

# A Comparative Analysis of Bankers' Perceptions on Islamic Banking

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## Abstract

This research was conducted to gauge the perceptions of employees, in both Islamic banks and conventional banks, of Islamic products and services, the training and experience gained in Islamic banking, and the potential of Islamic banking in Malaysia. Questionnaires dealing with Islamic banking were distributed to bankers in the northern part of Malaysia. The results revealed that bankers in Islamic banks have more positive perceptions on the above issues. Interestingly, few of the bankers possessed a relevant academic background or relevant experience in Islamic banking before embarking on this career. The bankers also claimed that they had very limited knowledge in this area prior to working with the banks; thus, the issue of the availability of well-trained and skilled employees must be addressed critically by the government, industry players and educationists for the sustainable growth of Islamic banking in Malaysia, and to meet the target set for the year 2010.

**Keywords:** Perceptions, Products and Services, Training, Islamic Bankers

## 1. Introduction

In 1970, Islamic banking was almost unknown and considered to be wishful thinking. By the early years of the twenty-first century, however, Islamic banking has become a reality that cannot be ignored, for it is growing at a steady pace. The size of the industry, which amounted to a few hundred thousand dollars in 1975, had reached billions of dollars by 2004. (Note 1) The value of *Shariah*-compliant accounts worldwide is estimated between US\$200 billion and US\$500 billion and is growing at an average annual rate of 10-15 percent. (Note 2) It is predicted that Islamic banks will control around 40-50 per cent of Muslims' savings by 2009/10, for the population of Muslims in the world in 2006 has been calculated to be more than 1.2 billion (Zaher and Hassan, 2001). (Note 3)

The establishment of Islamic banks is associated with the Islamic revolution and the escalating awareness of Muslim society in embracing Islam as its way of life, in the fields of finance and banking as well as in other aspects. However, it should be borne in mind that although the emergence of Islamic banking was in response to the market needs of Muslims, these banks are not religious institutions, as they provide banking services for non-Muslim customers as well. Further proof of the viability of Islamic banking is the fact that many conventional banks, including some major multinational Western banks, have also started using Islamic banking techniques. Malaysia is among the countries that have chosen to operate Islamic banking alongside the conventional system. This is achieved by the opening of "Islamic windows". (Note 4) in conventional institutions, or the establishment of separate banks or branches and subsidiaries specializing in Islamic financial products. Serious research over the past two-and-a-half decades has shown that Islamic banking is not only feasible and viable, but is an efficient and productive form of financial intermediation.

It has been stated that the idea of creating actual Islamic financial institutions was visualized as early as the 1940s (Khan, 1987). However, it is stated that the first attempt to establish such institutions was in Pakistan in the late 1950s, with the establishment of a local bank in a rural area, although this did not have a lasting impact (Wilson, 1983). The second attempt to establish an Islamic bank took place in Egypt, in Mit Ghamr. (Note 5) in the Nile delta from 1963 to 1967, this model being adopted by its founder, Ahmed Al-Najjar, from the concepts of the German savings bank (Scharf, 1983). The experiment of the Mit Ghamr Savings Bank came to an end for political reasons in late 1967, when its operations were undertaken by the National Bank of Egypt and the Central Bank.

Such an undertaking had a significant impact on the Mit Ghamr Savings Bank; operational policies consequently changed, with the operations of the bank being run on an interest basis, so that interest-free banking was deserted. However, the Mit Ghamr experiment had opened the way for the establishment of the Nasser Social Bank in 1971, which was a kind of revival (El-Ashker, 1990). (Note 6)

Islamic banking in Malaysia started back in 1983 with the establishment of the first Islamic bank; Bank Islam Malaysia Berhad (BIMB). This was followed by the introduction of the Interest-free Banking Scheme in the conventional banks in March 1993, which then saw the emergence of the dual-banking system in Malaysia. This scheme allows conventional banks to offer Islamic banking products and services under the same roof, utilizing the same infrastructures and employees. In 1998, the interest free banking scheme was changed to the Islamic Banking System to reflect the importance and specific roles of the Islamic banking system in Malaysia. Bank Muamalat was added to the list as the second Islamic bank in Malaysia in 1999. To date, there are 12 full-fledged Islamic Banks, including 2 foreign banks, Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad and Kuwait Finance House (Malaysia) Berhad.

To strengthen the industry, Bank Negara Malaysia has formulated a 10 year strategic plan in its Financial Sector Master Plan to achieve the goal that 20% of banking assets are held in Islamic banking by the year 2010. At the end of 2006, Islamic banking only held 12.2% of banking assets, which promises a greater potential to be exploited.

### 1.1 Problem statement

Islamic banking faces a number of forces of change that can potentially affect the overall Islamic banking system:

1.1.1 Intense competition arising from financial globalization and liberalization due to the emergence of other conventional players in the Islamic banking market globally and locally, especially in the structuring of investment deals and financing based on *Shariah* principles.

1.1.2 Increase in technological advancement in structuring the micro aspects of businesses, and development of the financial market, which contributes towards stiff competition; in addition, an increase in the skills and expertise of the employees.

1.1.3 A new generation of customers, who are knowledgeable and well-educated, demanding superior and innovative products and services.

One of the main objectives of the Financial Sector Master Plan is to develop an efficient, resilient and dynamic Islamic financial system that can contribute towards the overall safety and soundness of the Malaysian financial system. The effectiveness of Malaysia as an Islamic financial hub can only be achieved through good governance, efficiency in operation, and a well-formulated *Shariah* framework coupled with effective regulation and supervision.

According to Hassan and Ahmed (2002), based on the market share of 8.2% of banking assets in 2001, Islamic banking needs to concentrate more on the financing sector, and emphasize the diversity of concepts used in Islamic banking products and services. This is based on the fact that financing aspects in Islamic banking are more focused on particular sectors: almost 38% of the assets are in the real-estate sector and only 11% have been directed to the manufacturing sector. Moreover, most of the concepts used in formulating Islamic banking products and services are dependent on the concept of *al-Bai Bithaman Ajil*; this applies to nearly 52% of the Islamic banking products and services, while *al-Ijarah Thumma al-Bai*, or leasing concepts, applies to almost 22%. Other concepts, such as *Ijarah*, *Musyarakah* and *Istisna*, have had less applicability. Thus, Hassan and Ahmed suggests that this circumstance provides two contrasting implications. It shows that products and services under Islamic banking are not sufficient to meet the demand by many sectors; on the other hand, it opens up enormous potential to exploit the intact market.

Therefore, it is apparent that the achievement in Islamic banking is largely dependent on the level of expertise in the field and efficiency in its management. The bright potential of Islamic banking, as well as the importance of the bankers' expertise in this area, provides the key motivation for of this study.

This is an exploratory study to examine the perceptions of Islamic bankers respecting Islamic banking products and services. The study is important because Islamic bankers deliver the products and services directly to customers at the branch level. In addition, using in-depth understanding, it is easier for them to market the products and services by giving detailed explanations of the areas concerned. Moreover, customers nowadays are better educated and more knowledgeable of the wider financial world, and thus demand more innovative products and services.

### 1.2 Objectives of the study

1.2.1 To examine the perceptions of bankers in Islamic banks and conventional banks towards Islamic banking products and services.

1.2.2 To evaluate the perceptions of bankers in Islamic banks and conventional banks towards the training and experience gained in Islamic banking.

1.2.3 To investigate the perceptions of bankers in Islamic banks and conventional banks towards the future potential of Islamic banking in Malaysia.

## 2. Literature review

Intense competition arising from globalization and liberalization in the banking industry, whether in conventional banking or Islamic banking, demands that institutions place greater emphasis on their customers. According to Zeithaml and Bitner (2000), organizations nowadays have to effectively compete and maintain their competitive edge by accentuating service quality and, consequentially, increased customer satisfaction. It also has been stated by Peters (1999) that:

*“Quality can be a “magic bullet” which provides lower cost, higher customer service, better products and services, and higher margins. Without managing quality, asserting and adding value become an impossible proposition.”*

Zeithaml (2000) stress that the inside customer and outside customer have a similar view regarding the service dimension and the way a customer accesses the services. The outside customer is an individual or business entity that purchases or uses the service from suppliers, while the inside customer refers to the organization’s staff. Hence, service quality is an important factor in creating a competitive advantage; a bank must acknowledge its customers’ perception and then provide the desired service to meet the customers’ needs.

This statement is further supported by Donnelly et al. (1985), who urge that:

*“... employees who make the discretionary effort – who are friendly and responsive, who ask the extra question or suggest the extra services, who take time to listen - provide the competitive edge!”*

Nevertheless, employees can better deliver excellent services to customers when the organization provides them with the necessary resources, including logistic, administrative, equipment, and management support (Schneider and Bowen, 1985). Zeithaml (2000) also confirm this by stating that *“satisfied employees make for satisfied customers (and a satisfied customer can, in turn, reinforce employees’ sense of satisfaction in their jobs).”*

Research conducted by Bowen and Scheider (1988) discovered that employees working on the front-line play prominent roles in representing an organization to the outside world, and influence the awareness and behavior, as well as the assessment made by customers. The importance of the front-line employees in delivering a quality service is further confirmed by Congram and Friedman (1991). They listed ten principal criteria to determine success in an organization. Of importance is whether the employees are empowered to assist or deliver the service to the customers in any way they deem fit, in addition to employees who are able to meet the customer’s expectation. Zeithaml (2000) further reaffirms this point: *“...the employee’s relative strength of identification with an organization’s goals, objectives and values could impact on service delivery. Identification with the organization’s goals, objectives and values is referred to as organizational commitment.”*

Furthermore, according to Buchanan (1974), Cook and Wall (1980), and Katz (1996), loyalty towards the organization is one of the components which creates, or is associated with, commitment to the organization. As highlighted by Dessler (1988) and Davis (1989), organizational factors can actually create employee loyalty towards the organization, and this is attributed to several elements, namely employees’ roles in decision making, fair and adequate compensation, open communication, an ideal and comfortable workplace, and training and work development.

In respect to the above, Katz (1996) urges that compensation in the form of financial reward and training helps create employee loyalty towards organizations. Ismail and Makhbul (2000), on the other hand, have discovered that training and work development have a significant and positive relationship vis-à-vis employee loyalty in comparison with other factors. According to Zeithaml (2000), the power given to the employees should not only be limited to the power to react; employees must also be equipped with suitable and adequate knowledge to execute accurate decisions.

From the Islamic banking viewpoint, Haron (1996) emphasizes the contradictory objectives in conventional banks versus Islamic banks. The objectives of Islamic banks are based on two fundamental objectives: the religion factor and the profitability factor. If the religion factor alone is accentuated, the banks will be driven into insolvency and bankruptcy, thus damaging the situation of the depositors and Muslim society as a whole. Conversely, if the profitability factor is given more priority, it will certainly divert from the true Islamic line that is based on the concepts of justice.

Haron (1996) also further reaffirms that, in line with the objective of establishment, all business activities associated with financial transactions and Islamic banking must be conducted in accordance to Islamic principles and Islamic legal practices. As such, Islamic banks are prohibited from engaging in any business that is based on *riba*. Hamid and Nordin (2001) conducted research to determine the importance of education in Islamic banking, and a viable strategy by which Islamic banks could face the new millennium. They discovered that customers possess very limited knowledge of Islamic banking, in that 60% of the respondents could not differentiate between Islamic banking products and conventional banking products.

Interestingly, a study completed by Hassan and Ahmed (2002) on the customers and employees of the Islamic bank in Dhaka, Bangladesh, found that the respondents were not interested in conducting banking transactions in Islamic banks because they believed that only the name of the bank had been changed to reflect that it was an Islamic-based bank; they believed that interest, which is prohibited in Islam, was still practiced. Overall, the researchers determined that the customers' and employees' understanding of the concepts and practices of Islamic banking is still vague. The authors recommend that to prevent any misunderstanding, adequate training must be given to the employees, future researchers and also the customers. This issue came up again in research completed by Makiyan (2002), who revealed that the infrastructure problem experienced by banks' employees in Iran was due to inadequate knowledge and training. Additionally, Haron and Ahmad (2002) have highlighted that nearly 65% of corporate banking customers clarified that they had very limited knowledge of Islamic banking. The authors further stressed that the banks do not put much effort into marketing their products or educating their customers.

Thus, based on the aforementioned issues and the importance of Islamic banking in Malaysia, the current research has been conducted to assess the perceptions of the Islamic service provider.

### 3. Research method

The research population consists of all officers in two Islamic banks as well as officers in conventional banks offering Islamic banking products and services (Islamic window). The banks include Bank Islam (M) Berhad, Bank Muamalat, and all conventional banks offering Islamic banking products and services. A simple random sampling method was employed in which 200 questionnaires were distributed to officers at Bank Islam (M) Berhad, Bank Muamalat and all conventional banks offering Islamic banking products and services in the northern area of Malaysia: Kedah, Pulau Pinang and Perlis. Of the 200 questionnaires, 97 were returned, which yielded a response rate of 48.5%. The data was analyzed using Statistical Packages for Social Science (SPSS) 12.0. The statistical techniques employed in this study were T-test and cross tabulation, while the confidence level was 0.05.

### 4. Findings

The respondents' demographic profile is presented in Table 1.

A total of 97 bankers were involved in this study. 67% of them were male while the rest were female officers. The majority of the respondents were Malay (89.7%), while 9.3% were Chinese and the remaining 1.0% was Indian. In addition, of the 97 bankers surveyed, 19.6% were below 30 years old, nearly 50% were in the range of 30-39 years of age, and the rest were between 40 and 49 years old (28.9%) and above 50 years old (2.1%).

Bankers in the operations department accounted for 49.5%, while bankers in lending departments comprised 41.2%. Also, the majority of the bankers held at least a diploma level education, while the bankers who held undergraduate and postgraduate degrees accounted for 21.6% and 3.1% respectively. In addition, most of the respondents in this study were from the conventional bank, and encompassed 60.8% of the total number of the respondents, while 39.2% of the respondents worked with the Islamic banks.

An analysis of the perceptions of bankers of Islamic products and services is depicted in Table 2. The first item concerns with the knowledge of the bankers regarding the understanding of *riba*, which is clearly prohibited in Islam. 79.4% of respondents strongly agree that the Islamic banking system was introduced because Muslims are prohibited from dealing in any transactions based on *riba*, which is practiced in the conventional banking system. The mean score for this item is 4.62, which shows that the average respondent gave a positive response to this statement. The second item tests the principles of profit maximization in Islamic banking. The majority of respondents (61.9%) indicated that they agree with this statement, while only 28.8% do not agree. Only 9.3% responded that they were unsure of the principles in Islamic banking. The mean score for this item is 3.59, which indicates that most of the respondents agree with this statement; this shows that most of those who responded to this statement do not realize the objective of the establishment of Islamic banks, which are based on two main factors, namely religion and profitability.

For the third, fourth and fifth items, the respondents gave their opinions of the Islamic products and services offered by their respective banks. Based on the Likert scale of 1-5, the third item exhibited the highest mean of 3.08,

followed by the fourth item with a mean of 2.70, and a mean of 2.49 and 2.31 for the fifth and sixth items, respectively. It can be concluded that most of the respondents have positive perceptions of Islamic products and services.

An analysis of the perceptions of the bankers concerning training and experience is detailed in Table 3. For the first item, it was found that only 3.1% of the respondents strongly agree with the statement that they possessed an extensive academic background in a related field prior to working with the banks. 14.4% agree with this statement, another 21.6% are undecided, 47.4% disagree while 13.4% of the respondents strongly disagree with the statement. Interestingly, the mean score for this item was just 2.46, which shows that the respondents on the whole evidently do not have an extensive academic background in Islamic banking. The second item examined whether the respondents possessed vast experience in the field of Islamic banking prior to working at their present banks. Only 19.6% of the respondents agree that they have extensive experience in the related field, while almost 61.9% declared that they do not have any relevant experience in the field. Consequently, the mean score obtained for this item is merely 2.44, which indicates that the majority of the respondents did not have extensive working experience before assuming their current post.

Interestingly, however, most of the respondents (76.3%) claim that they have broad knowledge of the products and services they handle, as seen from the subsequent score of a mean of 3.82. Meanwhile, 82.5% of the respondents also declare that they have the ability to solve customers' problems. 9.3% remained undecided, and the rest did not agree with the statement.

The third, sixth and seventh items measured the bankers' perceptions towards the training provided by their management in the area of Islamic banking. With a mean of 3.70, the response to the third item showed that 20.6% of respondents strongly agree, 50.5% agree, 9.3% undecided, 17.5% somewhat disagree, while 2.1% strongly disagree with the statement that there is efficient training and exposure to products and services. Meanwhile, for the sixth item, which considered the adequacy of training programs, 18.6% of respondents strongly agree, 52.6% somewhat agree, 10.3% are undecided, 17.5% somewhat disagree and only 1.0% strongly disagree with the statement, yielding a mean score of 3.7. This demonstrates that most of the respondents perceive that they have received an adequate and sufficient amount of training in the field of Islamic banking. Besides this, with a mean score of 4.02, they also clearly professed that their bank management encourages them to attend short-courses, seminars and conferences in the field of Islamic banking.

Table 4 presents an analysis of the bankers' perceptions concerning the potential for Islamic banking in Malaysia. The potential usage of Islamic banking products and services by non-Muslim customers, 18.6% of respondents said the products and services are less likely to be used by non-Muslims while 66.0% positively believe that the products and services have a huge potential with non-Muslim customers.

The second item tests the potential usage of Islamic banking products and services by Muslim customers. As expected, almost all respondents (93.8%) agree that the products and services have substantial potential. The last item in this section measures the utilization of Islamic banking products and services within the corporate sector in Malaysia. The survey indicates that only 16.4% believe that the products and services have no potential, while 72.2% of the respondents claimed that the Islamic products and services have outstanding potential with corporate customers.

Table 5 presents an analysis of the perceptions of bankers concerning the Islamic banking products and services and types of banks to see if there are any differences between the banks. From the T-test, it was discovered that the p-value is 0.000, which is smaller than the confidence level of 0.05. This finding noticeably indicates that significant differences exist in the perceptions of bankers in Islamic banks and bankers in the conventional banks.

The abovementioned findings are supported by the cross-tabulation analysis between the bankers' perceptions of the Islamic products and services with the banks they work with, as depicted in Table 6. It was discovered that only 2.6% of bankers in Islamic banks strongly disagree and disagree, while 28.8% of their counterparts said they disagree. It is shown here that bankers in Islamic banks asserted more positive perceptions towards this issue.

The above table shows the outcome of a t-test in determining whether there exist any differences in perceptions among the bankers on the training and experience gained with the banks to which they are attached. The p-value obtained from this test (0.938), which is higher than the confidence level of 0.05, revealed that there is no significant difference in the perceptions of bankers from the Islamic banks and bankers from the conventional banks.

The p-value from the analysis in Table 8 yielded 0.009. This value is lower than the confidence level of 0.05, which clearly indicates that there are significant differences in the perceptions of bankers towards the potential of Islamic banking in Malaysia with the types of banks.

According to the cross tabulation analysis depicted in Table 9, merely 1.0% of the bankers in Islamic banks claimed that Islamic banking has modest potential in Malaysia, while 3.1% of their counterparts in conventional banks made this assertion. 35.1% of the respondents from the Islamic banks and 41.2% of bankers from the conventional banks believe that Islamic banking has a bright future in Malaysia. However, if this outcome is explored using a percentage to judge between the differences in perception of bankers who work with Islamic banks and those working for conventional banks, it can deduce a percentage of 89.5 to 67.8 respectively. Thus, bankers in Islamic banks undoubtedly have more positive perceptions in comparison with their counterparts.

## 5. Discussions

### 5.1 Perceptions of Islamic banking products and services

Bankers in Islamic banks are more positive in relation to Islamic banking products and services than their counterparts. Based on this outcome, it is clear that the bankers in Islamic banks are more exposed to the Islamic banking products and services, since they are involved in day-to day operations and transactions. In contrast, bankers in the Islamic window face difficulties in understanding Islamic banking concepts and principles, as they work with conventional banks.

Moreover, the knowledge of employees of the fundamental aspects of Islamic banking – with particular reference to the objectives of the establishment of Islamic banks – is very limited. Most of the respondents are not aware of the objectives, which place religion as the main feature, unlike the conventional banks which place greater emphasis on the profitability factor.

### 5.2 Perceptions on the training and experience gained in Islamic banking

There exists little difference in bankers' perceptions of the training and experience in Islamic banking with the types of banks to which they are attached. From the analysis, it is clear that a significant number of the respondents did not possess extensive working experience or a related academic background prior to working with their respective banks. Nevertheless, most of them agree that they have sufficient knowledge of the products and services with which they are dealing.

### 5.3 Perceptions of the potential of Islamic banking

From the analysis, it has been revealed that the perceptions of bankers towards Islamic banking are dependent on the banks with which they work. The two-way analysis suggests that employees in Islamic banks are more positive than their counterparts in conventional banks. This might be due to their wider involvement in the arena of Islamic banking.

## 6. Conclusion

This research was conducted to gauge the perceptions of employees in both Islamic banks and conventional banks of Islamic products and services, the training and experience gained in Islamic banking, and the future potential of Islamic banking in Malaysia.

The findings yielded that most of the respondents have positive perceptions of the Islamic products and services. However, employees in Islamic banks are more optimistic than their counterparts. Based on the undesirable outcome in terms of the level of knowledge of employees in the Islamic banking field, it is recommended that the banks' management take greater initiative in providing their employees with sufficient knowledge of and exposure to rules of the *Shariah* and the principles governing Islamic banking in particular. This is to ensure that the employees are well equipped with knowledge to handle their customers and to perform their duties. Hence, moving forward, bank management must be considerably proactive in organizing seminars and workshops to expose their employees to innovations in Islamic banking products and services, and to equip them well so that they can face the challenges and meet the objectives of the Malaysian government in positioning Malaysia as an Islamic financial hub in the region.

This research should be expanded further to gauge the perceptions of employees in Islamic banks as well as in conventional banks throughout Malaysia. It is suggested that foreign banks involved in offering Islamic banking products and services be included in the sample. It is hoped that the research will further assess the perceptions of employees in depth.

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## Notes

Note 1. Iqbal and Molyneux (2005) state that while the estimates about the exact magnitude of the Islamic banking market vary, it can be safely assumed that it presently exceeds \$150 billion and is poised for further market growth.

Note 2. Statement by the Deputy Prime Minister of Malaysia, Datuk Seri Najib Razak, when officiating at the opening of the Islamic Financial Forum in Kuala Lumpur in 2005.

Note 3. It also has been stated by Iqbal and Molyneux (2005) that the period between 1975 and 1990 was the most important period in the history of the development of the Islamic financial industry. By 2004, there were about 70 Islamic banks working in different socio-economic environments. Iran and Sudan are two countries that have fully transformed their financial systems to that of an Islamic system. In addition to this encouraging scenario, there are more than 40 conventional banks participating through Islamic banking windows.

Note 4. Islamic windows are special facilities offered by conventional banks to provide services to Muslims who wish to engage in Islamic banking.

Note 5. Much of the literature on Islamic banks identifies Mit Ghamr as the first Islamic bank in Egypt and in the world.

Note 6. Kahf (2005) rebuts the claim that either the Mit Ghamr Local Savings Bank or the Nasser Social Bank was the pioneer of the Islamic banking system. As he says, "While these writings prepared the Muslim public to see the merits of Islamic banks and later to celebrate their founders as religious heroes, the actual establishment of the Islamic bank unexpectedly came in two areas of the Muslim world far away from each other. Islamic Banks were concurrently established in the countryside of Lower Egypt and in metropolitan Kuala Lumpur in Malaysia".

Table 1. Demographic profile of respondents

<b>Variable</b>		<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>	Male	65	67.0
	Female	32	33.0
<b>Race</b>	Malay	87	89.7
	Chinese	9	9.3
	Indian	1	1.0
<b>Age</b>	Below 30 years	97	19.6
	30-39 years	80	49.5
	40-49 years	44	28.9
	>50 years	15	2.1
<b>Number of officers per department</b>	Operations Officers	48	49.5
	Lending Officers	40	41.2
	N/A	9	9.3
<b>Highest education attained</b>	Diploma and below	70	72.2
	Bachelor's Degree	21	21.6
	Master's Degree	3	3.1
	N/A	3	3.1
<b>Respondents per Bank</b>	Bank Islam	25	25.8
	Bank Muamalat	13	13.4
	Conventional banks with Islamic Window	59	60.8



Table 2. Analysis of perceptions of the bankers pertaining to the Islamic product and services

Item	Mean	STD	SD	UD	SA	STA
Item 1 The Islamic banking system was introduced because Muslims are prohibited to take <i>riba</i>	4.62	2 2.1%	5 5.2%	1 1.0%	12 12.4%	77 79.4%
Item 2 The Islamic banking system must adhere to the profit maximization principle	3.59	4 4.1%	24 24.7%	9 9.3%	31 32.0%	29 29.9%
Item 3 Products and services in Islamic banks are similar to the products and services of conventional banks with the exception that the banks use different names to differentiate the products and services	3.08	13 13.4%	29 29.9%	8 8.2%	31 32.0%	16 16.5%
Item 4 Products and services in Islamic banks are more expensive than in conventional banking	2.70	13 13.4%	41 42.3%	15 15.5%	18 18.6%	10 10.3%
Item 5 Non-Muslim customers are not interested in utilizing the Islamic products and services	2.49	9 9.35%	53 54.6%	14 14.4%	20 20.6%	1 1.0%
Item 6 Customers choose Islamic banking products and services because they are more interested in the Arabic concepts applied to these products and services	2.31	23 23.7%	42 43.3%	15 15.5%	13 13.4%	4 4.1%
Item 7 Your bank management shows commitment in marketing and promoting Islamic banking products and services	4.16	2 2.1%	6 6.2%	6 6.2%	43 44.3%	40 41.2%
Item 8 The Malaysian government shows commitment to further developing Islamic banking in Malaysia	3.80	3 3.1%	7 7.2%	20 20.6%	43 44.3%	24 24.7%
Item 9 Islamic banks and conventional banks market their Islamic banking products and services in an effective manner	3.78	4 4.1%	23 23.7%	0 0%	60 61.9%	10 10.3%
Item 10 You are convinced that Islamic banking asset will achieve a set target of 20% by the year 2010	3.80	4 4.1%	28 28.9%	0 0%	48 49.5%	17 17.5%

Legend: STD = strongly disagree      SD = somewhat disagree      UD = undecided  
SA = somewhat agree      STA = strongly agree

Table 3. Analysis of perceptions of the bankers pertaining to the training and experience gained in Islamic banking

Item	Mean	STD	SD	UD	SA	STA
Item 1 Extensive academic background prior to working with the bank	2.46	13 13.4%	46 47.4%	21 21.6%	14 14.4%	3 3.1%
Item 2 Extensive work experience prior to working with the present bank	2.44	15 15.5%	45 46.4%	18 18.6%	17 17.5%	2 2.1%
Item 3 Clear and efficient training and exposure on the products and services before they are launched	3.70	2 2.1%	17 17.5%	9 9.35%	49 50.5%	20 20.6%
Item 4 Extensive knowledge on the products and services under my supervision	3.82	1 1.0%	11 11.3%	11 11.3%	55 56.7%	19 19.6%
Item 5 Capable to solve customers' problems	3.94	8 8.2%	9 9.35%	0 0%	61 62.9%	19 19.6%
Item 6 Adequate training and exposure before assuming the current post	3.70	1 1.0%	17 17.5%	10 10.3%	51 52.6%	18 18.6%
Item 7 Bankers are encouraged to attend short-courses, seminars and conferences in related field	4.02	11 11.3%	4 4.1%	0 0%	54 55.7%	28 28.9%

**Legend:****STD = strongly disagree****SD = somewhat disagree****UD = undecided****SA = somewhat agree****STA = strongly agree**

Table 4. Analysis of perceptions of the bankers pertaining to the potential for Islamic banking in Malaysia

Item	No Potential	Less Potential	No Idea	Potential	Huge Potential
Item 1 Potential usage of Islamic banking products and services by non-Muslims	0 0.0%	18 18.6%	4 4.1%	64 66.0%	11 11.3%
Item 2 Potential usage of Islamic banking products and services by Muslims	2 2.1%	2 2.1%	2 2.1%	37 38.1%	54 55.7%
Item 3 Potential usage of Islamic banking products and services by the corporate sector	8 8.2%	8 8.2%	11 11.3%	52 53.6%	18 18.6%

Table 5. T-Test value on the bankers' perceptions pertaining to Islamic banking products and services, and types of banks

Types of Banks	N	Mean	SD	T	Sig (2-tailed)
Bank I&M	38	15.03	2.97	4.166	0.000
Other Banks	59	12.37	3.12		

Table 6. Cross tabulation of bankers' perceptions of Islamic banking products and services and types of banks

Perception	Bank I&M	Other Banks	Total
Strongly Disagree	1 2.6%	1 1.7%	2 2.1%
Disagree	1 2.6%	17 28.8%	18 18.6%
Undecided	10 26.3%	24 40.7%	34 35.1%
Agree	21 55.3%	17 28.8%	38 39.2%
Strongly Agree	5 13.2%	0 0.0%	5 5.2%
Total	38 39.2%	59 60.8%	97 100.0%

Table 7. T-Test value on bankers' perceptions of training and experience gained and types of banks

Types of banks	N	Mean	SD	T	Sig (2-tailed)
Bank I&M	38	11.45	2.54	0.078	0.938
Other Banks	59	11.41	2.49		

Table 8. T-Test value on bankers' perceptions on Islamic banking potential and types of banks

Types of Banks	N	Mean	SD	T	Sig (2-tailed)
Bank I&M	38	12.47	1.91	2.676	0.009
Other Banks	59	11.36	2.07		

Table 9. Cross tabulation of the bankers' perceptions on the potential of Islamic banking and types of banks

<b>Perception</b>	<b>Bank I&amp;M</b>	<b>Other Banks</b>	<b>Total</b>
No Potential	0 0.0%	0 0.0%	0 0.0%
Less Potential	1 1.0%	3 3.1%	4 4.1%
No Idea	3 3.1%	16 16.5%	19 19.6%
Potential	22 22.7%	32 33.0%	54 55.7%
Huge Potential	12 12.4%	8 8.2%	20 20.6%
<b>Total</b>	38 39.2%	59 60.8%	97 100.0%