Awareness and Perception of Customers on Islamic Banking Products and Services: A Meta-Synthesis

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Abstract

Objective – Islamic banking has emerged as a robust and sound banking system across the globe. Despite its increasing popularity, there is a dearth of awareness in both Muslim and Non-Muslim countries which slows the pace of development of the system. This paper, therefore, reviews critically some empirical studies on awareness and perception of Islamic banking products and services.

Design/methodology – The research involves review and synthesis of prior studies on customers’ awareness and perception of Islamic banking.

Results – The result of the review reveals that good awareness and perception of the public on Islamic banking products and services are critical to the development of Islamic banking and finance. The study concludes that significant progress has been made in Muslim and Non-Muslim countries with the potentials to dominate conventional banking shortly in some jurisdictions.

Limitation/Suggestion – Thus, the study recommends that operators and regulators of Islamic banks need to pay due attention to public awareness and perception with a view to enhancing patronage of the Islamic banking products and services and enabling the sector to effectively compete with its already well-established conventional counterpart.

Keywords: Awareness, Customers, Islamic Banking, Perception, Product & Services.

1. Introduction

Islamic banking is a banking system that is based on the Islamic value system, which is governed by the principles of the Islamic legal system, the Shari’ah. It is grounded in ethics, morality, social justice, good human conscience as well as a just and fair relationship between the bank and its customers (Chapra, 1996; Johan & Hussain, 2019). The principles of Islamic finance are unique in nature as they, overall, promote justice and benevolence among the contracting parties in particular and members of the society in general. These include i) prohibition of interest; prohibition of excessive uncertainty (gharar) iii) prohibition of gambling iv) prohibition of short sales v) promotion of risk-sharing and entrepreneurship and vi) prohibition of monopoly and speculative activities among others (Gafoor, 2012; Obaidullah, 2005). Islam bank is proven to be a sustainable banking system with an estimated growth rate of 15-20 percent over the last five decades. The global financial crisis of 2007-2008 shows that the system is not only resilient to the crisis but also fosters global financial stability and foster social inclusion with increased market penetration and additional dimension to the conventional economic models (Fazlan & Mohammad, 2007; Fund International Monetary, 2015). Fazlan & Mohammad (2007) established that, in the period of 2001-2006, the Islamic banks in the Middle East and North Africa due to its market dominance exhibited higher efficiency compared to their counterparts in the Asian region.

The history of Islamic banking could be traced to certain practices of banking activities about 1200 years in Bagdad, Damascus, and Cordoba (P. A. Dogarawa, 2012).
However, the contemporary development of Islamic banking started in Egypt with Mit Ghamr Savings Bank in 1963 thought it was short-lived due to political conditions in Egypt at that time but considered as a huge success given its lifespan and potentials (Iqbal & Mirakhor, 2011). It was also noted that Tabung Hajj Fund (Pilgrims funds) was mooted in 1962 that equally operated based on the principle of profit and sharing (P. A. Dogarawa, 2012).

The interest of scholars and policymakers in this area intensified as a result of the independence of a number of Muslim-majority nations such as Pakistan, 1947; Indonesia, 1949; Malaysia, 1956 and Algeria, 1963. This is followed by the creation of the Organization of Islamic Countries (OIC) in 1969. Another key development was the decision of foreign ministers of Muslim countries to establish Islamic Development Bank in 1973 to foster the social and economic development of the member countries. Subsequently, many other Islamic Banks were established such as the Dubai Islamic Bank (1975), Faisal Islamic Bank of Egypt (1977), Faisal Islamic Bank of Sudan (1977), and Bahrain Islamic Bank (1979) (Ariff, 2014; Saeed, 1996).

Since then, the system spread across the globe with some countries having their entire financial systems as Islamic such as Sudan and Iran. Interest in Islamic Finance rapidly spread even among non-Muslim majority countries. Luxembourg established its Islamic Bank in 1978, thus becoming the first western country to venture into Islamic finance. This development in the banking sector was followed, the first takaful company came into being in 1983. Subsequently, many conventional banks with their headquarters in the west established Islamic windows and/or branches (Baba, 2004; El Qorchi, 2005).

Dogarawa (2017) explains that the effort to provide Islamic banking services in Nigeria dates back to the early 1960s, even though the literature has not given prominence to it. Muslim Bank of West Africa Limited was reported to have attempted to provide Islamic financial services to interested customers in Lagos in 1961. Even though the effort lasted for less than two years, as the records show, but it has indicated how long an attempt was made in Nigeria to operationalize Islamic banking (Orisankoko, 2010). Furthermore, in 1980s propagation of Islamic banking in Nigeria started gaining grounds. Some Universities with predominantly Muslim populations, Islamic Studies Departments, and Islamic groups launched sensitization campaigns in the form of conferences and seminars in the country.

In 1991, the Bank and Other Financial Acts (as amended) were released which serves as a major development in the evolution of Islamic banking in the country. Two provisions in the Decree, section 39(1) and section 23(1) were explicit about recognizing Islamic banking as they provide the foundation for the establishment of profit and loss sharing bank. Section 61 defines the system as ‘a bank which transacts investment or commercial banking business and maintains profits and loss sharing accounts’ (Olayemi, 2011). Orisankoko (2010) documented that based on the provisions of section 39(1) and section 23(1), two banks were said to have been licensed in 1992 to carry out banking business using PLS modes but none was able to commence operation. Similarly, in 1996, the defunct Habib Bank Nigeria PLC opened a non-interest banking window but could not record significant success due to absence of framework for non-interest banking in the country (Sapovadia, 2015). Furthermore, in 2004, the Central Bank of Nigeria (CBN) granted Jaiz Bank approval in principle to operate as a full-fledged Islamic bank (Saiti et al., 2019). However, due to an upward review of minimum capital requirement from ₦2 billion to ₦25 billion for deposit money banks in July of the same year, Jaiz could not commence operation immediately. Subsequently, Jaiz bank succeeded in commencing operation as a regional bank in 2012 after satisfying the new capital requirement of the apex bank. Additionally, Stanbic IBTC and Sterling Banks were later granted a license to operate window of Islamic banking (A. B. Dogarawa, 2017; Saiti et al., 2019). Taj Bank, the second full-pledge Non-interest bank was registered in 2019. Presently there are two fully-pledged Islamic banks in Nigeria (Jaiz and Taj Banks), three Islamic banking windows (Sterling,
According to IFDR (2020) there are over 1400 Islamic finance institutions (banking, capital market and Takaful) operating in 80 countries across the globe, with a total value of USD 2.88 trillion and projected to reach USD3.69 trillion by 2024. Global Islamic finance market (2019) indicates that Islamic banking is the largest sector in the Islamic finance sector, contributing 71 percent or USD1.72 trillion, with a total of 505 Islamic banks and 207 Islamic banking window in 2017 (Globe Newswire, 2020; Raja et al., 2020). The paper is exploratory in nature which based on the review of theoretical and empirical literature on awareness and perception of Islamic banking products and services with a view synthesizing them and integrating the findings for better understating. The paper aims at ascertaining the relevance of awareness and perception of Islamic banking products and services in driving the growth and development of Islamic banking across the globe with a view to achieving the opportunities it portends. Following this section, section two (2) reviews the literature on the concepts of Islamic banking, perception and awareness, and relevant theoretical postulations and empirical studies. Section three (3) explains the methodology of the study while section four (4) synthesizes the findings of prior empirical studies on awareness and perception for better understanding. While section five (5) rounded up the paper by way of conclusion and recommendations.

2. Literature Review and Theoretical Framework

Non-interest (Islamic) Banking and Its Products/Services

A non-interest bank, according to the Central Bank of Nigeria (CBN) is any bank or Other Financial Institution (OFI) under its purview, which transacts banking business, engages in trading, investment, and commercial activities, as well as, the provision of financial products and services in accordance with any established non-interest banking principles (CBN, 2011). Islamic banking although may refer as a non-interest banking system it is much more than that because of additional features as discussed below. Yet, it is popular among all non-interest banking systems in the world.

The major principles of Islamic banking are the prohibition of interest (riba) (any unjust or excessive gain, risk-free or pre-determined return on a loan or investment; prohibition of gharar and prohibition of maysir (gambling) (Ayub, 2007). Guided by these principles, Islamic Banks offer a variety of products and services to cater to the diverse needs of their clients. The products are normally divided into four broad categories, namely partnership products, trading products, debt-based and ancillary products (Mohammed & Kim-Soon, 2016).

However, the most widely offered trade-based products by Islamic banks (BNM, 2009) are Ijarah, Murabaha, Salam and Istisna. According to IFSB (2020) this trend continues in the country. Ijarah is the usufruct of a property enjoyed by one party in exchange for a rental payment (Kettell, 2011). Different variations of Ijarah are used by Islamic bank with Ijarah Wal- Iqtina (leasing and promise to transfer ownership) being the most popular product. The contract of lease is separated from that of transfer of ownership (sale or gift). The second trade-based contract is Murabaha, which is a form of trust sale at a declared mark-up. It is used to finance short-term or medium-term financing. The third trade-based contract is Salam, a type of advanced sale whereby the seller sells his products before he produces them and receives the money
in advance and the buyer takes delivery at an agreed price, quality and quantity. According to Almezeini (2016) Salam is beneficial to the seller, as he was paid fully the price of his commodity before he delivers it; and beneficial to the buyer as the price in Salam is lower than the spot market price. The fourth and the last type of trade-based contract is Istisna, which is a sale transaction where a commodity is transacted before it comes into existence. It is an order to manufacture a specific commodity for a purchaser. Istisna can be used to finance the manufacturing of items like home furniture, aircraft, as well as financing exports and imports (Ayub, 2007).

While debt is at the heart of the conventional banking system, there is only one debt-based product in Islamic banks, which is the Al-Qard al-Hasan (beneficent loan). Some Islamic Banks render this kind of loan to customers who are in desperate need of consumption loans or genuine purposes, like medical. Apart from aforementioned products, there are other ancillary products/contracts. These include Kafalah (guarantee), Hawalah (promissory note/bills of exchange), and Wakalah (agency) which are widely used to facilitate different kinds of transactions (BNM, 2009; Mohammed & Kim-Soon, 2016).

The Concept of Awareness

Awareness is the state or ability to perceive, to feel, to know, or to be conscious of events, objects, or sensory patterns. Generally, awareness refers to public or common knowledge or understanding about a social, scientific, or political issue (Gafoor, 2012). Product awareness, therefore, is the degree of knowledge that customers have about a product. This involves developing the knowledge that a product exists, information about its function, benefits, quality, price, compatibility, and usability. The steps involved in product awareness are brand awareness, brand image, discovery, observation, information gathering, and trial.

Studies establish that consumers’ awareness significantly influences their attitude and intention to use Islamic banking products and services and thus more awareness leads to higher intention to use the Islamic banks (Kewuyemi, 2015; Thambiah et al., 2011). Therefore, continuous public awareness campaigns that mobilize public interest could contribute to the additional expansion of the industry to bring about financial inclusion and sustainable development.

The Concept of Perception

Customer perception refers to customers’ awareness, their impressions, and their opinions about a business, products, and brand; and it is shaped by multiple variables, including direct and indirect interactions with the products and services of a firm (Zach, 2019).

It is also defined as a marketing concept that encompasses a customer’s impression, awareness, or consciousness about a company or its offerings (Business Dictionary, 2020). It is the process through which consumers select, organize and interpret the information they gather through their senses (mouth, eye, ear, nose and skin) in order to provide themselves with a meaningful and coherent view of the product or service. The ultimate aim of every business is to increase sales by finding out the factors that drive consumers’ buying decisions. Therefore, thorough examination of customers’ perception and awareness is critical to the success of any business endeavor.
Empirical Studies on Awareness and Perception of Islamic Banking

This section reviewed relevant empirical studies on the concept of awareness and perception.

Studies on Awareness of Islamic Banking Products and Services

There were various and well-documented studies that examined the level of awareness of Islamic banking products and services in the literature. Those studies cut across countries where Islamic banking has reached a systematic level or where it’s at an early stage. These include Jordan, Bahrain, Malaysia, United Arab Emirate among others (Bley & Kuehn, 2004; Haron et al., 1994; Metawa & Almossawi, 1998; Naser et al., 1999).

Erol & El-Bdour (1989) and Erol et al., (1990) examined the factors that affect the patronage of Islamic banks among the customers in Jordan. They administered 434 questionnaires on Jordanian Islamic and conventional bank customers. Their findings reveal that fast and efficient service, image, bank reputation, and pricing policy are the key determinants of patronage while religion as a variable was not significant. This is contrary to the findings of Omer (1992) in the context of the UK who found that religious motivation was the key determinant while there revealing low awareness of the Islamic banking principles among the respondents.

Furthermore, Gerrard & Cunningham (1997) investigated the differences in the level of awareness and attitude between Muslims and Non-Muslims towards Islamic finance in Singapore. The authors gathered data from 190 bank customers using questionnaire. Using Multivariate techniques of data analysis, they showed that Muslims are more aware of the principles of Islamic banks compared to their Non-Muslims counterparts. They further established that there were differences in terms of the patronage factors such as religious motivation, profitability, etc.

Metawa & Almossawi (1998) studied the patronage factors of Islamic banks in Bahrain with 300 respondents from Islamic banks. The key variables of the study were the selected patronage factors, knowledge, and demographic variables. The study revealed that most of the respondents were aware about Islamic finance principles. They were also satisfied with the bank's services. It is worthy to note that, in the context of their study, religion and profitability were the most important determinants of patronage for the banks.

Similarly, Naser et al., (2013) investigated customer awareness and satisfaction with Islamic financial products and services offered by the Kuwait Finance House (KFH). Primary data was collected from 429 customers through questionnaire administration. The authors used descriptive and inferential statistics to analyze the data. Findings showed that a significant proportion of the respondents were not aware of many products of the bank.

Hamid & Nordin (2001) examined the awareness of Islamic banks customers in Malaysia. The data for the study was collected using 967 questionnaires on bank customers in Kuala Lumpur. Descriptive statistics was used to analyze the data. The findings showed that the majority of respondents are aware of the existence of Islamic banks in the country with an approximate 50% using Islamic banks. Yet, over 60% cannot differentiate between Islamic and conventional banking products.
Other related studies on awareness of Islamic banking include Bley & Kuehn (2004) in the United Arab Emirates who found a low level of awareness among university students while high for conventional banks. This may be due to the influence of the conventional banking system in the region; Okumus (2005), who investigated the bank selection criteria in Turkey and found that religion and principle of interest-free were the most significant variables; Rammal & Zurbruegg (2007) that studied awareness of Islamic banking products among Muslims in Australia and found that the respondents were willing to adopt the system but were not properly informed or educated about it. Cheteni (2014) analyzed the customer's awareness towards Islamic banking products and services in some cities of South Africa. The researcher administered a questionnaire among Muslims (40%) non-Muslims (59%) and from the responses of 140 respondents, it was clear that despite the fact the Islamic banking started since 1989 in the country there is low adoption of Islamic banking products and services as 70% of the respondents were having accounts with conventional banks. Using descriptive statistics and binary logistic regression. It was revealed that demographic variables such as age, gender and are significant in awareness among the respondents.

In the context of Nigeria Kewuyemi (2015) examined the awareness, attitude, and patronage of Islamic Banking in the country. The study, using survey technique found that a large number of Muslims and a significant number non-Muslim respondents were willing to adopt Islamic banks.

Studies on Perception of Islamic Banking Products and Services

Studies examining the level of public or customers' perception of Islamic banking products and services are well documented in the literature. Haron et al., (1994) examined the determinants of bank patronage among Malaysian customers of Islamic banks (Muslims and Non-Muslims). The findings indicated that there is no difference of perception between Muslims and non-Muslims in selecting bank services. Similarly, both groups are aware of the existence of Islamic banking in the country.

Bley & Kuehn (2004) compared students' knowledge and perception in the United Arab Emirates with respect to conventional and Islamic finance. They administered 667 questionnaires among the graduates and undergraduates of universities. The findings showed that, compared to conventional banking products, the students have a low perception towards Islamic banking products and services.

In another study, Zainuddin et al., (2004) studied the perception of users and non-users of Islamic banking in Penang Malaysia. The study found that most of users were married, more than 30 years of age with relatively more stable income. It was also demonstrated that income, relatives, and religion have a significant impact on attitudes.

In the same vein, Loo (2010) examined the attitude and perception towards Islamic banking between Muslims and non-Muslims in Malaysia. The author used 200 samples equally shared between Muslims and Non-Muslims. The findings showed that Muslims are supportive of Islamic banking. However, non-Muslims perceived it as a system primarily relevant to Muslims. Similarly, Munuswamy et al., (2013) studied the perception of Islamic Finance among college teachers in India with a sample of 150 teachers from 10 colleges in Chennai city. The study revealed that there is a significant difference between Muslims and non-Muslims in their willingness to accept Islamic finance.
Similarly, Thambiah et al., (2011) compared the rural and urban customers, both Muslims and Non-Muslims in Malaysia with the variables as awareness, perception, and preference of Islamic retail banking. The authors used a survey method to gather questionnaires from 537 respondents. The findings showed that the perception of urban banking customers differs significantly from their rural counterparts as the later perceived it as complex and uncertain. with rural customers varies as the rural customers perceive Islamic Retail Banking as more complex and uncertain, against their urban counterparts.

Rustam et al., (2011) investigated the perception of customers towards Islamic banking products and services in Pakistan. The author uses a simple random sample of 60 drawn from six Islamic bank banks in the country. A total of 100 structured questionnaires were administered with a response rate of 60%. The data was analyzed using descriptive statistics. The study showed that Islamic banking products and services have a good potential within the Pakistani corporate sector, with 55% of the respondents indicating their willingness to use the Islamic banking system as a substitute for the conventional banking system. While 63.3% of the respondents perceived that religion and economic factors were the main determinants of patronage and selection of the Islamic banking system.

Furthermore, Abdullah et al., (2012) studied the perception of non-Muslim customers towards Islamic banks in Malaysia among customers of Kuwait Finance House, Kuala Lumpur, Malaysia. The study used 180 questionnaires on non-Muslim customers of Kuwait Finance House based in Kuala Lumpur with financing, deposits, and investments. Out of the questionnaire administered 152 were returned and found valid, therefore used for the analysis. The findings indicated that Islamic banking is getting more accepted by non-Muslims and has great potentials to increase its market share substantially in the near future.

Similarly, Abdullahi & Shaharuddin (2016) examined the understanding and perception of Islamic banking in Macedonia. The authors used both questionnaire and interview responses. Interestingly they found that the respondents were mainly using conventional banks in the absence of Islamic banks. Similarly, they demonstrated moderate understanding on the concept of Islamic banking. In fact, when asked about the possibility of keeping their deposit in Islamic banks even when no profit was declared for one year, more than 45% of the respondents agreed to remain with Islamic banks as they do not want to deal with interest.

In Nigeria, Fada & Wabekwa (2012) studied people’s perception towards Islamic banking in Gombe LGA, Nigeria. The research sourced 134 responses through the administered questionnaire in the study area. The data were analyzed using descriptive statistics. The results of the study showed that Islamic banking is known among young and educated people. However, a fraction of the respondents (26.87%) felt that Islamic banking is only for Muslims. Similarly, Ringim (2014) studied the perception of Nigerian Muslim account holders in conventional banks toward Islamic banking products. The author used a cross-sectional survey technique to administer 500 questionnaires out of which 304 were returned and only 286 were found to be valid for the analysis. The findings showed the respondents have a positive perception of Islamic banking.

Hosen et al., (2019) examine the perception and expectation of customers in Islamic bank customers in Indonesia. The study intends to analyze the gap between the
perception and expectations of quality of services as well as the factors responsible for customer satisfaction in Bank Muamalat Indonesia. Using both quantitative and qualitative techniques, the finding of the study revealed that sharia compliance is a critical point of service in Islamic banks. It was also shown that accessibility, price of service, and sophistication in technology contribute significantly to service quality and satisfaction of the customers.

Theoretical Framework

This section reviews the relevant theories that are used in empirical studies on awareness and perception. There are a number of theories that are used to guide studies on awareness. These include the Theory of Reasoned Action (TRA), the Theory of Planned Behaviour (TPB) (Ajzen & Fishbein, 2005; Fishbein et al., 1975). TRA is built on two key independent variables attitude and subjective norm with behavioral intention to adopt a particular product or service. TPB is an extension of TRA which tries to fill the gap of ability to act in a certain direction, that is power of behavioral control. However, both theories have a common foundation. Additionally, the Theory of Hierarchy of Effects, as proposed by Lavidge & Steiner (1961). Other theories to study the perception of customers include bottom-up theory and top-bottom theory of perception proposed by Gibson & Carmichael (1966); Constructivist theory of perception-a bottom-up theory proposed by Gregory (1970). Other relevant theories include SERVQUAL which aims at assessing customer perception on service quality of a particular product or service (Parasuraman et al., 1988) as well as Expectancy-Value Theory developed by Atkinson in the 1950s, the theory presupposes that customers make some expectations about the value to be derived from particular products and services and based on that value judgment he/she proceeds to make a purchase decision.

Source: De Run & Lip (2008)

However, from the foregoing discussion and given the extent and relevance of each theory, we adopted the Hierarchy of Effects as proposed by Lavidge & Steiner (1961), as quite appropriate in any studies dealing with awareness of customers. The theory breaks down six stages upon which a customer passes in order to make a decision vis-a-vis awareness, understanding, liking, preference, conviction, and finally purchase. This can be further categorized into three as 'think', 'feel' and 'do' De Run & Lip (2008). Thus, improvement of the perception and awareness of Islamic banking products and services would lead to higher patronage which in turn lead to growth and development of Islamic banking.
3. **Research Method**

The study is purely a literature review based which involves review and synthesis of prior studies on customers awareness and perception of Islamic banking products and services in various countries. The review focused on all the three main components of literature, namely conceptual, theoretical and empirical literature.

4. **Results and Discussions**

The following deductions are explicit from the prior empirical studies reviewed on awareness and perception of Islamic banking products and services. First, as far as the review, there are key theories used in the literature to study awareness and perception on Islamic banking products and services. These include Theory of Reason Action (TRA), Theory of Planned Behavior (TPB), the Theory of Hierarchy of Effects (THE). Other theories include Bottom-Up Theory of Direct perception, Top-Down Theory of Indirect Perception, SERVQUAL Theory, Expectancy Value Theory, and Disconfirmation Theory among others (De Run & Lip, 2008; Egeth & Yantis, 1997; Fine & Minnery, 2009; Gibson & Carmichael, 1966).

Second, all the studies reviewed have been unanimous in using questionnaire as an instrument of data collection, which was analyzed using varied techniques of data analysis mainly involving descriptive analysis, ANOVA, non-parametric statistics especially Kruskal Wallis, Univariate and multivariate statistical analysis, logit and probit analysis, principal component analysis, regression analysis, correlation analysis and Structural Equation Model (SEM) among others.

Third, the studies reviewed used awareness, perception, satisfaction, attitude, and behavior, among others as the independent variables while patronage serves as the dependent variable. On the other hand, demographic factors including age, gender, educational qualification, years of dealing with the bank, area of residence, the country where qualification is obtained, nationality, race, income level, type of bank, status/position, human resource competence, and bank service reliability, among others, were used as the independent variables.

Fourth, the review found that in countries with the presence of Islamic banking, the level of awareness of Islamic banking was high mostly among customers that are Muslims, reside in urban centers, have a high academic qualification, have a stable income, are of youthful age and reside in Muslim majority countries (Gerrard & Cunningham, 1997; Omer, 1992; Rammal & Zurbruegg, 2007; Thambiah et al., 2011). Generally, researchers suggest that an informed customer and good customer contribute in positive awareness and perception on Islamic banking products and services. This implied that Islamic banks need to enhance their marketing and customer education to develop positive awareness and perception about their products and services.

Fifth, the studies have shown that in most jurisdictions, awareness was related to basic Islamic banking services and products (like savings, and mudarabah investments) but does not include complex financing products like musharakah, istsina, salam, musamawwa, among others. Similarly, studies have shown that in most jurisdictions, customers find it difficult to differentiate between conventional banking and Islamic banking.

Sixth, studies reviewed showed that awareness of Islamic banking products and services is not directly associated with patronage and usage of the products. In many jurisdictions, it was revealed that there was high awareness but the customers do not
deal in the products and services, and some customers do not even understand the usage and functions of the products.

Seventh, studies reviewed also revealed that perception of Islamic banking differs based on the demographic profiles of the respondents such as age, gender, income, and educational level, among others. For instance, substantial studies on the area indicated that high educated customers constitute a large percentage of Islamic bank customers (Loo, 2010). This suggests that targeting the customers with positive perceptions and attitudes will not only propel Islamic banking but would also create deeper awareness and practically respond to misconceptions.

Eighth, among the factors that were used to measure customers’ perception and patronage of Islamic banking products and services, are religion, quality of service, cost, reliability, image, rate of return on investment, availability of Automated Teller Machine, interest-free principles, the competence of personnel of Islamic banks, benefits of products, service delivery, confidentiality, size, location and family and friends influence among others (Ahmad & Haron, 2002; Erol et al., 1990; Erol & El-Bdour, 1989; Gerrard & Cunningham, 1997; Haron et al., 1994; Metawa & Almossawi, 1998). Additionally, religion was also proved as one of the important factors considered by customers for the selection of Islamic banking services, but not the most important factor (Erol et al., 1990; Haron et al., 1994; Metawa & Almossawi, 1998; Naser et al., 1999). Social, economic, and quality factors were found to be more critical.

5. Conclusion, Implication, and Limitation

In the light of the foregoing review of empirical studies and the synthesis and critique that follows, the following conclusions are drawn. Firstly, Islamic banking products and services are progressing and being accepted by the day among both Muslims and non-Muslims and have the potentials to dominate conventional banking in the near future in some jurisdictions. Secondly, awareness is a key element that influences consumer behavior including personal responsibilities of making informed consumer choices. Knowledge and awareness have direct and indirect effects on attitudes toward adopting a product or services by consumers. Awareness is always a vital factor to influence buying decisions and purchase intentions. Thirdly, perception of Islamic banking is by and large, consistent with the misconception on the products and services offered by the banks. Fourthly, there is a correlation between the knowledge of Islamic banking among customers and their choice to patronize Islamic banking products and services. Banks advertisements, therefore, need to focus on the quality, usefulness, and popularity of a product or service. Fifthly, religion is not the most important motivation among Islamic banks and other customers dealing with the banks, but fast and efficient service delivery, reputation and image of the banks, pricing policy, and confidentiality, among others appear to be more critical. Sixthly, spouses, relatives, neighbors, and other peer groups play a significant role in creating awareness to customers on Islamic banking.

Sequel to the foregoing conclusions of the study, the following are recommended. First, Islamic banks should pay more attention to creating awareness so as to enhance the public understanding and perception of Islamic banking especially at lower strata of the society thereby promoting financial inclusion across the globe. This requires developing the knowledge that a product exists, information about its function, benefits, quality, price, compatibility, and usability. Second, continuous public awareness campaigns by all relevant stakeholders that mobilize members of the public are neces-
sary for more patronage and usage of Islamic banking products and services. Third, Islamic banks, regulators, the Islamic banking public, and other stakeholders should join hands to improve customer perception through effective advertisement, public relations, social media, sharing of personal experiences, and words of mouth among others. Fourth, managements of Islamic banks should focus attention on factors that influence customers’ perceptions positively, which include price (competitiveness and commensurate with the perceived value), quality (features that most distinguish products or services, and which are most desirable in target markets), branding (product differentiation meeting and exceeding customers’ expectations) and service (service experience that improves or exacerbate brand awareness), advertisement (messages that drive customers positively), reputation (good customer experience and interactions with other users of the product) and influencers (positive experiences of people who customers’ trust). Lastly, Islamic banks should focus attention on the overall improvement of the quality of their products and services, especially the economic factors, social factors, competitive factors, and utility factors which are mostly considered more critical than religious factors. Islamic banks should go beyond just marketing and advertisement, but overall customer education about Islamic banking products and their Importance. Good customer education will contribute to making customers more aware of Islamic banking products and services and enhance the positive influence of spouses, relatives, neighbors, and other peer groups in creating awareness and enhancing patronage of Islamic banking products and services.

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