

Consumers' Perception of Islamic Credit Cards: An Exploratory Study

Johan, Z. J.^{1,2*}, Hussain, M. Z.³, Putit, L.¹, Dali, N. R. S. M.² and Hafit, N. I. A.¹

¹Faculty of Business and Management, Universiti Teknologi MARA (UiTM) Puncak Alam Campus, 42300 Bandar Puncak Alam, Selangor, Malaysia

²Universiti Sains Islam Malaysia (USIM), Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan, Malaysia

³Islamic Financial Planner Certificant, 40150 Shah Alam, Selangor, Malaysia

ABSTRACT

The growth and development of Islamic finance in Malaysia vis-à-vis the conventional finance has been supported by the comprehensive regulatory framework and a conducive environment. Despite the favourable operating environment, and commendable performance of certain Islamic financial products and services, a majority of financial services consumers is still pursuing conventional banking products. Their lack of acceptance of *Shariah* compliant banking products is attributable to many factors; including lack of knowledge and awareness of *Shariah* compliant issues, which has given rise to scepticism and continued misperception of the products as well as bankers' approaches to product and market development of Islamic financial products and services. This exploratory study is aimed at identifying consumer acceptance of Islamic Credit Cards (ICCs) and the determinants of their acceptance. The variables tested were attitude, knowledge, perceived benefits, brand reputation and *Shariah* compliance. Since Islamic banking products are meant for all, it is timely to highlight the focal point of *Shariah* compliance as the main attribute. This study also provides further insights into understanding consumers' acceptance of ICCs.

Keywords: attitude, acceptance, Islamic financial products, knowledge, *Shariah* compliance

ARTICLE INFO

Article history:

Received: 1 March 2017

Accepted: 23 November 2017

E-mail addresses:

jmyjohan@gmail.com (Johan, Z. J.)

mohdzainee3@gmail.com (Hussain, M. Z.)

lputit@gmail.com (Putit, L.)

mohdddalins@yahoo.com (Dali, N. R. S. M.)

norintanadha@gmail.com (Hafit, N. I. A.)

* Corresponding author

INTRODUCTION

Malaysia is among the fastest growing and most competitive in developing and producing Islamic financial products and services catering to market demand. As a result, it has triggered the need for financial institutions to be robust and dynamic in developing and diversifying Islamic

products as well as strengthening their skills in promoting and marketing the products. The Islamic Financial Services Act (IFSA) was established in 2013 to provide an effective legal framework and foundation in the development of Islamic finance sector. The act is an improvement to the Islamic Banking Act 1983 and Takaful Act 1984. It has a comprehensive regulatory framework covering the specifications and requirements of a variety of Islamic financial contracts. Moreover, IFSA contains a provision on the application of *Shariah* contracts to the Islamic financial products and services offered in the market.

However, even with the government's strong support for *Shariah* compliant products, particularly among Muslims who form the majority of Malaysia's population, consumers are still pursuing conventional products. Despite the strong support from Malaysia's central bank, Bank Negara Malaysia (BNM), Islamic Financial Services Board (IFSB) and Malaysia International Islamic Finance Centre (MIFC) in spearheading the development of Islamic banking and finance offerings, the *Shariah* compliant banking products have been labelled as merely copying conventional products by replacing key terminologies with Islamic ones. Although Islamic banking industry has improved tremendously in terms of its services and regulation (e.g. the establishment of Islamic Financial Services Act of 2013), consumers are still sceptical about the products, and hence their lack of interest in them.

One of it is the Islamic credit cards

(ICCs) which account for less than 10% of the total credit cards in circulation in Malaysia. They had total transactions amounting to RM2744.2 million compared with 9.2 million for conventional credit cards (CCCs) in circulation with total transactions of RM33,815.5 million as of February 2017 (Bank Negara Malaysia [BNM], 2017). A senior officer at an Islamic bank in Malaysia claimed that 70% of its customers are non-Muslims and he admitted to having a tough time selling the product to Muslim customers as they have doubts and uncertainties towards its legitimacy (Ahmed, 2011).

Al-Tasliif Islamic credit card was first introduced by AmBank Islamic in 2001, followed by Bank Islam Card of Bank Islam Malaysia Berhad in 2002. There are several other credit cards in the market e.g. Al-Aiman by Bank Simpanan Nasional and Ikhwan by Maybank. These ICCs are *Shariah* compliant and have been offered by the respective banks for a number of years. Being relatively new in the market, they face stiff competition from the established and widely known conventional credit cards (CCCs). This is particularly true in marketing, promotion, branding, product innovation, and communication of compelling features and benefits. Similarly, some consumers raise concerns on the authenticity of ICCs, especially on *Shariah* compliance (Al-Salem, 2009). Their presumption is that ICCs are just replicating CCCs with a cosmetic touch up of profit rate substituting for the interest rate, which has tarnished the reputation of ICCs (Anwar,

2003). Likewise, the negative perception of Islamic banking institutions in Malaysia, not being well equipped in marketing, promoting, and providing awareness to the public, is putting immense pressure on the ICCs to stay competitive.

Hence, this study is timely in exploring the perception of consumers towards the acceptance of ICCs, and to identify the determinants influencing their acceptance.

The paper is organised into five parts: introduction, literature review of each construct, methods, results, and discussion and conclusion.

LITERATURE REVIEW

Theory of Planned Behaviour

Theory of Planned Behaviour (TPB) is an extension of Theory of Reasoned Action (TRA), and has been robustly tested and found to be valuable in predicting a wide range of behaviour. It postulates three conceptually independent determinants of behavioural intention - attitude, subjective norm and perceived behavioural control. Many studies have applied TPB in behavioural adoption of many disciplines e.g. health sciences, marketing, *halal* food and services, Islamic banking and finance, Information technology, and online banking adoption.

The main features of Theory Planned Behaviour (TPB) are its salient beliefs. Behavioural beliefs influence attitude, normative beliefs are factors for subjective norms and control beliefs are insights for behavioural control. These are deemed to be the dominant aspects of a person's intentions

and actions (Fishbein & Ajzen, 1975). The TPB highlights these beliefs that act as a guide for the action to perform or not to perform a particular behaviour. First, "people hold beliefs about the positive or negative consequences they might experience if they perform the behaviour" (Fishbein & Ajzen, 2010, p. 20). The assumption that underlie behavioural beliefs determine people's attitude towards performing the behaviour. Second, people form beliefs that those who are significant to them, both individuals and groups would approve or disapprove their action of a particular behaviour or beliefs. Third, people develop beliefs from personal and environmental factors which help or hinder the attempts to perform the behaviour. Control beliefs are based on high or low self-efficacy or perceived behavioural control relating to the behaviour while efficacy beliefs affect people's feeling, thinking, behaving and motivating themselves (Bandura, 1997). Behavioural belief that will be discussed in-depth in this study is attitude.

Attitude

Attitude is affective in kind and is determined by a person's belief on the object, whether a person has positive or negative belief towards the object (behavioural beliefs) and evaluation of the behaviour (positive or negative outcome or acceptance). The fundamental idea is to predict certain behaviour and it is also important to measure the person's attitude toward performing that behaviour. According to Ajzen and Fishbein (2005, p. 56), attitude is "a person's

judgement that performing the behaviour is good or bad, which he is in favour of or against performing the behaviour". Attitude towards Islamic banking is relevant and which could predict consumer behaviour (Butt & Aftab, 2013). The pertinence of attitude is affirmed by Souiden and Rani (2015) where attitude toward Islamic bank is positively and significantly related to purchase intention. Therefore, a bank's commitment to conform to the *Shariah* law is believed to be an element that can influence consumers' attitudes in accepting its products and services.

Knowledge

When the public has relevant information or knowledge pertaining to specific features i.e. *Shariah* compliance, they will have the ability to control their intention to conform to the requirement of not associating themselves with *riba*, *maysir* and *gharar*. Even though the convenience factor of conventional banking prevails, customers will have the chance to perform a check and balance in terms of benefits for the present time and also hereafter. With the purpose of assisting societal economic well-being, the *maqasid al-shariah* has the built-in obligation for Muslims in helping society and country as a whole.

Knowledge related to Islamic banking products and services has been discussed extensively in previous studies. "Knowledge tests are designed to assess the information people have about a certain topic. When respondents agree or disagree with knowledge items, they essentially express

their beliefs with respect to the topic in question" (Fishbein & Ajzen, 2010, p. 244). Erol and El-Bdour (1989) reported that employees at Islamic banks were relatively less efficient and lacked experience in Islamic banking products. A 2014 study of *Shariah* compliance revealed poor knowledge of *Shariah* among the Islamic banking officers in Bangladesh (Ullah, 2014). This deficiency was affirmed by Awan and Bukhari (2011) who revealed bankers' inadequate knowledge in providing and convincing customers on *Shariah* compliant features of Islamic banking. Marimuthu, Jing, Gie, Mun and Ping (2010), and Ismail et al. (2013) recommended that Islamic banks should hire experienced and professional bankers who can contribute to product knowledge and expertise and this could be an essential tool in educating customers to convince them to accept Islamic banking products and services.

Source of knowledge. All financial institutions should have adequate knowledge of products and services offered in order to effectively respond to customer inquiries. Customer awareness of Islamic banking products and services is also important. A study on patronage factors of Malaysians toward ICC defined knowledge of ICC (independent variable) as *Shariah* principles, interest-free Islamic finance product and general knowledge of ICC. It also disclosed knowledge as one of five significant variables at a 1% significance level (Amin, 2012). In fact, knowledge influences acceptance of a particular product or service; the greater the

customer's knowledge of *Shariah* compliant financing facility, the higher the chance the customer will accept the product.

Perceived Benefits

When it comes to benefits, customers expect the ICCs to offer additional advantages compared with CCCs. Chandon, Wanshink and Laurent (2000), and Tingchi Liu, Brock, Cheng Shi, Chu and Tseng (2013) stated that perceived benefits represent beliefs regarding positive outcomes associated with behaviour upon responding to a real or perceived threat. In order to understand consumption behaviour, the construct of perceived benefit of buying, more often than not, is applied to normal shopping behaviours, with specific focus on an individual's perception of such benefits, to which they will produce satisfaction by engaging in a specific shopping action (Tingchi Liu et al., 2013). Li, Cheng and Rusell (1999) proposed three major benefits of online shopping: price; convenience, and recreational. Nevertheless, such perspectives on benefits may also be applicable in other disciplines, such as in the financial products. From a credit card standpoint, customers will look for benefits of paying lower interest, as well convenient and efficient services provided by credit card service providers. As ICCs have profit charges which are calculated up front and fixed throughout the financing period, customers are definitely paying less on monthly charges (Amin, 2013). On the other hand, a study on credit card preferences revealed that ICC is favourable

due to its cost and benefits, while CCC is preferred for its convenience and reward point programme (Mohd Dali, Yousafzai, & Abdul Hamid, 2015). Nevertheless, credit cards have the competitive advantages, in which the customers can experience the benefits only when they utilise the card.

Brand Reputation

Brand reputation plays a vital role in consumers' acceptance of ICCs. Currently, customers prefer established international credit cards e.g. Citibank and HSBC that can be used both internationally and locally. Veloutsou and Moutinho (2009) opined that consumers may form relationships with brands on the basis of several characteristics of these brands and their perceptions and behaviour towards them. One of them is brand reputation which is defined as a comprehensive judgement as to how an organisation is viewed and held in high esteem or regard (Weiss, Anderson, & MacInnis, 1999). Additionally, brand reputation is considered very important in the service sector mostly because a strong brand reputation increases customer trust, provides better understanding of intangible products, and reduces customer's buying risks (Abdullah, Putit, & Teo, 2014; Peng & Wang, 2006). Zhang and Feng (2009) on the other hand, argued that brand building does not only serve as a vital driving force for the marketing of physical products but it is also an important element for service firms such as banking and financial institutions. Likewise, brand reputation is likely to be formed by customers via informal methods

such as word of mouth, a company's public reputation, and verbal communication. Therefore, a positive brand reputation is posited to meet customer's expectation in terms of offering more benefits, which may then lead to subsequent trust, satisfaction and brand loyalty.

Shariah Compliance

Islamic principles and criteria of *Shariah* must be observed and complied with by financial institutions in all their Islamic financial products and instruments. *Shariah* compliance is a set of principles of rights and obligations for Islamic banks to adhere to in order to gain credibility and integrity as ethical based institutions (Hidayah, 2014). Islamic banking and finance has enriched its products and services by strengthening its Islamic identity not only through terminology (Khan, 2010) but also by complying with *Shariah* principles which is essential in the development of Islamic financial services. The unique features of *Shariah* is the key to the effective functioning of Islamic banks in competing with the conventional banks in terms of profitability, liquidation, capitalisation, and less credit risk (Khediri, Charfeddine, & Youssef, 2015).

In Islamic finance, there are certain activities which are classified as non-permissible and sinful (*haram*). These activities include alcohol related products, pork products, gambling, tobacco, arms and munitions, and adult entertainment (Ibrahim, Ong, & Akinsomi, 2012). As one of the pioneers in Islamic finance, Malaysia

has been proactively developing a complete Islamic finance ecosystem focusing on *Shariah* compliance in legal prudential, operational and governance matters (MIFC, 2014).

Shariah compliance of ICC. There are a few distinguishing features that differentiate ICC from CCC. These features related to *Shariah* compliance. Amin (2013) highlighted the distinguishing features of ICC compared with conventional ones. There are three main criteria: non-compounding, fixed profit margin and compliance with *Shariah*. In addition, Mohd Dali and Yousafzai (2012) found that the prohibition of interest is a major factor why customers choose ICC. Mohd Dali et al. (2015) also found that the ICC users are highly religious individuals. Likewise the Islamic banking service quality (SQ) dimensions of compliance with Islamic law and operating with Islamic banking and economic principles (Othman & Owen, 2001) are important factors for their acceptance.

The current ICCs in Malaysia are deemed to be *Shariah* compliant as they are issued based on the concepts and product structures of *tawarruq* and *ujrah*, which have been approved by the card issuer's bank *Shariah* Board upon meeting the *Shariah* standards and compliance criteria. Only two banks offer *tawarruq* structure of ICCs, Bank Islam and Bank Rakyat. Both are full-fledged Islamic banks in Malaysia. While the dual banking AmBank, CIMB, RHB and Maybank provide *ujrah* structure of ICCs. *Tawarruq* structure of ICC is the

sale of a commodity (e.g. crude palm oil) to a customer on deferred payment. The customer will first sign a *wa'ad* (promise) for the bank to purchase the commodity and subsequently sell it to the customer on *Murababah* contract at sale price (cost plus profit) on differed payment. The bank will then sell the commodity to an appointed broker on a cash basis. On the other hand, *ujrah* (fee on service) structure of ICCs is for financing an amount or the credit limit offered by the bank. The financing amount that has not been settled in full on or before the due date is subjected to management fees.

Upon fulfilment of the *Shariah* structure, the cards are ready to be activated and utilised by customers with the condition that the cards are used to purchase *halal* merchandise and services which are in line with Islam. There are several studies that attempted to use *Shariah* compliance as antecedents to customer satisfaction such as Mohd Dali and Yousafzai (2012) and Mohd Dali, Yousafzai and Abdul Hamid (2014), and preferences of Islamic credit cards compared with conventional credit cards involving *Shariah* characteristics (Mohd Dali et al., 2015).

METHODS

At the beginning of this study process, with little or no previous knowledge of ICCs, explanatory research was conducted to understand the situation and gain ideas and insights into the study problem (Malhotra & Birks, 2007). A few observations were conducted by the researchers to fully

understand the subject of interest. Focus group was the method of study chosen in order to better understand participants' experience and beliefs (Morgan, 2015). The main criteria for method selection was topic of interest and data was later analysed using other methods (Bloor, Frankland, Thomas, & Robson, 2001).

Participants

The participants of the study were bank customers who were located in Klang Valley and were aged between 33 and 55 years. They included current CCC holders and non-credit card holders. They were solicited first via phone calls, followed by formal invitation via email explaining the purpose and objective of the focus group. This study explored the perception of consumer towards the acceptance of ICCs and identified the determinants influencing the acceptance of ICC's consumer.

Instrument

The respondents were given open ended questions by the appointed moderator. The total numbers of individuals involved in the focus group were six and two conventional credit card users and non-credit card users respectively. The focus group interview was held using a semi structured format. It had five parts: demographic profiling, attitude, knowledge, *Shariah* compliance, and determinant factors of ICC acceptance. The discussion with the respondents lasted approximately 120 minutes. The focus group was audio and video recorded and was later transcribed. Since some of the respondents

answered the questions in both English and Malay languages, the recording and the field notes were transcribed using both languages.

The five parts are as follows:

- (1) Demographic profiling
 - Age, gender, religion, ethnic group, position etc.
- (2) Attitude
 - What do you think of Islamic credit card?
- (3) Knowledge
 - Can you tell us what Islamic credit card is?
 - How did you get to know about Islamic credit card?
- (4) *Shariah* compliance
 - What is your understanding of *Shariah* compliance?
 - Do you think Islamic credit card comply with *Shariah*?
- (5) Determinant factors of Islamic credit card acceptance
 - What are the factors influencing the acceptance of Islamic credit card?
 - If you have knowledge about Islamic credit card, would you accept the card?

Data Analysis

The focus group interview was audio and video recorded which later was transcribed applying ATLAS TI 7. The transcription process involved repetitive listening and watching recorded video which are important steps in data analysis. The next step was the coding process which involved

recognising vital themes by capturing qualitative richness of phenomena followed by related encoding before interpretation of data to achieve a holistic understanding of the meaning of each participant's experience (Fereday & Muir-Cochrane, 2006). The thematic analysis is an exploration of patterns identified in the data, leading to the recognition of emerging themes that become the categories of analysis (Fereday & Muir-Cochrane, 2006). The focus group interview discovered several themes i.e. attitude, knowledge, perceived benefits, brand reputation, *Shariah* compliance and acceptance.

Respondents

Table 1 shows the profile of respondents.

RESULTS

Attitude

It is interesting to note that regardless of whether the credit card was conventional or Islamic, respondents chose credit cards that could give them the best deal in terms of benefits. It is perplexing that the majority of the respondents, who are Muslims, still have doubts about ICCs and claim the cards are not much different from conventional cards in terms of the charges. As highlighted at the beginning of the paper, Muslims customers are still uncertain about the validity of Islamic banking products and services (Ahmed, 2011). Below are the responses from Muslim conventional credit cards holders:

“.....normally the conventional

Table 1
Profile of respondents

Respondent	Age	Gender	Religion	Ethnic	Position	Are you a credit card holder?
A	33	M	Buddha	Chinese	Middle management	Yes, Conventional
B	38	F	Islam	Malay	Management and professional	No
C	43	M	Buddha	Chinese	Senior management	Yes, Conventional
D	43	F	Islam	Malay	Management and professional	Yes, Conventional
E	55	M	Buddha	Chinese	Senior management	Yes, Conventional
F	36	F	Islam	Malay	Management and professional	Yes, Conventional
G	35	F	Islam	Malay	Management and professional	No
H	35	M	Islam	Malay	Management and professional	Yes, Conventional

would have efficient, better system, better selling of the credit card as compared to the Islamic banking... ”

(Respondent D)

“I know that this is Islamic credit card; yes, no interest but I still don't want to change my credit card.”

(Respondent F)

“Because some of the conventional cards have lower interests as they use BLR and so on. So, that's why I'd think that sometimes the Islamic is no different in terms of profit as well as certain prohibitions in using it. I'd say that it's OK for me to use and still continue using conventional as of now.”

(Respondent H)

Respondent D chose CCCs for its many advantages, namely better selling, convenience and worldwide acceptance. Respondent F was aware of the main features of ICC and yet still pursued CCC while respondent H believed ICC was

no different from CCC. The following were the responses from the Non-Muslim conventional credit card holders:

“I think maybe if we get the guideline of what we can do and what we cannot do using Islamic card, so at the same time we can get maximum benefit and we know what we can purchase and what we cannot purchase.”

(Respondent A)

“I think we choose the best deal. I mean it does not matter whether it's conventional or ICC.”

(Respondent C)

“For me both conventional and Islamic are actually the same. End up we still have to pay. We spend more we pay more whether they charge you interest or riba.”

(Respondent E)

Likewise, the Non-Muslims were proactive in the sense that if ICC was properly promoted and marketed, they

would not mind using ICC as long as they were clear on the guidelines or the dos' and don'ts of utilising the credit cards. While non-Muslims were flexible in accepting ICCs, having the option of comparing both cards and choosing the best credit card for them, Muslim respondents were not convinced about the ability of ICCs and still had suspicions about the characteristics of the cards in complying with *Shariah*. Therefore, it has affected the Islamic credit card's acceptance (Rosly, 2010).

Knowledge

There were a number of explanations provided by the respondents regarding Islamic credit card (ICC). Most of the respondents agreed that ICCs were strictly based on *Shariah* compliance and there was no interest charged.

Respondent B affirmed that "*ICC is based on the Shariah with no interest...*" while Respondent G and F mentioned that "*ICC must be Shariah compliant... there is no riba or interest*". Meanwhile respondent H also agreed by saying "*...some transactions would not be allowed, such as gambling, buying liquor, going to club...*"

Respondent A stated his opinion that "*ICC may waive interest on delayed payment...*" Meanwhile respondent E said that "*.....ICC can save on interest...*"

These statements show that most of the respondents shared similar thoughts regarding the Islamic credit card. Nevertheless, Respondent C and D claimed "*banks have no guidelines for ICC...it is a grey area for consumers*" and "*most Islamic*

banks have not been proactive enough in promoting the ICC..."

Thus, it can be inferred that besides the credible factor of complying with *Shariah*, there is still lack of ICC promotional and marketing activities.

Respondents B, C, F, G and H were able to describe simple components of ICC i.e. based on Islamic law, based on *Shariah* principle, must be *Shariah* compliant and no *riba* or *riba* free. However, respondent E thought that there was no difference between ICC and CCC but that ICC would be better than CCC. Likewise, respondent D had been utilising CCC for quite sometimes and was not able to tell what ICC was. Respondent A was not really sure about ICC but was able to describe the benefits of payment delay and waiver.

Source of knowledge. According to respondent A and F, they only knew about ICC from the bank's website while most banks' road shows promoted conventional credit card (CCC) instead of ICC. Respondent B and G noted that "*...get to know about Islamic credit card from friends and through readings...never through bank personnel...*" and "*I got to know Islamic credit card from friends...*"

Other respondents added that they knew about ICC from banking hall, road shows but respondent C claimed "*...they were not widely promoted because I am non-Muslim*" while respondent D stated that "*bank is not introducing its product extension that is Islamic credit card, even though I have saving account within the*

same bank.” Respondent G also claimed that “...although my bank account is CIMB Islamic, I was not offered its credit card.”

Respondent C expressed his view that some bank personnel did not introduce the ICC to non-Muslims as some of the transactions were prohibited. He stated “...if banks were to promote Islamic credit card, they need to tell the benefits of Islamic credit card and people will have clearer picture about it.” Respondent E agreed with C’s opinion and suggested banks introduce the credit card to capture the non-Muslim market.

Overall, respondents had basic knowledge of ICC. -They had encountered the product through different means, similar to CCC, but not as extensive and widely promoted as the counterpart CCC. Two of the respondents claimed that they had never been approached by any sales team promoting the product. They also added that they had hardly seen any road shows for ICCs but only CCCs, which was done rigorously during marketing and promotion. It can be summarised therefore, that most of the respondents were aware of the ICC existence from bank websites and road shows as well as word of mouth. Nevertheless, ICCs are not widely and aggressively promoted compared with CCCs (Awan & Bukhari, 2011).

Lastly, respondents were asked if they had the knowledge and information about ICC, would they consider accepting the card and the responses were: “Surely, yes”, “...now I have clear explanation on Islamic credit card....yes!”, “I would consider”,

“Yes” and “I will accept”. Customers’ knowledge on product specification, features and benefits of ICCs are crucial in determining their acceptance of the product.

Perceived Benefits

Most of the respondents admitted there was no difference between CCC and ICC in terms of cost and interest. Respondent B stated “I did not see the saving cost and no differences from both...” while respondent H opined that “Islamic credit card and conventional credit card would be not much different...conventional credit card interest is cheaper because of the BLR...” Other than that, respondent G commented “I do not know what is being offered in Islamic credit card.” As a result, respondent A suggested “If we get the guidelines of what we can do and what we cannot do on Islamic credit card...at the same time we can get maximum benefit...good for consumer.” Respondent C also agreed that “bank need to tell the customer, the best offer to the customer.”

Other respondents were a bit sceptical about the maximum benefits offered by Islamic credit card. For instance, respondent H mentioned “I know that there is certain limit of having credit card so why must I let go my existing credit card to get a new Islamic credit card?” Respondent E also indicated ‘both conventional credit card and Islamic credit card, by the end we still need to pay...’ while respondent B claimed “I have to choose the one that would give me more profit...in the sense of paying less and more saving.” Similarly, respondent H

emphasised an explanation of the benefits and services by the bank's staff can influence acceptance of ICC (Putit & Johan, 2015).

Respondent C suggested that "...to sell Islamic credit card, you have to position yourself not like a religion kind of thing... actually it is a financial service that Islamic way..." adding "I think...we can choose the best deal...whether it is conventional credit card or Islamic credit card." Respondent D concluded that 'conventional credit card has more efficient and better system, better selling of credit cards as compared to Islamic banking...in-terms convenience and acceptance...'

Brand Reputation

The use of the brand for a product or service is essential to attract the attention of consumers. Additionally, the product features and benefits are seriously considered by the bankers to attract new and existing consumers. Respondent E agreed that branding and reputation of the banks is important. Thus, the respondent believed that ICC can break the barrier within next five years and said "I think Islamic card has potential to grow." A brand will be tarnished due to poor sales performance and services, which will later affect the bankers gaining consumer confidence (Dusuki & Abdullah, 2007). The consumer's first impression is very important for the bankers to market ICCs. As respondent D stated "Normally the conventional would have more efficient, better system, better selling of the credit card as compared to the Islamic banking." From the above statements, most

respondents confirmed that ICC is for all but their benefits should be emphasised and highlighted in the marketing and promoting strategy.

Shariah Compliance

Respondents A, C, G, H and E had no clue of what *Shariah* compliance is, while respondents B, D and F were able to describe the basics of no *riba* and *halal* transactions in *Shariah* compliant requirements. It is a perplexing point when some the respondents were capable of describing ICCs as having to comply with *Shariah* in the first question of the knowledge variable but were unable to explain the meaning of *Shariah* compliance, even though some of them did explain the term (Arman, 2013). In general, the participants did not understand the terminology *Shariah* compliance particularly, when it is the foundation of ICCs. Likewise, respondent C said a local bank staff stated the banks may not want the non-Muslims to use the credit card because they may purchase non-*halal* products. This is judgemental and prejudicial towards the non-Muslims. Therefore, bankers ought to be more cautious on expressing religious sentiments and avoid insensitivity especially when they themselves lack product understanding (Schlegelmilch, Khan, & Hair, 2016).

DISCUSSION AND CONCLUSION

From the feedback and answers given by the respondents, despite the guideline directive from BNM for Islamic banks to sell and promote Islamic banking products

and that fact that many of the Islamic banks are subsidiaries of conventional banks, in general the marketing, promotion and awareness are still lacking. On the other hand, it is also judicious to revive and revitalise the ICCs features and benefits with new a marketing approach and a new image.

Similar to the concept of *halal*, it could be sensible to highlight *Shariah* compliance instead of Islamicity of the credit card. Respondent C, a non-Muslim proposed a brilliant suggestion of “*for you to sell Islamic credit cards, you have to position yourself not like a religion kind of thing. It's financial service the Islamic way*”. The non-Muslim consumers are defined as those who to (a) adhere to faiths other than Islam, (b) buy products that are certified and labelled *halal*, and/or (c) buy products that are known to be associated with Islamic countries (Alserhan, 2011, p.117).

The behavioural belief i.e. attitude of Theory of Planned Behaviour (TPB) does play an important role as it leads to performing behaviour as recommended by (Ajzen, 1991). From this exploratory study, it was found knowledge, source of knowledge, perceived benefits, and brand reputation influence consumers attitudes toward ICC acceptance.

A previous study conducted by Mohd Dali and Yousafzai (2012) on seven Muslim respondents examined why they chose ICC and it was found it was due to its *Shariah* compliance. The qualitative study also discovered that religion is an important role in ICC acceptance. On the other hand, a quantitative study by Amin (2013)

who surveyed 257 respondents revealed attitude, subjective norm and perceive financial cost strongly influenced their intention to choose ICC. It is interesting to note that the respondents for this focus group preferred the best deal that they could get from credit cards regardless of whether they were Islamic or conventional. Could the best deal be the cost-saving on credit cards from which the customers can benefit? In fact, ICCs are *riba*-free and the calculation of profit is made known to customers in sale and purchase price, together with other features i.e. reward points and insurance coverage. Hence, ICCs will be able to project the brand image of “Best deal *Shariah* compliant credit card”. As respondent E pointed out “*You must lay out what is the benefit you get in the Islamic credit card*”.

Since Islamic banking products are meant for all, it is timely to emphasise and highlight the focal point of *Shariah* compliance on banking products and services as the main attribute followed by features and benefits of the particular product (Johan, Putit, & Syed Alwi, 2014). Perhaps the bankers have to amend the name Islamic credit card or credit card to *Shariah* compliant credit card which carries the weightage of *Shariah* compliance, hence focusing on the product and process instead of Islamicity. The modification may shift the perception of customers to accept ICCs, similar to *Takaful*, a *Shariah* compliant insurance scheme without applying the word Islamic.

Limitation of Study

This was an exploratory study which was conducted based on one focus group interview with eight respondents who were existing credit card holders and non-credit card holders. They were selected based on a convenient sampling approach in Klang Valley. It is possible that their attitude, knowledge, perceived benefits, brand reputation and *Shariah* compliance may differ from those of the general population. Further research which are two focus groups and quantitative study, may be required to fully understand the determinants of ICC acceptance among Muslims and non-Muslims. A bigger sample size and targeting non-Muslim customers of Chinese and Indian origins as well as other ethnic groups will be useful to understand factors influencing ICC acceptance.

Expected Contribution

The initial findings from this study which explored variables such as attitude, knowledge, perceived benefits, brand reputation and *Shariah* compliance will contribute to new theoretical knowledge of an extended behavioural model in relation to customer perception of ICC acceptance. In terms of managerial implications, the findings will further assist financial service providers to develop more effective marketing strategies of the Islamic financial products not just to cater to the Muslims, but also the non-Muslims who are increasingly attracted to Islamic banking and finance products and services. It is crucial to note that customers' acceptance of ICC rely on

attitude, knowledge, perceived benefits, brand reputation and *Shariah* compliance. By addressing and predicting such attributes, financial marketers are expected to be well prepared and knowledgeable on the different Islamic product structures. This is to enable them to enlighten and create awareness among consumers in seeking *halal* compliant financial related products.

Subsequently, for practical implications, banks need to pay attention to their legitimacy in terms of *Shariah* compliance as well as to their communication policies to attract potential users. Bank managers should choose informative and persuasive ads that highlight "Islamic products". It is recommended that users are informed via promotional campaigns that Islamic institutions are always monitored by the "Shariah Committee", which assures that all transactions and banking activities are in line with *Shariah* principles. These can attract consumers who desire Islamic banking services.

Community education plan and a consistent awareness campaign are important to raise the understanding and consumer trust in Islamic credit cards. Banks need to increase their promotional efforts, to instil Islamic banking culture by paying particular attention to their communications message, providing detailed, useful, and clear information on the functioning of Islamic banking and why they will benefit from them and for the country's economic and social development. In addition, the study provides guidelines for relevant government agencies and regulators of

financial institutions on the provision of services relating to Halal Compliant Financial Products.

REFERENCES

- Abdullah, M. F., Putit, L., & Teo, C. B. C. (2014). Impact of Relationship Marketing Tactics (RMT's) & relationship quality on customer loyalty: A study within the Malaysian mobile telecommunication industry. *Procedia - Social and Behavioral Sciences*, 130(2011), 371–378.
- Ahmed, H. (2011). *Product development in Islamic banks*. Edinburgh University Press.
- Ajzen, I. (1991). The theory of planned behavior. *Organizational behavior and human decision processes*, 50(2), 179-211.
- Ajzen, I., & Fishbein, M. (2005). *Understanding attitudes and predicting social behavior*. Open University Press; 2 Edition.
- Al-Salem, F. H. (2009). Islamic financial product innovation. *International Journal of Islamic and Middle Eastern Finance and Management*, 2(3), 187–200.
- Alserhan, B. A. (2011). *The principles of Islamic marketing*. Gower Publishing Limited.
- Amin, H. (2012). Patronage factors of Malaysian local customers toward Islamic credit cards. *Management Research Review*, 35(6), 512–530.
- Amin, H. (2013). Factors influencing Malaysian bank customers to choose Islamic credit cards. *Journal of Islamic Marketing*, 4(3), 245–263.
- Anwar, M. (2003). Islamicity of banking and modes of Islamic banking. *Arab Law Quarterly*, 18(October), 62–80.
- Arman, S. M. (2013). Shariah compliance features of Islamic financial institutions and its challenges. *Arabian Journal of Business and Management Review (OMAN Chapter)*, 3(4), 91–99.
- Awan, H. M., & Bukhari, K. S. (2011). Customer's criteria for selecting an Islamic bank: Evidence from Pakistan. *Journal of Islamic Marketing*, 2(1), 14–27.
- Bandura, A. (1997). *Self-efficacy: The exercise of control*. New York: Freeman.
- Bank Negara Malaysia [BNM]. (2017). BNM credit card operations statistics.
- Bloor, M., Frankland, J., Thomas, M., & Robson, K. (2001). *Focus group in social research*. London: Sage Publications.
- Butt, M. M., & Aftab, M. (2013). Incorporating attitude towards halal banking in an integrated service quality, satisfaction, trust and loyalty model in online Islamic banking context. *International Journal of Bank Marketing*, 31(1), 6–23.
- Chandon, P., Wanshink, B., & Laurent, G. (2000). A benefit congruency framework of sales promotion effectiveness. *Journal of Marketing*, 64(4), 65–81.
- Dusuki, A. W., & Abdullah, N. I. (2007). Why do Malaysian customers patronise Islamic banks? *International Journal of Bank Marketing*, 25(3), 142–160.
- Erol, C., & El-Bdour, R. (1989). Attitudes, behaviour, and patronage factors of bank customers towards Islamic banks. *International Journal of Bank Marketing*, 7(6), 31–37.
- Fereday, J., & Muir-Cochrane, E. (2006). Demonstrating rigor using thematic analysis: A hybrid approach of inductive and deductive coding and theme development. *International Journal of Qualitative Methods*, 5(1), 80–92.
- Fishbein, M., & Ajzen, I. (1975). *Belief, attitude, intention and behavior: An introduction to theory and research*. Reading, MA: Addison-Wesley.
- Fishbein, M., & Ajzen, I. (2010). *Predicting and changing behavior the reasoned action approach*

- Martin Fishbein, *Icek Ajzen*. Psychology Press, Taylor & Francis Group.
- Hidayah, N. N. (2014). *Religious compliance in Islamic financial institutions*. Aston University.
- Ibrahim, M. F., Ong, S. E., & Akinsomi, K. (2012). Shariah compliant real estate development financing and investment in the gulf cooperation council. *Journal of Property Investment & Finance*, 30(2), 175–197.
- Ismail, S., Sahiq, A. N., Idris, N. H., Singh, S., Thurasamy, R., Hazirah, N., ... & Yusoff, N. D. (2013). Selection of Islamic credit cards : An empirical investigation. *2013 IEEE Symposium on Business, Engineering and Industrial Applications*.
- Johan, Z. J., Putit, L., & Syed Alwi, S. F. (2014). Impact of knowledge and religiosity on halal product compliance: A financial service perspective. *International Journal of Business and Management Studies*, 3(1), 453–461.
- Khan, F. (2010). How “Islamic” is Islamic banking? *Journal of Economic Behavior and Organization*, 76, 805–820.
- Khediri, K. B., Charfeddine, L., & Youssef, S. B. (2015). Islamic versus conventional banks in the GCC countries: A comparative study using classification techniques. *Research in International Business and Finance*, 33, 75–98.
- Li, H., Cheng, K., & Rusell, M. G. (1999). The impact of perceived channel utilities, shopping orientations, and demographics on the consumer’s online buying behavior. *Journal of Computer-Mediated Communication*, 5(2).
- Malhotra, N. K., & Birks, D. F. (2007). *Marketing research: An applied approach* (3rd ed). Prentice Hall/Financial Times.
- Marimuthu, M., Jing, C. W., Gie, L. P., Mun, L. P., & Ping, T. Y. (2010). Islamic banking: Selection criteria and implications. *Global Journal of Human Social Science*, 10(4), 52–62.
- MIFC. (2014). *Shariah compliance in all matters. The priority of a robust Islamic finance ecosystem*.
- Mohd Dali, N. R. S., & Yousafzai, S. (2012). An exploratory study of islamic credit card users’ satisfaction. *Journal of Management and Islamic Finance Research*, 9, 1–23.
- Mohd Dali, N. R. S., Yousafzai, S., & Abdul Hamid, H. (2014). Functional service quality satisfaction of Islamic and conventional credit card users in Malaysia. *Jurnal Pengurusan*, 40, 53–67.
- Mohd Dali, N. R. S., Yousafzai, S., & Abdul Hamid, H. (2015). Credit cards preferences of Islamic and conventional credit card. *Journal of Islamic Marketing*, 6(1), 72–94.
- Morgan, D. L. (2015). *The focus group guidebook*. SAGE Publications, Inc.
- Othman, A., & Owen, L. (2001). Adopting and measuring customer service quality (SQ) in Islamic banks: A case study in Kuwait Finance House. *International Journal of Islamic Financial Services* 3(1).
- Peng, L. Y., & Wang, Q. (2006). Impact of Relationship Marketing Tactics (RMTs) on switchers and stayers in a competitive service industry. *Journal of Marketing Management*, 22(1), 25–59.
- Putit, L., & Johan, Z. J. (2015). Consumers’ acceptance of halal credit card services: An empirical analysis. *Journal of Emerging Economies and Islamic Research*, 3(1), 1–9.
- Rosly, S. A. (2010). Shariah parameters reconsidered. *International Journal of Islamic and Middle Eastern Finance and Management*, 3(2), 132–146.
- Schlegelmilch, B. B., Khan, M. M., & Hair, J. F. (2016). Halal endorsements: stirring controversy or gaining new customers? *International Marketing Review*, 33(1), 156–174.
- Souiden, N., & Rani, M. (2015). Consumer attitudes and purchase intentions toward Islamic banks:

- The influence of religiosity. *International Journal of Bank Marketing*, 33(2), 143–161.
- Tingchi Liu, M., Brock, J. L., Cheng Shi, G., Chu, R., & Tseng, T. (2013). Perceived benefits, perceived risk, and trust. *Asia Pacific Journal of Marketing and Logistics*, 25(2), 225–248.
- Ullah, H. (2014). Shari'ah compliance in Islamic banking. An empirical study on selected Islamic banks in Bangladesh. *International Journal of Islamic and Middle Eastern Finance and Management*, 7(2), 182–199.
- Veloutsou, C., & Moutinho, L. (2009). Brand relationships through brand reputation and brand tribalism. *Journal of Business Research*, 62(3), 314–322.
- Weiss, A. M., Anderson, E., & MacInnis, D. J. (1999). Reputation management as a motivation for sales structure. *Journal of Marketing*, 63(October), 74–89.
- Zhang, X., & Feng, Y. (2009). *The impact of customer relationship marketing tactics on customer loyalty*. Halmstad University.

