

The Good, the Bad and the Ugly of Islamic Credit Cards

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ABSTRACT

The Malaysian Islamic financial services have developed and thrived in the competitive domestic and global financial market, especially in the last three decades. The government has provided the industry conducive enabling environment to catalyse the industry growth and development. Islamic finance has gained prominence and been identified as the growth area in the nation's financial sector. With a range of innovative *shariah*-compliant products and services, the *halal* financial services have gained market acceptance from both Muslims and non-Muslims alike, albeit with different acceptance levels according to the products. Specifically, to a certain degree, it appears that the market has been more receptive of other Islamic financial services such as loans for various purposes including purchases of securities, properties, vehicles; working capital and even personal loans than the credit cards. Additionally, slower growth, lower market share and performance of Islamic credit cards vis-a-vis conventional credit cards, and other Islamic financial products merit further scrutiny. A better analysis to understand the issues pertinent to Islamic credit cards' growth.

1. Introduction

Comparatively new in the market, the Malaysian Islamic financial services have developed and thrived in the competitive domestic and global financial market. In particular, the government has provided the industry conducive enabling environment and ecosystem to catalyse the industry growth and development. Islamic finance has gained prominence and been identified as the growth area in the nation's financial sector. The Bank Negara Malaysia Annual Report 2019 published on 3 April 2020 amongst others highlights that with an advanced regulatory framework already in place, Islamic finance is envisaged to play a more prominent role in the coming period, particularly in its potential to apply *shariah* principles to

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expand social finance and address market gaps in innovative ways (Bank Negara Malaysia, 2020a). With a range of innovative *shariah*-compliant products and services, the *halal* financial services have gained market acceptance from both Muslims and non-Muslims alike. With the progress of the Islamic financial services in the last decade, they still lack potential market service. They could offer alternative financial products and solutions to customers while providing product and market complementarities to the conventional product market segment in meeting customers' demands and economic needs. At the specific product level, Islamic credit cards have also faced and experienced similar challenges. To a certain degree, it appears that the market has been more receptive of other Islamic financial services such as loans for various purposes including purchases of securities, properties, vehicles; working capital and even personal loans than the credit cards. According to the Bank Negara Monthly Statistical Bulletin: Monthly Highlights and Statistics in September 2020, as of September 2020, Islamic banks comprised 28.9% (RM853.9 billion) of the total assets in the banking system (Bank Negara Malaysia, 2020b).

Meanwhile, in terms of loans, Islamic banks had disbursed 35.7% or RM651.4 billion of the banking system's total loans in September 2020. However, Islamic credit cards have a lower market share of 10.2% or RM3.7 billion of complete credit card transactions (Bank Negara Malaysia, 2020b). The slower growth pace, lower market share and performance of Islamic credit cards vis-a-vis conventional credit cards, and other Islamic financial products merit further scrutiny and analysis to better understand the issues pertinent to Islamic credit cards' growth. As such in this commentary, the authors attempt to examine the Islamic credit card performance, growth and development by focusing on the product and market performance, industry players, value proposition, branding, competitive marketing and the overall enabling ecosystem, and last but not least customers' perception of *shariah*-compliant credit cards.

1.1 Credit Card Performance in General

Credit cards have become increasingly popular over the past decades. Credit cards are usually used as an alternative to cash, an essential payment mode in day-to-day transactions. According to the Bank Negara Malaysia's Monthly Statistical Bulletin September 2020, the total number of credit cards in circulation (both conventional and Islamic) in Malaysia as of September 2020 was 9.8 million (Bank Negara Malaysia, 2020b). This compares with 9.2 million and 8.6 million credit cards in circulation in December 2019 and December 2015. The principal cards accounted for 90.8% (8.9 million) of the total cards available in the system, and the remaining 9.2% (0.9 million) were supplementary cards. While the number of credit cards in circulation had sustained at over 9.0 million in the last four years after surpassing the 9 million mark beginning the second half of 2016, the number was much higher a decade ago at 10.8 million credit cards in circulation in 2009.

Currently, there are over 3.5 million credit cardholders in the country, representing about 11% of a total population of 32.7 million people (3rd Quarter of 2020: 29.8 million - citizens only; 2.9 million - non-citizens) and over 20% of the Malaysian labour force of 15.1 million in 2016. Before 2010, the number of cards in circulation had increased by more than two folds in the previous ten-year period, registering an average growth of 20% annually and surpassing over 10 million cards in circulation in 2008 and 2009. However, in the first few years after the 2008/2009 crisis had witnessed the number of cards in circulation declining to 8.5 million in 2010 to 8.2 million in 2011 before sustaining above 8.0 million in the next four years (from 2012 until 2015) as a result of the stricter regulations on credit card holding, including the RM50 levy on each credit card, imposed by Bank Negara Malaysia. Beginning the second of 2016, the number of credit cards in circulation has risen above 9 million marks.

Despite the relatively lower number in circulation than the pre-crisis 2008/2009 period, credit card usage had remained high and rising. In 2019, there were 510.1 million transactions, an increase of 14.1% from 447.1 million transactions recorded in 2018, and almost 50% (47.6%) higher than the number of transactions recorded five years ago (2014: 345.7 million transactions). In value terms, the amount had

increased by 6.3% in 2019 to RM155.8 billion from RM146.6 billion in 2018. It was 35.3% more as opposed to 2012 (RM115.2 billion). As of September 2020, there were 358.6 million transactions with the total transactions of RM96.9 billion.

There are two main types of transaction, namely the purchase of goods and services and cash advances. In 2019, RM151.3 billion or 97.2% of the total transaction value was for the purchase of goods and services, and the balance of RM4.4 billion or 2.8% was for cash advances. The purchase transactions to a significant extent were conducted in the country. In 2019, the domestic purchase transactions amounted to RM133.0 billion as opposed to RM18.3 billion made abroad. For the cash advances, RM4.1 billion was performed in Malaysia, while RM377.5 million was transacted abroad.

Figure 1: Credit cards key indicators summarises the development and performance of credit card operations in Malaysia from 2007 to September 2020.

Credit Card Key Indicators - in Unit Million/RM Million					
Year	No. of Cards in Circulation		No. of Transactions	Current Outstanding Balances	Total Transactions: Purchases & Cash Advances
	Principal	Supplementary			
2007	8.7	1.2	237.7	20,761.7	62,121.9
2008	9.6	1.2	261.4	22,810.2	72,721.0
2009	9.6	1.2	276.1	24,282.0	75,916.5
2010	7.5	1.0	294.9	28,174.5	86,785.2
2011	7.4	0.9	316.9	30,862.8	96,206.1
2012	7.3	0.9	325.3	31,564.6	101,761.9
2013	7.2	0.9	332.4	32,882.6	110,005.6
2014	7.1	0.9	345.7	32,841.4	115,154.9
2015	7.7	0.9	359.6	33,651.6	121,475.4
2016	8.2	1.0	383.8	34,834.6	127,914.4
2017	8.8	1.1	406.5	36,341.7	136,639.9
2018	9.3	1.1	447.1	37,614.6	146,550.5
2019	9.1	1.0	510.1	39,149.9	155,770.7
2020	8.9	0.9	358.6	34,888.5	96,890.9

Fig. 1. Credit Cards Key Indicators

Source: Bank Negara Malaysia - Monthly Highlights and Statistics in September 2020

1.2 Islamic credit card performance

Comparatively, Islamic credit cards (ICCs) transactions (as at the end of the period, indicated by current outstanding balances) as a percentage of the total credit card transactions has only recently (in February 2020) surpassed 10% of the complete transactions. While the rate of ICC transactions had increased by more than two folds during the last ten year period (December 2010), the transaction amount had increased by 172% from RM1.35 billion in December 2010 to RM3.7 billion in September 2020. It only surpassed 5% in 2012 from 2.84% in 2006 and was 10.06% in February 2020. As of September 2020, ICC transactions comprised 10.2% of the total credit card transactions (Bank Negara Malaysia, 2020).

Figure 2: Credit Card Outstanding Balances, which illustrates the comparison between commercial banks and Islamic banks, indicates that while Islamic credit cards have gained market acceptance, Islamic credit cards' performance has yet to match that of conventional credit cards (CCCs). The numbers and percentages are considered small since ICCs were introduced in the year 2003. CCCs are still dominantly chunking the number of credit cards in circulation after more than 13 years since ICCs were first introduced in the market. While ICCs are slowly gaining market share, the continued dominance of the CCCs partly demonstrates the consumers' preference of conventional credit cards. This entails that ICCs may not be attractive and desirable enough compared to their traditional counterparts in meeting cardholders' expectations. Furthermore, the still low number of ICC in circulation may partly be attributable to CCCs

service providers' aggressiveness in marketing their products and services. Also, consumers' knowledge and awareness level of ICCs may need to be further emphasised by Islamic credit card services providers.

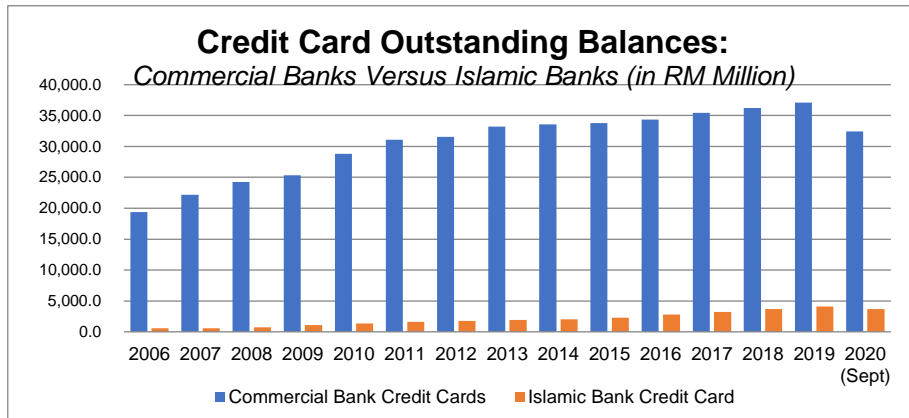


Fig. 2. Credit Card Outstanding Balance Between Commercial Banks and Islamic Banks

Source: Bank Negara Malaysia - Monthly Highlights and Statistics in September 2020

2. Islamic Credit Cards: The Good

Islamic credit cards can be as good as the existing conventional credit cards because of its value proposition. No doubt the conventional credit cards are circulating in the market with total transactions of RM32,434.4 million compared to ICC only at RM3,686.4 million up to September 2020 (Bank Negara Malaysia, 2020b). The value proposition is the credit cards are not only for Muslims, but everyone eligible can use ICCs. It has a competitive rate and consumers are to be informed upfront on the credit limit. The bank's profit is going to make; the yield is capped at a fixed amount (calculated at the rate, e.g. 13.5% per annum x the financing amount offered to the customer) and the bank won't charge beyond the rate stated. There are no hidden charges and information on the profit calculation is transparent to the customers. The credit card is non-compounding; the selling point (benefit) or competitive advantage over conventional credit cards. Providing accurate information on product features and price is crucial for customers to capture the first impression and connect with the product's purchase decision (Estiri, Hosseini, Yazdani, & Nejad, 2011). Another significant value is, of course, *shariah* compliance. The essential aspect of *shariah* compliance is to be universal financial products and services for all regardless of race and religion, and to be fundamentally highlighting the salient attributes of *maqasid al-shariah*. *Maqasid al-shariah* provides benefits in terms of protection and preservation of basic needs: religion, life, lineage, intellect and property. Undeniably, it is the banks' social responsibility to update, inform, and educate the public on Islamic banking's primary attribute. Simultaneously, the banks need to equip themselves with adequate knowledge about the products and services offered and understand customers' needs.

Interestingly, credit card spending among Malaysians is status-oriented; purchase of goods and services boosts their lifestyles (Awanis & Chi Cui, 2014). The attitude of having a conventional credit card is to settle every month (no outstanding balance) entirely is similar to the non-*riba* credit card. Students who studied in the States had the privilege to apply for credit cards quickly. Still, when they attempted to apply in Malaysia, the banks rejected their application. They cannot fulfil the monthly salary criteria due to the stringent credit card policy; the minimum salary eligible is RM2, 000 with three-month salary slips as evidence (Abd Razak, 2015).

Additionally, banks cross-sell Islamic credit card when customers are applying home financing. However, the banks do not thoroughly inform the ICC's benefits and the difference between ICC and CCC. Instead, they explain the features, point collections, and some transactions can be blocked, e.g. purchasing alcohol and gambling. The information has not been conveyed as knowledge to customers to evaluate their preference for cards (Awanis & Chi Cui, 2014; Rahim, 2016).

Notwithstanding credit card ownership eligibility, customers who do not wish to own credit cards may opt for debit cards. Since debit cards are widely accepted and can be used for many transactions, they prefer debit cards over credit cards regardless of whether they are Islamic or conventional. Meanwhile, it has been observed that those who have been holding a conventional credit card, e.g. Citibank Visa and Master credit card remain loyal with the financial institution as the brand represents worldwide acceptance. Therefore reluctant to switch to other credit cards. However, the choices and options are available. The authors deliberate that although many conventional cardholders are Muslims, they still believe in the international brand and have been loyal to it. The main reason is to avoid the hassle of applying another credit card, such as fill-up application form, provide supporting documents and to oblige to the new credit limit.

3. Islamic Credit Cards: The Bad

An additional crucial aspect is the brand name, which is the Islamic credit card changed to *shariah* credit card, focusing on the vital feature instead of Islamicity. The modification may shift the customers' perception towards ICCs which later accept the product similar to *takaful*, *shariah*-compliant insurance without applying the word Islamic (Johan, 2018; Johan, Hussain, Putit, Mohd Dali, & Hafit, 2017). The term Islamic carries the strong connotation that ICCs are meant only for Muslims. Islamic banking is labelled as competitors to the existing conventional banking instead of complementing and providing alternative products. The word Islamic is also the main impediment for customers, especially those of different religions and faith to approach Islamic banks compared to conventional banks (Gilani, 2015). Therefore, for all other Islamic banking products and services should consider rebranding the products without including the word Islamic, instead, highlight *shariah* compliance as the main attraction and attention-grabbing products for them to be visible locally and internationally. It is advisable for the banks to produce a standardised product information kit/product toolbox and describe ICCs consistent and identical between banks to avoid ambiguity and complexity in the product terminologies and transaction procedures. These two setbacks are some of the glitches for the ICCs to penetrate to a broader market, especially to the non-Muslims (Butt et al., 2011).

3.1 Shariah Compliant Credit Cards

As for the non-Muslims, the attractive Islamic mortgage package manages to secure their interest in pursuing an Islamic banking product. Home financing with 50% reduction in stamp duty imposed by Bank Negara Malaysia (BNM), no interlocking period, and customers could buy and sell properties for investment purposes. How to attract the non-Muslims to ICC? The word Islamic is presumed to be applied and owned only by Muslims. Do the non-Muslims label ICC as a religious endorsement for Muslims? According to Schlegelmilch, Khan, & Hair, (2016), the purpose of religious endorsement, i.e. *halal* is to intensify a specific religious community but somehow has received inconsiderable consideration. In the study, the researchers discovered that there is animosity towards Islamic minority which affected the purchase intention for *halal* endorsement products in Austria, where most of the population is Christian (Schlegelmilch et al., 2016). Being a majority group in the country, can animosity occur among the non-Muslims towards Islamic banking product and services, especially those carrying the name Islamic? As Gilani (2015) stated, the word Islamic banking is a significant impediment for customers from other religions to work closely and for the banks to gain more market shares than conventional banking. He

further added that the Islamic banking stands for a unique Islamic religious following and therefore, restraints its territory to Muslim customers only (Gilani, 2015). Another displeasing fact about Islamic financial services is the permanent barrier of the terminology Islamic in the product range offered to the market compared to the conventional products (Wilson, 2011).

The authors suggested the name *shariah*-compliant financing card as the appropriate name to replace an Islamic credit card. This is comparable to Islamic insurance (*takaful*), widely accepted by both Muslims and non-Muslims without having the word Islamic. Still, the word *takaful* is understood and widely recognised. Bankers are advised to be more alert to possible racism and ethnocentrism, which may cause a negative impact using the name Islamic as product endorsement (Schlegelmilch et al., 2016). Although the majority of Malaysia population are Muslims, the racial sentiment is still noticeable. It is exceptionally paramount for the bankers to improve product acceptance, emphasising and promoting ICC's features and benefits to all Malaysians and not just catering to customers' particular demographic profile. The credit card marketing strategy of portraying service to consumers for cash replacement and further enticing consumers to make more significant purchases (charge more on the credit card) with minimum repayment needs to be replaced with proactive measures. By comparing the calculation of profit, minimum payment of CCC and ICC, and explaining what *shariah*-compliant is (Abd Razak, 2015; Fozzi, 2020; Johan, 2018; Saqib & Farooq, 2016). An Important proposal to Islamic financial institutions to be more open and informative about the terminologies and meaning of *shariah*-compliant component, i.e. non-*riba*, *gharar* and *mysir* (Gilani, 2015).

In the years to come, the expansion of *halal* industry and trading with the Islamic world is exponentially accelerating; a vital foundation knowledge is crucial in schools and colleges in cultivating the socio-economic study, i.e. part of history where *halal* has emerged not just from a religious universe but also includes the modern and secular aspects (Thomas & Selimovic, 2015). With the continuous support and emphasis by the government on religious values; the Malay Muslims particularly are inspired to be harmony, modest, help and prioritise others in need, and therefore expected to inculcate the support for *shariah-compliant* products (Shah Alam, Mohd, Kamaruddin, & Mohd Nor, 2015).

The Islamic banking system has expanded its operations and services and needs to attract new customers to remain competitive. Therefore, using a specific and appropriate strategy is necessary for this banking system. In this view, recognising customers based on their segmentation and preferences will be essential for Islamic banks to provide convenient and competitive services.

4. Islamic Credit Cards: The Ugly – Of Competition and Complications

4.1 External and Internal Competition

The competition with established credit card players, such as Citibank, Maybank, CIMB and AmBank, which have more significant market share and asset-based, caused the ICCs to face challenges and difficulties in getting the number of cards in circulations. Comparatively, ICCs remain invisible except for the full-fledged Islamic banks, namely Bank Islam and Bank Rakyat, promoting and marketing their credit cards. On the other hand, the lack of promotion and marketing activities among the subsidiary banks that introduce ICCs have caused the sale of ICCs to be in a small percentage. Many non-Muslims and some Muslims consumers are not aware of ICCs presence in the market. The banks provide no sufficient information to enable consumers to compare the CCCs and ICCs of both the features and benefits.

Since Al-Rahji Bank first introduced debit card, other local banks have also taken the opportunity to promote and sell debit cards on top of CCCs and ICCs. Customers have the option to pick and choose which is suitable for them based on their needs. The customers are more demanding and precautionous in selecting their banking products. Some consumers are firm believers of debt-free lives. These people have settled their home and car financing and dare not commit to another loan(s). Therefore, they prefer a debit

card for their day-to-day purchase. Moreover, debit cards are now widely accepted for online booking and payment, and credit card is not a favourable option regardless of CCCs or ICCs.

The eight current ICCs players are also introducing Islamic debit cards as one of the product options and competing against each other in creating a new product range to the market. Since the subsidiary banks are selling CCCs, ICCs and debit cards (Islamic and conventional), customers have various product choices. The eight ICCs are supposed to initiate partnership and work together in promoting and marketing the ICCs. Instead, since there are subsidiaries and full-fledged Islamic banks, they are contending to produce or introduce products that are similar among each other. Therefore, when bank A introduces Islamic debit card, Bank B, C, and the rest will follow suit instead of identifying the root cause of why the ICCs are not sellable, famous, unknown to the public.

Because of the above reason, it is not surprising when consumers have the perception that there is no difference between ICCs and CCCs. Some consumers also have prior experience of Islamic mortgage with a much higher profit rate, *Bai Bitaman Ajil* versus cheaper conventional rate. Therefore, by comparing the total selling price for the mortgage with conventional, consumers are overwhelmed with the monthly instalment payment. This experience has caused the consumers to have the presumption that Islamic banking products are expensive and burdensome. With limited knowledge and understanding of the Islamic product structure and calculation, customers will ultimately have negative perception and generalisation towards all Islamic banking products. Moreover, since BNM has imposed a strict policy on a credit card application, customers holding CCCs would not forgo their existing cards to replace with ICCs. Another good question to ask; why should they forgo their, e.g. Citibank credit cards that they have been holding for quite sometimes; the cards are highly recognised and can be used worldwide?

There are only eight Islamic credit card players out of 23 players in the market. The most significant players are Citibank, CIMB, Maybank and AmBank. These banks are pushing hard for conventional credit cards in terms of size, mass-market, and unlimited profit. Unlike conventional credit cards, ICC's profit amount is capped based on the customer's credit limit. CIMB, Maybank and AmBank are on a dual banking system for their Islamic subsidiaries under conventional banking companies. In one exemplary example, i.e. CIMB credit card offering to the public, out of 14 credit cards with various features and partnership programs, only two Islamic credit cards are offered, i.e. Gold (partner with Petronas) Platinum. To know your application status, answer two simple questions online. You will be assessed for which card you are eligible. The question one is asking for are; two reward options followed by your monthly salary. Therefore, if you're not looking for petrol rebate as your reward, then automatically the chance of Gold Petronas Islamic card will not be an option for you.

4.2 Dual-Banking Dilemma

The problems of lack of awareness and negative perception on Islamic credit cards (ICCs) among customers are not solely because of the customers' ignorant but the root cause is probably because of the banking system itself. The system works to receive directions and actions from BNM to promote and sell Islamic banking products and services. Therefore, the existing conventional banking set up their Islamic banking subsidiaries, which are Maybank Islamic, AmBank Islamic, CIMB Islamic and Public Islamic Bank; and follow suit the needs of achieving national's agenda.

However, to conform to regulatory requirements, namely BNM guidelines and Islamic Financial Services Act (IFSA 2013), the banks have their current banks' key performance indicator (KPI) to achieve. Thus, Islamic banking is just mandatory rather than part of the banks' mission and vision statement. While these banks have their existing conventional credit cards, and later introduce the Islamic credit cards, certainly there will be a conflict of interest within the organisation as one entity (Group Company) with separate management teams (subsidiary). The incompatible needs of achieving sale targets and profits have distressed the performance of ICCs. As highlighted earlier, being cannibalised by a similar product is

another conspicuous factor why ICCs are not sellable than conventional credit cards (CCCs). Marketing and promotion activities are widely focused on CCCs then ICCs regardless of advertisements, media, corporate functions and social events, such as MATTA fair and MIHAS exhibition.

4.3 Full-Fledged Islamic Banks Dilemma

The above paragraph addresses the internal problem within the organisation, having both conventional and Islamic banking. There is also setback from the full-fledged Islamic banks, namely Bank Islam and Bank Rakyat. The names are not projecting banking image for the non-Muslim customers, and they perceive both banks are banks meant only for Muslims. Moreover, one of the full-fledged Islamic banks are known as "Bank Melayu" or bank for the Malays. The ultimate challenge for these two banks is to convince the consumers on the *shariah-compliant* based credit card; *tawarruq*. Even the Muslims could not comprehend the structure of *tawarruq* for an Islamic credit card, what more the non-Muslims. Since *tawarruq* has several procedures to comply with and involve three parties, *ujrah* is deemed simple and straightforward. Both banks argue and have the standpoints of why *tawarruq* or *ujrah* is the choice, but what matters the most is how much the public understands and is aware of the product. There are *riba* issues from researchers' perspectives (rebate, penalty charges and administrative fees) with *ujrah* structure of ICCs. In reality, multiple contracts are embedded in the credit card structure, namely *ujrah*, *kafalah* and *qard* (Abd Razak, 2015; Balarabe & Abdullah, 2020; Fozi, 2020). *Ujrah* is the underlying contract for the bank's service. *The bank employs kafalah* to guarantee the merchant(s) on the cardholders' payment and money advancement to purchase goods and services, and *qard* is the bank's cash withdrawal service. The Islamic banks should be taking the steps forward in building the knowledge foundation and awareness of Islamic banking among the public and how the product structures work accordingly (Butt et al., 2011; Johan & Hussain, 2019).

5. Islamic Credit Cards: A Choice to Customers?

There are several reasons why ICCs are not well known as compared to CCCs. The reasons are based on focus group interview and survey conducted in 2015, 2016, and 2017 (Johan, Hussain, et al., 2017; Johan, Mohd Dali, Ahmad Suki, & Hafit, 2017; Putit & Johan, 2015):

- Customers do not know that there are ICCs offered in the market. Even some of them heard about ICCs for the first time when answering the survey. Most of them claimed that when attending exhibitions and going to shopping malls, they only notice CCC booths. Unfortunately, the product knowledge and awareness do not reach the customers or public because of the more significant marketing funds and tools for CCCs and not ICCs (Rahim, 2016).
- Customers are maintaining existing conventional credit cards for reputation, efficient service and loyalty. The question they asked since they have credit cards which are recognised worldwide, why should take up another card (ICCs) and start all over? They are also not willing to cancel/forgo the existing CCCs just to have ICCs. This could be due to the consumers not having confidence in Islamic banking products than the conventional ones (Naser, Jamal, & Al-Khatib, 1999).
- Majority of Muslims CCC users have the perception that ICCs do not follow the Islamic principles and therefore not *shariah* compliant (Ayachi, Saidane, & Mansouri, 2017; Johan, Hussain, et al., 2017). The negative perception remains that ICCs are similar to CCCs with changes in terminologies (Arabic terms of *riba*, *gharar*, *mysir*, *ujrah* and *hibah*).
- The Muslims are more concerned with *halal* regarding food consumption but not for a financial product, e.g. housing loan. They are willing to go with a conventional mortgage as claimed to offer a competitive rate. The lack of understanding of the Islamic mortgage where the selling price will be much higher (after calculation of profit rate), and the customer will pay a large deposit, perhaps up to 30% of the total

cost. It turns out to be a drawback to attract the Muslim home buyers where customers will be puzzled and perplexed with the amount to be paid monthly for Islamic financing. With the bad experience and information carried throughout the years, they are sceptical with other Islamic financing product, namely ICCs, which could be expensive, compared to CCCs. Are the Muslims unwilling to decline their economic gain when it comes to *riba* (*riba* is forbidden in Islam) (Alam, Mohd, & Hisham, 2011)? Why are Muslims thinking twice when doing Islamic banking? This could be because religious ritual and routine do not influence Islamic banking product (Souiden & Rani, 2015). As pointed out earlier, Malays are more concern with their food intake, whether it's halal or not, and not much for the banking products. We are willing to compromise on the halal financing instead of adhering to the shariah compliance, which shariah compliance is the sphere of halal. This could be because we are so conventional banking oriented or dominated by capitalism instead of learning to apply our faith in religion in our day-to-day activities.

6. Conclusion

After analysing, evaluating, deliberating and justifying the case for Islamic credit cards, the author finds, the *shariah-compliant* credit cards still have an uphill battle to overcome the market challenges and competition from the conventional credit cards. From the product perspective, the ICCs should continue to offer a good value proposition to the existing and prospective cardholders. Besides *shariah* compliance factor, it is imperative for the ICC product to enhance its products and services offering to the customers-to be at par and competitive if not better than the conventional credit cards. Meanwhile, from the market and customer perspectives, there is a lot to be done to educate the public and customers and raise the level of market awareness and knowledge of the ICCs as competitive financial products and solutions. From the bankers and financial services providers' perspective, in developing and marketing the ICCs, perhaps it would be better and more practical to look at the ICCs as complementary to the conventional financial products and services rather than competitors, alternatives, or substitutes the conventional credit cards. More importantly, it would be pragmatic for bankers and financial services providers to foster 'abundant mindset' - that with the market of over seven billion potential customers, both ICCs and CCCs could have more than enough market space and share in the global financial market. Meanwhile, the regulatory bodies and other key players in the financial industry should continue to provide a conducive operating environment, enabling infrastructure and a sustainable ecosystem for the ICCs to continue to grow and thrive in the market.

Further research is required better to understand the underlying reasons for slower growth pace, lower market share and performance of Islamic credit cards vis-a-vis conventional credit cards, and other Islamic financial products. Issues such as why other Islamic loans (loans for various purposes including purchases of securities, properties, working capital and even personal loans) and hire purchase products have performed better. Islamic credit card product development and marketing strategies need to be carefully examined to overcome the Islamic credit card growth problem, why the slower growth of Islamic credit cards; customers and market expectation of Islamic credit cards; and Islamic credit card product development and marketing strategies.

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