of product knowledge is needed for the bankers not only in explaining Islamic products sole feature of interest free, but also emphasising on the benefits and advantages of the products from the Islamic point of view and also to the society as a whole which additionally leads to the nation economic development (*maqasid al-shariah*). The bankers should also build their knowledge base on understanding completely the whole spectrum of Islamic banking products, especially retail products such as personal financing, Islamic credit card, car financing and home financing. As highlighted in the results, the bankers are indirectly promoting only the Islamic deposit and investment products.

The conventional banking products are the alternative for bankers to promote and sell, yet customers are to make the choice and option. In reality, the conventional products are aggressively marketed and promoted as compared to the Islamic banking products. Additionally, for bankers who are in the dual banking system and have limited knowledge of Islamic banking products, they would tend to sell conventional products. Therefore, it is suggested that bankers provide more or at least equal marketing strategy and promotions of Islamic products in order to attract more customers based, and most importantly to be equipped with the necessary product knowledge in order to better promote the Islamic banking products.

The uniqueness of Islamic banking products is the products are meant for all regardless of race and religion with the emphasis on moral and social obligation. Key elements and differences between conventional and Islamic banking are the concept of fairness, trustworthy, transparency and *shariah* compliance (Venardos, 2015). It will be advantageous for the bankers to be able to comprehend the concepts and explain them to the customers. These essential components differentiating between Islamic and conventional products are the focal points for bankers in promoting and educating the customers about Islamic banking products continuously for a longer period of time. A satisfied customer will repeat the purchase of the product and may convey to others the advantages and benefits of a particular service (Estiri et al., 2011). Satisfaction is therefore considered an important factor for intentions. From the Islamic banking perspective, Mohd Dali, Yousafzai, and Abdul Hamid (2014) classified customer satisfaction as the cognitive and affective responses pertaining to the service and non-service qualities provided by Islamic banks. These confirm their perceived expectations, ideal performance and past experience in terms of technical (outcome), functional (process), religious and ethical service quality (religion and ethical), and is determined at a specific time, but is not limited to a lifetime duration. Therefore, it is expected that when customers are satisfied with the service provided, then both satisfaction and loyalty will increase for Islamic banking products.

10. Limitation of the Study

The limitation of the study is that this is an exploratory study carried out by conducting semi structure interview with seven sales representatives of local commercial banks in the Kuala Lumpur City Centre. They were selected based on convenient approach. It is possible that their knowledge, attitude, and acceptance towards *halal* financial services may differ from other local and international banks established in Malaysia. Further quantitative research is required to fully understand how the bankers perceive *halal* financial services.

11. Expected Contribution

It is expected that the findings from the study will contribute to knowledge in Islamic banking and finance. An extended behavioral model will be developed in relation to bankers' knowledge, attitude and level of acceptance towards *halal* financial services. In terms of managerial implications, the findings can further assist financial service providers to develop more effective marketing strategies with regard to Islamic financial products. By addressing and predicting such traits, financial marketers are expected to educate and stimulate targeted consumers in seeking *halal* compliant financial products. Subsequently, this will further elicit future financial product innovation amongst marketers within the financial service sectors.

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