BANK ISLAM BRUNEI DARUSSALAM'S MARKETING ON MASTERCARD PRODUCTS

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DECLARATION

Saya mengaku bahawa thesis ini adalah hasil usaha saya sendiri selain daripada rujukan-rujukan yang saya gunakan di dalam penulisan saya.

I hereby declare that this thesis is the result of my own work apart from the references that I have used in my writings.

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Acknowledgement

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ABSTRACT

The purpose of this study is to examine the marketing techniques used by BIBD on its MasterCard products and to see the effect of these marketing techniques on the users of these products. This study is also analyzing the advantages of using these Shari’ah-compliant credit cards by looking at their features as advertised by the Bank and whether customers realizes these advantages or not. It also provides some useful suggestions for the Bank to reconsider in order to improve the marketing techniques. Therefore, for the purpose of this study, the methodology that is being used is based on collected leaflets on BIBD MasterCard and an interview with a staff from BIBD’s Marketing Department in order to understand how the products are being promoted and this study has also collected 60 samples from users of these products in order to analyse their awareness of having the MasterCard products. One of the most important findings of this study is that eventhough the most important feature of these credit cards is their compliance to the Shari’ah, it seems like the marketing of the products do not really focus on the term “Shari’ah-compliant”. This has results in mix views from the respondents on how they think these cards are since some of them do not really aware of the importance of the term.

Keywords: BIBD, MasterCard, Shari’ah-compliant, marketing.
ABSTRAK

Kajian ini bertujuan untuk melihat teknik-teknik pemasaran yang digunakan oleh BIBD terhadap produk MasterCard mereka dan ianya juga melihat kesan daripada teknik pemasaran tersebut terhadap para pengguna. Kajian juga menganalisis kelebihan penggunaan kad kredit tersebut yang berlandaskan Syariah sepertimana yang terdapat didalam cirri-ciri yang diiklankan dan juga sama ada para pengguna menyedari akan kelebihannya. Ianya juga akan memberi beberapa cadangan yang berguna bagi pihak Bank meningkatkan lagi teknik-teknik pemasaran mereka. Untuk itu, bagi mengetahui bagaimana produk ini dipromosikan, metodologi yang digunakan dalam kajian ini adalah dengan merujuk kepada risalah-risalah kad kredit BIBD dan juga temuduga dengan salah seorang pegawai bahagian pemasaran BIBD. Seramai 60 responden telah memberi maklum balas terhadap penggunaan kad kredit berkenaan. Salah satu penemuan yang penting dalam kajian ini adalah mengenai dengan teknik pemasaran yang tidak mementingkan istilah “berlandaskan Syariah”. Ini mengakibatkan berbagai pendapat yang berbeza mengenai penggunaan kad tersebut daripada para pengguna.

Kata kunci : BIBD, MasterCard, berlandaskan Syariah, pemasaran.
الملخص

الهدف من هذه الدراسة هو بحث تقنيات التسويق التي يستخدمها بنك إسلام بروتي دار السلام، وذلك بالنسبة لمنتجات البطاقة الإئتمانية بغرض معرفة أثر هذه التقنيات التسويقية على مستخدميها. وثُقّف هذه الدراسة أيضاً إلى تحليل فوائد استخدام بطاقات إئتمان متوافقة مع الشريعة الإسلامية بالنظر إلى خصائصها كما أعلن عنها بنك إسلام وهل يدر له عملاً البنك هذه الخصائص أم لا ؟ اعتمد هذا البحث على جمع المعلومات من خلال نشرات البنك والمقابلة مع الموظفين في قسم التسويق، وذلك من أجل فهم كيفية التي يتناول بها. وجمعت استبانة من 60 عينة من عملاء البنك الذين يستخدمون بطاقة الائتمان لمعينة مدى استخدامهم لهذه البطاقات. ومن أهم النتائج التي وصلت إليها الدراسة أن هذه البطاقات متوافقة مع الشريعة الإسلامية وهو ما لم تركز عليه إدارة التسويق في بنك إسلام، وأظهرت الدراسة آراء عملاء البنك وأن بعضهم لا يعرفون المصطلحات المستخدمة في بطاقات الائتمان.

الكلمات الرئيسة: بنك إسلام بروتي دار السلام، بطاقات الائتمان، التوافق مع الشريعة الإسلامية، التسويق.
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RESPONDENTS’ SURVEY QUESTIONNAIRES (IN MALAY LANGUAGE)
**BANK ISLAM BRUNEI DARUSSALAM’S MARKETING ON MASTERCARD PRODUCTS**

**CHAPTER 1**

**INTRODUCTION**

Islamic banking has gained a lot of attention from supporters and critics who view Islamic banking as the alternative or competition to Conventional banking. Products of an Islamic banking must comply with the rules of the *Shari‘ah* which is based on *Al-Qur’an* and *Al-Sunnah* and by complying with the *Shari‘ah* means the products offered must be free from *riba* (interest), *maysir* (gambling) and *gharar* (uncertainty). In general, there are more than 250 Islamic banking operating in 75 countries worldwide and Middle East has the biggest markets in the Islamic banking sector (Yavuz Yeter, 2010). The existence of Islamic banking is not only to compete with the conventional banking that has already been far-established compare to the Islamic banking but also to cater the needs of Muslim community in performing duties that must be in accordance with the *Shari‘ah*.

Since the existence of Islamic financial institutions is quite new compare to the conventional ones, the public has not yet familiar with the concepts as well as the operations of these institutions. Most often, without proper understanding, these institutions seem to have similarities with conventional financial institutions in terms of its operations as well as the types of products being offered. One of the ways to inform to the public about the products and services of these Islamic financial institutions is through marketing.
Marketing is a very important aspect in business since it contributes greatly to the success of the organization. Various types of marketing approaches can be utilized by an organization. All forms of marketing promote product awareness to the market at large. Apart from public awareness about a company’s products and services, marketing helps boost sales and revenue growth. Overall, marketing plays a very essential role in the success of a company. It educates people on the latest market trends, helps boost a company’s sales and profit, and develops company reputation. But marketers must be creative enough to promote their products with the proper marketing tactics. Although marketing is important, if it is not conducted and researched well, the company might just be wasting on expenses and time on a failed marketing approach. (Exforays Inc, n.d.)

For Islamic banks and institutions, it might be quite challenging to market the products and services because the main point of their selling strategy is to introduce financial products and services that do not contradict with the Law of Allah. This is a key point for Islamic banks when competing with Conventional banks in the area where the majority of the population is Muslims. With various products and services offered as well as the issues from the critics relating to the permissibility of the products and services, there can be a challenging task for marketers if they wish to emphasize the advertisement based on the key point mentioned before. One of the ways to see a successful marketing strategy is through the customers’ point of views regarding a product or a service.

The ability to understand consumer preferences or behaviour is an advantage for marketers to promote their products and services. One of the new inventions of Islamic banks is the Shari’ah-compliant credit cards which are targeted especially to Muslim customers who are looking to for halal means of payment that complies with Islamic law, which means the method
Credit cards use bank card payment networks to link financial institutions with merchants to accept payment. One of the service networks is MasterCard. MasterCard Worldwide is an American multinational corporation with its headquarters in the MasterCard International Global Headquarters in Purchase, New York. Throughout the world, its principal business is to process payments between the banks of merchants and the card issuing banks or credit unions of the purchasers who use the "MasterCard" brand debit and credit cards to make purchases (Wikipedia, n.d.).

According to Encyclopedia Britannica, "the use of credit cards originated in the United States during the 1920s, when individual firms, such as oil companies and hotel chains, began issuing them to customers." However, references to credit cards have been made as far back as 1890 in Europe. Early credit cards involved sales directly between the merchant offering the credit and credit card, and that merchant's customer. Around 1938, companies started to accept each other's cards (Bellis, M., n.d.). In 1950, Diners Club and American Express launched their charge cards in the USA, the first “plastic money”. In 1951, Diners Club issued the first credit card to 200 customers who could use it at 27 restaurants in New York. But it was only until the establishment of standards for the magnetic strip in 1970 that the credit card became part of the information age. (Taskin Rahman, n.d.)
of payment should be again free from prohibited elements of interests (riba), gambling (maysir) and uncertainty (gharar).

Shari'ah-compliant financial products and services are the Islamic financial products and services that are in accordance with Islamic law. It is used to describe financial activities and investments that comply with Islamic law, which prohibits the charging of interest and involvement in any enterprise associated with activities or products forbidden by Islamic law. (QFINANCE The Ultimate Financial Resource, n.d.)

Therefore, Shari'ah-compliant credit cards which are normally introduced by Islamic financial institutions are the credit cards which do not charge interest unlike the conventional credit cards.

As an overview, credit cards are considered as the modern way of making payment due to the convenience they offer. Credit cards are widely known around the world. They act as an alternative to cash and provide a more convenient way of purchasing items. A credit card is a rectangular piece of plastic card that normally has the provider's name on it such as Visa, MasterCard or Diners Club, and it also carries the name of the bank that deals with the provider. Holders of a valid credit card have the authorization to purchase goods and services up to a predetermined amount, called a credit limit. The vendor receives essential credit card information from the cardholder, the bank issuing the card actually reimburses the vendor, and eventually the cardholder repays the bank through regular monthly payments. If the entire balance is not paid in full, the credit card issuer can legally charge interest fees on the unpaid portion (WiseGEEK, n.d.) It is different than a debit card in the sense that it does not results in the withdrawal of cash from the user's account on every transaction.
1.1 Background of the study

Brunei Darussalam is still new in the world of Islamic Banking and Finance. In fact, there are only two Islamic Institutions developed in Brunei Darussalam and these are Bank Islam Brunei Darussalam (BIBD) and Tabung Amanah Islam Brunei (TAIB). BIBD is chosen as the focus of this research because it is currently acting as the only Islamic bank and BIBD is a new company that is established since the merger between Islamic Bank of Brunei (IBB) with Islamic Development Bank of Brunei Berhad (IDBB).

Before the merge began, Brunei Darussalam has housed three financial institutions which are based on Islamic banking system. The Islamic Bank of Brunei (IBB), Islamic Development Bank of Brunei (IDBB) and Tabung Amanah Islam Brunei (TAIB or Islamic Trust Fund of Brunei) were the three Islamic financial organization of the country. The Islamic Development Bank of Brunei is wholly owned by the Brunei government and was converted into the Islamic system of banking within the recent years (Maps of World.com, n.d.).

The merge began from the announcement on 7th July 2005 made by Ministry of Finance by referring to the Titah of His Majesty Sultan of Brunei. Thus, BIBD started to form as an Islamic bank on 10th July 2005. Its full operation starts on 3rd July 2006 and it is a market driven Islamic financial institution that provides financial products and expertise that are in accordance with the Shariah standards. The core values of BIBD are to ensure that its personnel maintain high ethical standards in carrying out their responsibilities and adopt Shari’ah standards in accordance with best industry practices in offering its products and services to its customers. These values compliment the BIBD’s mission which is to deliver customer-focused Islamic
financial solutions to the community for the benefit of its stakeholders whilst supporting the nation’s growth.

As a market driven Islamic financial institution that constantly strives to address the needs of its customers in a highly competitive environment, BIBD also aims to maximize returns for its shareholders through customer retention and customer acquisition. BIBD has more than 14 branches located strategically in all the four districts; 11 branches located in the Brunei Muara District, 1 Branch in the Tutong District, 2 located in the Kuala Belait District and 1 located in the Temburong District. In furtherance of its obligation to provide the best services and facilities to its customers, BIBD has the single largest distribution of ATM networks in the country situated at all BIBD branches and offsite locations in all the districts (BIBD, n.d.).

BIBD offers various Shari’ah-compliant products and services ranging from financing products, deposit products, investment products and other Shari’ah-compliant products and services. One of its new products is its BIBD MasterCard which is the Shari’ah-compliant credit cards. BIBD uses MasterCard for its Islamic credit card which consists of two types; BIBD MasterCard Gold and BIBD MasterCard Classic.

The Shari’ah concepts that BIBD applies to its MasterCard product are al-Kafalah bil Mal and al-Wakalah bil Ujrah. Al-Kafalah bil Mal is an Arabic term which is known as guarantee and al-Wakalah bil Ujrah is known as agency with fees. According to source in Islamic Finance Wiki, al-Kafalah bil Mal can be divided into three types; kafalah bi al-dayn, is a guarantee for a debt owed by a party, kafalah bi al-’ayn, is a guarantee for a tangible property or for the delivery of an object of a contract, kafalah al darak, is a guarantee for a property that is free from any encumbrance or claim. Banks can charge for kafalah bi al-dayn an administration
fee unrelated to time and credit risk, and hence only issue a kafalah if they are fully collateralised (Islamic Finance WIKI, n.d.).

Al-Wakalah or agency means protection or remedying on behalf of others. Legally al-Wakalah refers to a contract where a person authorizes another to do a certain well-defined legal action on his behalf. It is a contract of agency which means doing any work or providing any service on behalf of any other. An agent is someone who establishes contractual and commercial relations between a principal and a third party, usually against a fixed fee which is also known as ujrah (FinancialIslam.com, n.d.).

These Shari’ah concepts are what make BIBD MasterCard unique compare to other concepts of conventional credit cards because the Islamic credit cards are free from the elements prohibited in Islam.

BIBD as the only bank producing Islamic credit cards has been actively promoting their credit cards to compete with conventional credit cards available in Brunei Darussalam. One of their promotion activities was done on December 2008, where according to their website, a Roadshow on BIBD MasterCard was launched and for the events promotion, any existing BIBD MasterCard Gold or Classic cardholder that uses their cards at any shop is entitled for 1 lucky dip per customer per day. New cardholders were given the opportunity to win dining vouchers at The Rizqun Coffee House worth B$20.00, cafe voucher at au lait café worth B$20 and stationery vouchers worth B$50. New applicants can get automatically 1000 reward points when successfully apply and an extra 2000 points if the applicants were able to get someone else to apply for the card (BIBD, n.d.).
Islamic bank in the country serves as the fulfillment of *fardhu kifayah* because it promotes *maslahah* or public interest for the Muslims in Brunei Darussalam. With the advantages that BIBD has over other conventional banks, this study sees that there is a huge potential for BIBD to market its MasterCard since BIBD is the only Islamic credit cards’ issuer. One of the ways to expose to the public about the existence of an Islamic financial product and service is through the means of marketing as it is a form of communication to the public that can inform the product’s unique identity in comparison to other banking products and services. In the study’s point of view, the current advertised features of the cards do not focuses on the term “shari’ah-compliant” as the main advertising strategy. The study thinks that this is very important in order to enhance the image of the products as suggested by some researchers on Islamic financial products.

### 1.3 Research questions

This study aims at providing suitable answers to the following main questions, but more in-depth information will be obtained based on the results of the study:

1. What are the benefits of applying for BIBD MasterCard?
2. How do BIBD market its MasterCard?
3. How well do customers know about the benefits of using BIBD MasterCard?
1.4 Objectives of the study

The main objective of this study is to learn how BIBD reaches its customers through marketing of its MasterCard products.

The specific objectives of this study are as follows:

1. To analyse views from the customers on the advantages of the facility of BIBD MasterCard.

2. To learn how the current marketing techniques are done by BIBD for its MasterCard.

3. To see if BIBD should add more marketing techniques to increase its customers’ knowledge on the advantages of using its MasterCard.

4. To provide some useful suggestions to improve Islamic credit card services offered by BIBD.

1.5 Significance of the study

Brunei Darussalam is quite new on having Islamic credit cards and the only bank provides the facility is BIBD. This study is basically for knowledge purposes and to understand deeper on the relationships between consumer behaviour towards a product and marketing. By looking at one small aspect of a bank’s products and services, in this case BIBD’s credit card facility, the study will hopefully reveals the strength and weaknesses of the current marketing strategies used for the facility and hopefully will be able to provide some useful suggestions to improve BIBD’s marketing on its MasterCard. Most importantly, this study will provide an experience in learning
how an Islamic financial product is promoted in Brunei Darussalam and accepted by the public under a very competitive business environment.

1.6 Scope and limitation

The scope and limitation of finding the relevant data for this study are divided into three areas; firstly, the respondents who are the customers of BIBD MasterCard, secondly, the staff of BIBD who are going to be answered and thirdly, the research itself.

From the respondents' limitation area, the research is done through random selection of people who happen to have BIBD MasterCard. These respondents or customers’ opinions are subject to their perceptions regarding the product and since it is quite a new product of BIBD, no previous research has been done on this. In addition, due to time constraint, collecting the sample itself was a challenging task and very time consuming. As noted earlier, BIBD MasterCard is a recent product and to be able to reach its customers is not as easy as reaching customers of conventional credit cards, because these conventional credit cards are already more prominent in the market compare to BIBD’s. Since BIBD MasterCard is quite a recent product and so far it has only two types of MasterCard, it is well understood that BIBD MasterCard’s customers are far less compare to other banks.

The study has asked on how well they are aware about the product at the current moment. Another factor that might limit this research is the sincerity of the respondents in answering the surveyed questions. Due to time constraint and certain unexplainable and unavoidable reasons, it is noted that some respondents might not ‘carefully’ read the questions before answering them. This of course will prevent ‘pure’ results from the respondents for the study’s data analysis.
On the other hand, from the BIBD staff’s limitation area, finding the right person to answer the questions that assist this study in giving suggestions on how to improve the current marketing techniques of BIBD MasterCard was a difficult task. This study requires the staff to be able to give information on the current marketing techniques and thus require the staff to have knowledge on it. Again, the ‘sincerity’ of the staff in answering questions that might be confidential for them to disclose is another factor that restrict the research from having indisputable findings. Moreover, the time frame given to finish this research is less than two months or approximately seven weeks and thus, due to time limitation the initial plan to conduct an interview with the respective staff had to be changed because of unmatched available time between the researcher and the interviewee. Thus, the interview had to be done through email only. However, regardless of whether this study is able to obtain satisfactory or unsatisfactory results from the interviewee, it will be included as part of the study’s findings and recommendations.

From the limitation of the study itself, there is a difficulty to find data and reviews about BIBD’s products and services and the time management in doing the research is also a main concern. The researcher has to rely on the current information of BIBD MasterCard which can be obtained from BIBD’s leaflets, the Internet and the Bank’s staff. As mentioned before, time limitation or constraint is the most crucial factor that prevents this study to be done effectively. The study is also limited to one product only and thus any findings and recommendations from this study may not apply to other BIBD’s financial products and services.
CHAPTER 2

LITERATURE REVIEW

2.1. CREDIT CARDS

It is not unusual for consumers to maintain or practice a loyalty towards a product or brand they have been using for a long time. Usage of credit cards appears to fall into this category. A study done by Frank (2001) on his article “To Switch Or Not To Switch: An Examination of Consumer Behavior in the Credit Card Industry”, stated that if credit card holders are content with their interest rate (low or otherwise) or with continual special “rewards,” they hesitate to make a change. Their perception of receiving premiums based on frequent use is often enough to keep many customers from switching to other credit lenders. This perception may change if the consumer becomes dissatisfied with the level of perquisites or an exceptional rise in rates. At this point, consumers will search for something better. Thus, despite the number of firms within the credit card and credit industry, consumers are tending not to switch or even bother to look for credit cards.

Choo Sok Yee et. al (2005) have made a study on consumers’ choice of Islamic credit cards on their research “The Consumer Choice of Islamic-Based Credit Card: An Analysis of Bivariate Probit Model”. Based on their findings, those who work in the government sector are more likely to choose Islamic credit cards than those working in the private sector. The choice of having Islamic credit cards is statistically less related with socio-economic and demographic variables. The research stated that a reason why demographic variables are less related is because the current Islamic credit cards seemed similar to conventional credit cards and thus, the research suggested that Islamic banks should fully apply the Principle of Shari’ah in designing its product
and not try to incorporate the Islamic principle on conventional products. Another interesting result is that Islamic credit cards have some special features for online purchases and it is suggested that the current Islamic banks should upgrade the facility with good service quality and security systems.

Credit cards are now considered as a mode of payments that facilitate the transaction of customers by replacing cash and checks and credit cards are also now acting as a means of obtaining short-term revolving credit. According to a study done by Alhassan G Abdul-Muhmin and Yakubu A Umar in 2007, Islamic financial institutions in Saudi Arabia are one of the Islamic institutions that produce credit cards without interest as commonly produced by conventional institutions. Islamic credit cards are now penetrating slowly but steadily and it is said that the usage will continue to rise. In Saudi Arabia, the usage of credit cards has shown that more females are using the credit cards than males and card usage tends to be selective, attitude toward debt is a significant determinant of card ownership but not usage behaviour, and evaluation of card attributes is fairly positive among cardholders. (Alhassan G Abdul-Muhmin and Yakubu A Umar, 2007)

Islamic credit cards as new gadgets for Islamic banks nowadays are facing lots of competitions not only with the conventional banks but also with other Islamic banks. In an article named “The Islamic Credit Card Controversy”, the competitions sometimes lead to controversies among Islamic jurists regarding the underlying concepts of the credit cards which affect the Shari’ah rulings. The concepts of Islamic credit cards are differently applied by Islamic banks but every concept should be in accordance with the needs of the Shari’ah and should therefore be free from interests, gambling and uncertainty. However, some experts argue that the practice of credit cards entails usury and even resort to interest in some transactions. The charges on the
credit cards sometimes exceed the interest rates employed by conventional banks with conventional credit cards. (Asharq Alawsat, 2008)

An article produced in 2008 on “Islamic credit cards” mentioned that the only Shariah-compliant credit cards are the charge cards which only a limited number of banks offer. Charge cards are where customers only pay the principle amount that they use plus the service charges. The article predicts that the future of Islamic cards is indeed bright in Malaysia as there is demand for it. Islamic credit cards are emerging tool for the Islamic banking profitability. Now Islamic cards are widely used in Gulf and the popularity is increasing but different banks uses different laws and rules to support their activities. Malaysian credit cards are using the concept of Bai’ al-Inah which is an issue for the Gulf markets as they insist that Bai’ al-Inah is not a sufficiently strong basis for issuing Islamic cards. However, Malaysia follows the Shafie school of madzhab, which approves the Bai’ al-Inah transaction for Islamic cards as it conforms to all the essential elements of a valid sale. (Evolution World, 2008)

A study has been done to compare between Islamic credit cards of Malaysia and of Indonesia. The study was using Bank Danamon Indonesia and Bank Islam Malaysia for this purpose and based on their findings, the credit cards of Bank Islam Malaysia are relatively more lenient compare to the credit cards of Bank Danamon Indonesia. With different concepts used in both credit cards, the problems still exist with the arising questions on the permissibility of the concepts of applied by both countries in Shari’ah. However, the researchers view despite the issues arise, Islamic credit cards are still needed in today’s world provided that the cardholders have the ability to pay and that the credit cards should be used wisely. This will reduce the problem of consumerism which is a concern of most jurists. (Ilham Reza Ferdian et. al, 2008)
Malaysia as being a country which follows the madzhab Shafie approves the concept of Bai’ al-Inah and the reasons why their Shari’ah scholars approve the contract are because they do not accept the legality of the athar, claiming that it has flaws in its chain narrators and in its textual content and Bai’ al-Inah is accepted to satisfy the needs of the Muslims and to sustain the progress of Islamic banks. (Amir Shaharuddin, 2009)

In emerging markets, new users of credit cards often treat it as a normal debit card. As a result, they tend to use it to withdraw cash from ATMs. The problem arises when they receive their statement, detailing interest and charges. Many customers feel deceived by the bank, claiming that they were not properly informed about the credit card and its purpose. The other questionable issue, from the Shari’ah point of view, is the purpose of credit cards. The simple pleasure of buying now and paying later does not necessarily appeal to Muslim (or just ethical) mentality. It can be seen as tempting faith for the sake of short-lived pleasure and not for satisfying the real needs of a human being. However, if a client wishes to pay for medical or educational expenses with a credit card, one can always refer to maslaha, or greater cause, which justifies the usage of the card. Of course, not all usage of credit cards can be justified with maslaha but still, in the case of Islamic banks, it is important. (New Horizon, 2010, pp.18-19)

2.2. MARKETING AND CONSUMER BEHAVIOUR

Marketing is crucial to facilitate a business in communicating about a product or a service to customers. A study done in Malaysia in 2005 on “Marketing Strategy Of Islamic Banks: A Lesson From Malaysia” stated that marketing is one of the most important parts that every business has to deal with. It arises from the need to improve the performance and ensure
sustainable growth of Islamic banks as competition in the banking industry intensifies. However, the study has managed to find out that the newest Islamic bank and Islamic banking department of conventional banks have more aggressive marketing objectives than the pioneering Islamic bank. The study also thought that the promotion strategy in Islamic banks should be more towards educating the public on Islamic banking products and services. One of the products of Islamic banks is credit cards. It was stated that in that year, Bank Islam Malaysia Berhad (BIMB) has currently 60,000 credit card holders and is targeting an annual growth of 50,000 new users for its Shari’ah-compliant credit cards. (Sudin Haron & Wan Nursofiza, 2005)

Kasper et. al in a book named “Services Marketing Management A Strategic Perspective” published in 2006 believe that as marketers should consider four important aspects of marketing strategy and these are market orientation, customer expectations and quality perceptions, organizing the marketing effort and employees, and key assets and capabilities. Through customer expectations and quality perceptions, marketers should communicate with customers in relation to what to expect and what not to expect from the business. This is a matter of giving fair and honest information because wrong, false or unjustified expectations will lead to dissatisfaction which in turn will lead to brand switching, complaining or negative word-of-mouth communication. The issue of quality perception is also important because the customer’s evaluation of the service is determined to a large extent by the employees’ behaviour. (Kasper et. al, 2006 p.79)

When analyzing the usage of credit cards, it is better to analyze on the customers as well to better understand their choice of using credit cards. There are several studies made by researchers in surveying customers and one of the studies was done by Nuradli et. al. The study is a research on “The Factors That Influence the Islamic Credit Cards Holders’ Satisfaction”
using factoring analysis and logistic regression method. Based on their findings, there are 9 factors that could be further analyzed in determining the motivation for the Islamic credit card holders. All of the factors such as Usage and Perceptions, Interest Free and Shariah Compliance, Credit & Control, Bulk purchases and status, Emergency and Traveling, Easy Payment Scheme, Knowledge and Shariah Compliance, Status, and Easy Access could contribute in enriching the study on the Islamic credit card holders behavior and preferences. Bulk purchases has the highest ratio which shows that users of Islamic credit cards are more satisfied if their credit cards enable them to purchase in bulk at a hypermarket. Thus, the research suggested that banks should make strategic alliance with the hypermarkets that sell in bulk to accept their credit cards in order to ensure their clients’ satisfaction. (Nuradli et. al, 2008)

Nuradli has also made another study on customers’ satisfaction using different approaches. From his research, “An Exploratory Study of the Islamic Credit Card Users’ Satisfaction”, the researcher felt that the study is important for the academic since there is little research conducted in the area of customer satisfaction which deals with service quality, religiosity and culture factors in the context of Islamic banking products. In addition it would also contribute significant impact to the Islamic banking industry in ensuring that they could remain competitive especially when the consumers have the option to switch to the conventional banking products. The research was conducted by using semi-structured interviews with seven Islamic credit cards users. Based on the findings, the Islamic credit card users as the consumers of the financial services choose the Islamic card as a symbolic consumption in adhering to the Islamic rules and regulation. The Islamic credit card issuers (in this case the Islamic banking) have managed to differentiate their Islamic credit cards services from the conventional credit card issuers targeting to Muslims that see taking and giving interest as a sin. They also have
managed to differentiate their products by creating the awareness of the prohibition of interest to the Muslim society and the need to embrace their Islamic credit card. The Islamic credit card issuers must ensure that they can increase new customers while maintaining existing customers and increase brand equity by offering high service quality which lead to satisfaction. (Nuradli, 2008).

Jim Blythe, the author of a book “Principles and Practice of Marketing” in 2009 has mentioned that understanding the way people think when they go about their purchasing behaviour is a key factor in successful marketing. The motivations, decision-making processes and post-purchase behaviour of customers are useful when seeking to persuade people to choose one product rather than another, and to encourage people to recommend products to their friends. He also views that good advertising, which is a part of marketing techniques, reflects the needs of customers. It can create awareness, and move people closer to a purchase: it can help in positioning brands, and it can help in informing people about product attributes. Print advertising such as newspaper, magazines and leaflets is one of the most common form of advertising which accounts for more than half of all advertising expenditure in the UK. (Blythe, 2009)

A recent article written by Catherine M. Hoyle in 2010 on “Marketing Mix of Islamic Banking Industry” stated that marketing mix for Islamic banking industry is still focusing on 5P’s which are product, price, promotion, place and packaging. According to the article, Islamic banks are trying to meet the needs of its customers through innovative products and services compete in the market. It is important to make customers aware of the differences between Islamic banking products and conventional banking products. Vendors need to promote products such as banking has become a “halal” now. In this way, more people are thought to pass through their decisions about use of conventional banks and Islamic banks. Packaging also helps a lot in
brand awareness and positioning because this will make the products stand out and customers will see the products as having quality and prestige. (Hoyle, 2010).

The word-of-mouth marketing is found to be one of the most influential marketing techniques according to a book on “Consumer Behaviour: A European Perspective” produced by Solomon et. al. Despite the abundance of formal means of communication such as newspapers, magazines and television, much information is conveyed by individuals on an informal basis and this is called word-of-mouth communication. According to the book, there was a recent research that has challenged the traditional assumptions that consumers weigh negative word-of-mouth more heavily than positive word-of-mouth where judgement and choice are concerned. In addition, although information from impersonal sources is important for creating brand awareness, consumers rely on word-of-mouth in the later stages of evaluation and adoption. In other words, the more positive information consumers get about a product from peers, the more likely they will purchase the product. (Solomon et. al, 2010, p.402)

An article produced by Lars Perner, and Assistant Professor of Clinical Marketing in University of Southern California, explained that the study of consumers helps firms and organizations improve their marketing strategies by understanding issues such as the psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products, and retailers); the psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media); the behavior of consumers while shopping or making other marketing decisions; limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome; how consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they
entail for the consumer; and how marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer. (Perner, L., n.d.)

An academic website of the Marketing Association of Australia and New Zealand (MAANZ) mentions about the theory of the gaps model in service marketing which shows the relationship between marketers and customers. It identifies different gaps which act like barriers between customers’ expectations and marketers’ understanding of these expectations. These gaps are customer gap; the difference between customers’ expectations and perceptions. Gap 1 is the difference between what customers expected and what management perceived about the expectation of the customers, Gap 2 is the difference between management’s perceptions of customer expectations and the translation of those perceptions into service quality specifications and design. Gap 3 is the difference between specifications and standards of service quality and the actual service delivered to the customers. Gap 4 is the difference between the services delivered to customers and the promise of the firm to the customers about its service quality. (MAANZ, n.d.)
REFERENCES


