



Ithmaar Bank And Bahrain Islamic Bank Customer's Awareness Toward Shariah Principles

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Abstract: This survey aims to assess the level of awareness on Shariah principles from the customers of the Ithmaar Bank B.S.C. and the Bahrain Islamic Bank. With the recent development of Islamic finance over the past decades this kind of study assumes a certain importance as it comes as a picture of the profile of customers dealing with Islamic banks, how is their level of awareness on Shariah principles behind the financial products they are consuming. A survey questionnaire was distributed to 90 respondents split equally into 45 respondents from the Ithmaar Bank B.S.C. and 45 respondents from the Bahrain Islamic Bank. The results from the answers of the respondents on the survey questionnaires show that the customers of the Ithmaar Bank B.S.C. and the Bahrain Islamic Bank have a satisfactory level of awareness. The level of awareness from the customers of the Bahrain Islamic Bank is slightly higher than the customers of the Ithmaar Bank B.S.C. Both of these banks' customers present a different level of awareness on each Shariah principles, the Maysir getting the highest degree of awareness, the Gharar getting the lowest and the Riba getting a medium degree of awareness. This study is expected to benefit both the management of the Ithmaar Bank B.S.C. and the Bahrain Islamic Bank and every stakeholder in Islamic banking industry.

Keywords: Shariah principles, Ithmaar Bank, Bahrain Islamic Bank

1. INTRODUCTION

The modern Islamic finance was born in the early of the 1960's in the countryside of Egypt, and was then constantly developed, geographically, mainly in Southern Asia and Arabic Gulf countries, and in substance, with the development of a full set of Islamic financial products to offer to the customers the Islamic lawful equivalent of the conventional financial products.

Islamic finance gained popularity among Muslim societies as it gives an Islamic alternative to the conventional banking, and gained recognition among non Muslim countries because Islamic banks, thanks to petrodollars, have now available a lot of cash to invest, and also because Islamic banks were spared by the 2008 financial crisis as Islamic banks are ban, by nature, to invest in conventional derivatives products, such as subprime.

The creation of the modern Islamic banking came recently to answer to the need of some Muslim believers. This comment has a critical importance because it shows that the first customers who asked for Islamic banking had a very strong awareness of Shariah principles behind the rules in finance and economics. Nowadays, as there is an availability of Islamic banking for Muslims, especially in Southeast Asia and Gulf countries, where Islamic banks are numerous, the awareness on Shariah principles driving Islamic finance from the customers dealing with Islamic banks must be assessed. Are



the customers dealing with Islamic banks showing a high, a satisfactory, a medium, or a poor level of awareness on Shariah principles?

Recent studies show that even the awareness on Islamic financial products such as the Ijarah or the Murabaha is low. In Singapore, both Muslims and non-Muslims are generally unaware of the culture of Islamic banking, (Gerrard and Cunningham, 1997). In Pakistan, a study conducted by Khattak and Ur-Rahman (2010) showed a poor level of awareness on Islamic financial products among customers of Islamic banks. However, still in Pakistan Ahmad and Baschir (2014) outlined that there is a significant positive relationship between the customer's awareness level and the customer's awareness of service utilization decision in Islamic banking.

The Kingdom of Bahrain was one of the first countries that welcome Islamic banks. Furthermore, The Kingdom of Bahrain hosts some of the most important international Islamic institution, the AAOIFI, which for Auditing Organization for Islamic Financial Institutions, established in 1991 to maintain and promote Shariah standards for Islamic financial institutions globally. Most of the Islamic Scholars who are helping to conceptualize and to improve Islamic financial products are based in the Kingdom of Bahrain. The Kingdom of Bahrain hosts also many international conferences on Islamic finance themes that help to develop and enrich the debate around Islamic finance issues. Among the most known international conferences, there are the World Islamic Banking Conference (WIBC), the World Islamic Funds and Financial Markets (WIFFMC), and so forth. With such a positive and favorable environment around Islamic finance, the question of the awareness on Shariah principles from the customers dealing with Islamic banking in the Kingdom of Bahrain must be raised. Are the customers influenced by this environment and therefore showing a high level of awareness? The results of this study can bring a beginning of an answer.

The Shariah principles that govern Islamic finance are defined by the branch of Fiqh called Fiqh-ul-maamalah. The grounds where the Islamic banking and Islamic finance principles are defined come from three sources. The Quran, the Sunnah (as the Hadith, the sayings of the Prophet of Islam) and the conceptual tools used by the Muslim Scholars in Islamic jurisprudence, such as Ijma, Qyas or Istihsan. The most important Shariah principles are the Riba, the Gharar and the Maysir, according to a major work from Saleem (2013) on Islamic commercial law. The Riba is a central notion of Islamic finance; it was the main reason why modern Islamic finance was conceptualized (Usmani, 1998).

The study population has been chosen among the customers of the Ithmaar Bank B.S.C and the Bahrain Islamic Bank as they are the first two biggest retail Islamic banks in the Kingdom of Bahrain and can offer a representative sample of all of the customers dealing with Islamic banks in the Kingdom of Bahrain. The comparison of the level of awareness on Shariah principles from the customers between these two bank needs also to be assessed.

The main objectives of this study are based on the aforementioned background are these following three objectives.

1. To measure the level of awareness on Shariah principles from the customers of the Ithmaar Bank B.S.C and the Bahrain Islamic Bank.
2. To compare the level of awareness on Shariah principles between the customers of the Ithmaar Bank B.S.C and the customers of the Bahrain Islamic Bank.
3. To compare the level of awareness from the customers among the three Shariah principles.

The results of this study are expected to first benefit to the management of the Ithmaar Bank B.S.C and the Bahrain Islamic Bank, as it can help to assess the level of awareness on Shariah principles from their customers. This study can also benefit to all of the stakeholders in Islamic banking industry, in



the Kingdom of Bahrain or elsewhere, such as any other Islamic banks, in a willing to develop Islamic financial products.

This study is organized into five sections and its analysis is rolling out through these five sections. The first section introduces the study, it presents the background of the study, its framework, the objectives the study wants to meet, its signification and its scope and limitations. Section two concerns the literature review. Section three describes the research methodology. Section four discusses the findings and analysis. Lastly the section five concludes the study with an overall conclusion on the study and suggests some recommendations.

2. LITERATURE REVIEW

This section describes the previous studies on Shariah principles, public perceptions on Islamic banking and finance and its features.

A. *Relevant Theories and Concepts*

The Shariah principles applied in Islamic banking are derived from the Quran and the Sunah. Many of these Shariah principles applied to the Islamic finance and Islamic banking were conceptualized by Shariah scholars. However, through the Islamic literature, the most common, the most continuously quoted and the most relevant Shariah principles in transactions (Mumalah) are the Riba, the Gharar and the Maysir (Usmani, 1998).

Riba is explained as any excess of a money exchange transaction. And this explanation leads to define the Riba as interest, particularly the interest practiced by the conventional financial institutions. Usmani (1998) does not use the Arabic name of Maysir to define the prohibition of gambling and speculation but mention the gambling and the speculation as the main prohibitions in Islam for transactions alongside Riba but it is recognized as it by the majority of the Scholars. The Arabic name of Gharar is used to define the excessive uncertainty. Excessive uncertainty is highly prohibited in Shariah and makes any transaction encompassing it as invalid.

On a reflection for an Economic theory in Islam for the distinguished Da'wah academy, Rehman (1996) uses the central notion of Riba as the foundation to build an economical theory in Islam besides describing the general philosophy of Islamic economy.

A Takaful study was made by a distinguished French jurist Charbonnier (2011). Specialized in conventional insurance, he made a deep study on Takaful, introducing it to the French audience, as there is a potential for welcoming it to non Muslim countries and particularly in France because hosting a significant Muslim population. When the study comes to the Shariah principles that found Takaful, three prohibitions are quoted and defined. These three prohibitions framing the permissibility of the contract of Takaful are the prohibition of Riba, Gharar and Maysir.

The Riba is defined by Charbonnier (2011) as a growth or an increase that is not lawful, and with a minima interpretation, as usury. It has to be noted that the author doesn't define the Riba as conventional interest in bank but as usury. The Gharar is defined by hazard, risk and excessive uncertainty, but coming to a definition of Gharar applied to Takaful, the term uncertainty is chosen. Lastly, the definition of Maysir is explained through the story of the ancient game of chance practiced during the early time of Islam, where the Sunna qualifies it as abomination. Embodying an uncertainty and hazard aspects, the Maysir tends to be defined as speculation, making it separated from the definition of Gharar. Therefore the divine command proscribing the selling of an escaping slave was based on Maysir and not on Gharar.



Cattelan (2009) conducted a study on Islamic law and made a juridical interpretation of the prohibitions. Deriving from the concept of Haqq, the Riba, the Gharar and the Maysir are the requirements of efficiency for a contract (the Islamic contract, el Aqd).

The Islamic law embodies a divine characteristic, there is a divine omnipotence when the reality is created, and that is a significant difference from all of the other existing legal systems. In Islamic law, the concept of Haqq is what is right, what is true and real. Therefore the contractual freedom in Islamic law is reflected by this divine justice, mainly in terms of prohibitions. The prohibition of Riba, the prohibition of Maysir and the prohibition of Gharar. All these prohibitions are a consequence of the conceptualization of Haqq.

Cattelan (2009) explains the notion of Riba by defining it as an unlawful addition, growth or increase. In the Quran, the fundamental divine quote of the Riba can be found in the second Sura at the verses 275–281, in particular in the passage where trade is opposed to the Riba: “Allah hath permitted trade and forbidden usury (Riba)”. There is also the verse 278 of this same Sura where a divine injunction is made to give up the Riba: “O you who have believed, fear Allah and give up what remains [due to you] of interest (Riba), if you should be believers”. Furthermore in the third Sura at the verse 130, a divine warning is made against those who intent to consume Riba: “O you who have believed, do not consume usury (Riba), doubled and multiplied, but fear Allah that you may be successful”. At the Sura 4 and the verse 161, the divine warning of consuming Riba, gets deeper under the form of a severe and painful punishment for those who consumed it: “And for their taking of usury while they had been forbidden from it, and their consuming of the people’s wealth unjustly (Riba). And we have prepared for the disbelievers among them a painful punishment”. Quoting Islamic Scholars, Hadith Imams collectors, Cattelan (2009) corrects the notion of Riba through the Sunna with Hadith and comments of it. According to Ibn Majda, there is in the Sunna, 73 types of Riba. The Riba is that bad that makes the one who consumes it the lowest of the mankind: “Riba is of 73 types. The least of them is like a man having sexual intercourse with his mother”.

The other prohibition deriving from Haqq, the Maysir is defined and understood as gambling and speculation and there is a consensus among the Scholars where the majority of them believe that the term Maysir describes gambling in general, any type of gambling. Maysir is quoted in the Quran at the Sura 5, at the verse 90: “O you who have believed, indeed, intoxicants, gambling (Maysir) stone alters, and divining arrows are but defilement from the work of Satan, so avoid it that you may be successful”. And also in the verse 91 from the same Sura: “Satan only wants to cause between you animosity and hatred through intoxicants and gambling (Maysir) and to avert you from the remembrance of Allah and from prayer. So will you not desist?” Quoting Hadith on Maysir, Imam Bukhari inspired the builders of the Islamic finance: “Whosoever says to another: come let’s gamble! Should give in charity”.

B. Previous Studies on the Awareness of Shariah Principles Applied in Islamic Banking and Finance

Qadri (2008) introduced the concept of Islamic finance to the northern American business lawyers’ community. As he realized that the American Muslim community has an estimated purchasing power of \$170 billion and the Islamic finance is fast growing worldwide, he felt the need to make aware the American people of the opportunity of welcoming Islamic finance in America. As he defined how Islamic banking is founded on the Shariah, he stressed the notion of Riba, the central founding element of Islamic banking, meaning the collection of any type of interest, but particularly related to the conventional banking interest. He also added the notion of excessive uncertainty, without naming it as Gharar and the notion of Gambling, without naming it as Maysir.

Khattak and Ur-Rahman (2010) made a study comparing the satisfaction and awareness level of the customers through the Islamic Banking industry in Pakistan. As the same for conventional banking, the



ultimate source of revenue is the customer, hence its satisfaction towards the Islamic banking services must be assessed. This study is also made relevant for all of the Pakistan, because using samples composed of 156 respondents and geographically coming from different cities of Pakistan.

The authors quote a famous previous study made on the Islamic banking study in Singapore by Gerrard and Cunningham (1997), using a sample of 190 respondents, where 29 were Muslims and 161 were non Muslims, showing that they are aware of fundamental concepts in Islamic finance, but not aware of the Islamic financial products such as Murabaha and Ijara,

Khattak and Ur-Rahman (2010) concluded their study by asserting that customers from Islamic banks in Pakistan have a general awareness in some general products like current accounts or time deposit accounts, however these customers have a low level of awareness of Islamic financial products such as Ijara and Murabaha. However, the study showed that the customers are satisfied by the Islamic banking services provided. The authors suggested that the Islamic banking industry must bring the awareness of some Islamic finance products to the customers.

Still in Pakistan, a study conducted by Ahmad and Baschir (2014) investigated the customer's awareness level about products offered by the Islamic banks and customer's awareness of service utilization decision in Islamic banking. 200 respondents being all customers of Islamic banks in the city of Lahore in Pakistan were questioned through a personal contact approach. The authors underlined the necessity of this recent study of the customer's awareness level because since 2005 the Islamic banking sector in Pakistan has grown by 60 % each year (but the real Islamic banking stream started in 2002). Thus the correlation between the growth of the Islamic banking sector and the customer's awareness must be assessed. Ahmad and Baschir (2014) concluded that there is a significant positive relationship between the customer's awareness level and the customer's awareness of service utilization decision in Islamic banking. Furthermore, this awareness of products and services in Islamic banks can help retaining existing customers, but also attract potential new customers.

In a study made in Malaysia, Loo (2010) proposed an original approach to measure the attitudes and perceptions towards Islamic banking, as the sample is made of Muslims and non Muslims but also an accent is put on the different generation of the respondents, the baby boomers and the X-Generation.

Prior analyzing the study of Loo (2010), concerning only the perception of non Muslims towards Islamic banking, a relevant study has been made by Hidayat and Al-Bawardi (2012). Made in Saudi Arabia to assess the non-Muslims' perceptions towards Islamic banking service, 103 respondents were validated (over a total of 160 questionnaires distributed). The respondents are all expatriates and they are mainly belonging to Christian and Hindu faiths. The authors found that most of the respondents are aware of Islamic banking. The use of Islamic banking by them are mainly explained by the cheaper transaction costs and better service delivery. The conviction of the majority of the respondents of the social benefits coming from the interest-free Islamic banking principles brings a positive image of the perception of Islamic banking from non-Muslims in Saudi Arabia and can encourage Islamic banks in Saudi Arabia to target them in a larger scale.

The analysis of Loo (2010) focused on the perceptions of Muslims and non Muslims and also different generations towards Islamic banking is made of a sample of 200 respondents, all Malaysians, split into 100 Muslims and 100 non Muslims, and also into an equal number of X-Generation (born between 1965 and 1980) and Baby Boomers (born between 1946 and 1954). The author found that Muslims have a better understanding of Islamic banking, a better perception, a better attraction to Islamic banking than non Muslims. But, Loo (2010) reveals in the study findings that the X-Generation has a better perception, understanding, and attraction to Islamic banking than the Baby Boomers.



3. RESEARCH METHODOLOGY

According to the Central Bank of the Kingdom of Bahrain, as for the date of June 2016, 6 retail Islamic banks and 19 wholesale Islamic banks were registered. For the study population, and in order to provide relevant results, only retail Islamic banks were chosen for the study population, because offering only exclusive Islamic financial services. Among these retail Islamic banks, the first 2 biggest retail Islamic banks by their network in the Kingdom of Bahrain were chosen. Therefore the customers of the Ithmaar Bank B.S.C. and the Bahrain Islamic Bank. constitute the study population. 90 surveys were retrieved, 45 from the Ithmaar Bank B.S.C and 45 from the Bahrain Islamic Bank.

The survey was designed as a questionnaire and conducted as a personal interview to the respondents, aiming to assess the awareness of the Shariah principles of these respondents, being the customers of the Ithmaar Bank B.S.C. and the Bahrain Islamic Bank. The Shariah principles are understood mainly as the awareness of the notion of Riba, Gharar and Maysir (Usmani, 1998). Therefore three statements on each notion of Riba, Gharar and Maysir were consecutively written down on the questionnaire, making a total of nine statements.

These nine statements are as follow:

1. The bank gives you a conventional loan but at very low interest rate, less than 0.5%. Lesser than a Murabaha profit rate.
2. The bank tells you the exact figures of what an investment will bring in before having made any actual profit.
3. Because by your fault you have failed to pay some installments, the bank charges you some penalties and keeps it for its own use.
4. The bank invests in a high profitable conventional insurance company.
5. The bank offers you a Murabaha contract without specifying the profit rate.
6. A farming company selling unborn camels ask the bank for financing
7. A country is going to bankruptcy, the bank made a very high profit by buying and selling the currency of this country using derivatives instruments.
8. The bank announces a lottery where the prize comes from the bank clients' money.
9. The bank invests in a casino but this casino doesn't serve liquors.

Respondents rated the items using a 5-point Likert scale with the following scale values:

- 1 – Strongly Agree
- 2 – Agree
- 3 – Neutral / I don't know
- 4 – Disagree
- 5 – Strongly Disagree

To obtain the highest awareness level of Shariah principles, the respondents have to declare to be "strongly disagree" for each of the nine statements. The lowest level of awareness of Shariah principles will be reached if the respondents declare to be "strongly agree" for each of the nine statements.

In order to interpret and analyze the data collected, the classical method of weighted average was used. This method comprises two step of computing, explained through the following statistical tools (Hidayat and Al-Hur, 2011)

1. To compute the percentage of each score:

$$\% \text{ Distribution} = \frac{F}{N} \times 100$$



Where:

F = frequency of an element or answer

N= total number of elements or answers

2. To obtain the Weighted Mean – The arithmetical average when the entire scores are added and divided by number of elements:

$$M = \frac{\sum X}{N}$$

Where:

M = mean

$\sum X$ = sum of the scores / measures in the series

N = number of cases

4. ANALYSIS AND FINDINGS

This section reveals the findings of the study. This section is divided into four subsections, namely the demographic profiles of the respondents, the overall results of customers' awareness, the customers' awareness on each Shariah principles and the comparative analysis of the respondents' awareness from each bank.

A. Demographic profiles of the respondents

For the gender of the study population, 67% of the respondents were male and 33% were female.

As for the age category of the respondents, 12% of the respondents were under 25 years old, 23% of the respondents were between 26-35 years old, 25% of the respondents were between 36-45 years old, 23% of the respondents were between 46-55 years old and 17% of the respondents were above 56 years old.

The educational attainment of respondents was divided into three categories, high school, undergraduate, and postgraduate, is distributed in a heterogeneous way. 45% of the respondents attended to high school, 35% of the respondents were holding an undergraduate degree and only 21% of them were holding a postgraduate degree (Master and above).

B. Overall results of Customers' awareness

It has to be reminded that in order to obtain the highest awareness level of the Shariah principles, the respondents have to declare "strongly disagree" for each of the nine statements. The overall results can be seen on table N^o2.

Seven (7) statements out of 9 obtained weighted means with a verbal interpretation of the mention "disagree". By ascending order, the statement n^o4 obtained the minimum weighted mean to be verbally interpreted as "disagree" (M=3.62). The statement n^o1 obtained (M=3.65). The statement n^o7 (M=3.65). The statement n^o5 obtained a higher weighted mean (M=3.74), followed by the statement n^o3 (M=3.78). The statement n^o8 got a weighted mean close the minimum weighted mean to be verbally interpreted as «strongly disagree» (M=4.19), showing a high level of awareness from the respondents. The highest weighted mean was obtained by the statement n^o9 (M=4.48) at only 0.02 points to be verbally interpreted as «strongly disagree» showing the highest level of awareness from all the statements.



Two (2) statements out of 9 obtained weighted means with verbal interpretation of the mention «Neither Disagree nor Agree». The statement n°2 obtained the weighted mean (M=3.02) and the statement n°6 obtained the lowest weighted mean (M=2.92).

The overall weighted mean computed from the results of the weighted means of each statement, stands at M= 3.66, which is translated to the verbal interpretation as «disagree». That leads to acknowledge that the respondents of the survey questionnaire, being the customers of the Ithmaar Bank B.S.C and the Bahrain Islamic Bank, have a satisfactory level of awareness on Shariah principles.

C. Customers' awareness on each Shariah principles

A result analysis of the three Shariah principles, the Riba, the Gharar, and the Maysir, taken separately shows that there are different levels of awareness from the respondents on each Shariah principle. The notion of Maysir presents the highest level of awareness from the respondents among the Shariah principles. The weighted mean of the Maysir statements stand at (M= 4.11) which is translated by the verbal interpretation “disagree” but tends very closely to “strongly disagree”, therefore the level of awareness is more than satisfactory, it rather can be qualified as very good or almost excellent.

Conversely, the Shariah principle that presents the lowest level of awareness is the notion of Gharar. The weighted means for this Shariah principle of Gharar standing at (M= 3.39) is translated in verbal interpretation as “neither disagree nor agree”. A probable explanation would be that the concept of uncertainty, embodied in the notion of Gharar, is less clear, less obvious to comprehend than the concept of gambling embodied in the notion of Maysir. For the last Shariah principle, the Riba, the respondents showed a satisfactory level of awareness, lesser than the level of awareness for the notion of Maysir but higher than the notion of Gharar. The weighted mean for the notion of Riba stands at (M= 3.47) which is still translated in verbal interpretation as “neither disagree nor agree” and qualified as a medium level of awareness. Nevertheless, this weighted mean is at 0.03 from 3.5, to be verbally interpreted as “disagree”. Therefore the level of awareness can be in a certain way qualified as satisfactory.

D. Comparative Analysis of the Respondents' Awareness from each bank

A slight difference of awareness can be noted between the respondents of the Ithmaar Bank B.S.C and the respondents of the Bahrain Islamic Bank. The respondents of the Bahrain Islamic Bank manifest a slight highest level of awareness than the respondents of the Ithmaar Bank B.S.C with an overall weighted mean stands at (M= 3.77) for the respondents of the Bahrain Islamic Bank and an overall weighted mean stands at (M= 3.54) for the respondents Ithmaar Bank B.S.C.

5. CONCLUSIONS AND RECOMMENDATIONS

This section covers the conclusions and recommendations of the study. The respondents showed a satisfactory level of awareness, as the overall weighted mean stands at M= 3.66 translated in verbal interpretation as “disagree”. The respondents disagree on seven statements over the nine statements; the two other statements received verbal interpretation of “neither disagree nor agree”, which shows a medium level of awareness but not a poor one.

The Kingdom of Bahrain being a country which was one of the first welcoming the Islamic financial industry through Islamic banks, Islamic financial institutions, and Islamic Scholars, might have an environment favoring the awareness on Islamic finance and its products, its features, that contributing to enhance the level of awareness on Shariah principles.

The respondents showed a different level of awareness on these three Shariah principles. The



Shariah principle revealing the highest level of awareness was the notion of Maysir. Embodying the notion of gambling, this Shariah principle has a strong awareness among the respondents, as speculation and gambling with the money is strongly known to be Islamic unlawful. The weighted mean stands at $M= 4.11$ for this concept of Maysir is even close of getting the mention “strongly disagree”. The Shariah principle presenting the less level of awareness among the Shariah principles is the concept of Gharar. Embodying the notion of uncertainty, its understanding and awareness is not obvious to the public. The last Shariah principle, the concept of Riba, presents almost a satisfactory level of awareness from the customers, but the weighted mean for this Shariah principle stands at $M= 3.47$, cannot be translated in verbal interpretation as “disagree” but as “neither disagree nor agree”. Following strictly the interpretation scale tables, the level of awareness of the customers on the concept of Riba is qualified as medium.

The customers from the Bahrain Islamic Bank manifested a better level of awareness than the customers from the Ithmaar Bank B.S.C. This difference of the level of awareness was not huge or critical but relevant. It has to be underlined that even if there was a difference in degree of the level of the awareness on Shariah principles, both of these bank showed alone a satisfactory level of awareness. A probable explanation to the difference in the level of awareness between the customers of the Bahrain Islamic Bank and the customers of the Ithmaar Bank B.S.C. might be that Bahrain Islamic Bank was the first commercial Islamic bank implemented in Bahrain and registered by C.B.B. in 1979. The public in Bahrain is identifying for a long time Bahrain Islamic Bank as a well known and well reputable Islamic bank. Therefore the customers dealing with Bahrain Islamic Bank have exclusively looked for Islamic financial services over any kind of offers from other banks giving cheaper services. The mention “Islamic” in the name Bahrain Islamic Bank. helps also to better identify this bank as being exclusively Islamic.

In consideration of the findings of the study, the study comes out with the following recommendations:

1. To improve the level of awareness of the customers of both banks regarding to the 2 statements which obtained the medium level of awareness from the 9 statements related to Shariah principles. The first statement no 2 is related to Riba while the statement no 6 is related to Gharar.
2. To help the enhancement of the level of awareness from the customers of the Ithmaar bank B.S.C., because in overall result, Ithmaar Bank’s customers have lower level of awareness on Shariah principles than Bahrain Islamic Bank’s customers. It can be done through a communication campaign on the Islamic financial services offered by the bank with a brief glimpse of every Shariah principle involved behind each of the Islamic financial products being offered. It can also be done by attracting new customers, looking for Shariah compliant financial products, and therefore having a highest level of awareness on Shariah principles. A last recommendation could be to add the mention «Islamic» to the name Ithmaar bank B.S.C This idea of branding might improve the positioning of Ithmaar bank B.S.C as a more recognized Islamic bank.
3. To improve the level of awareness on the concept of Riba and Gharar. The other Shariah principle, the concept of Maysir having a strong level of awareness, does not need to see his level of awareness to be improved.
4. To deepen this study, new studies measuring the level of awareness on Shariah principles from customers coming from other Islamic banks should be conducted.
5. To widen this study, new studies on the assessment of the reasons why customers choose to deal with Islamic banks should be conducted.



APPENDICES

Table 1: 5-Likert scale and its verbal Interpretation are adopted from the previous (Hidayat and Al-Hur, 2015) using the same 5-likert scale.

Scale	Verbal Interpretation
1.49 – 0	Strongly Agree
2.49 – 1.5	Agree
3.49 – 2.5	Neither Disagree nor Agree
4.49 – 3.5	Disagree
5 – 4.5	Strongly Disagree

Source: Hidayat and Al-Hur (2015)

Table 2: Overall Responses of the Respondents on 9 Shariah Statements

Statements	Weighted Mean	Interpretation
1. The Bank gives you a conventional loan but at very low interest rate, less than 0.5%. Lesser than a Murabaha profit rate.	3.62	Disagree
2. The Bank tells you the exact figures of what an investment will bring in before having made any actual profit.	3.02	Neither disagree nor agree
3. Because by your fault you have failed to pay some installments, the Bank charges you some penalties and keep it for its own use.	3.78	Disagree
4. The Bank invests in a high profitable conventional insurance company.	3.5	Disagree
5. The Bank offers you a Murabaha contract without specifying the profit rate.	3.74	Disagree
6. A farming company selling unborn camels ask the Bank for financing.	2.92	Neither disagree nor agree
7. A country is going to bankruptcy, the Bank made a very high profit by buying and selling the currency of this country using derivatives instruments.	3.65	Disagree
8. The Bank announces a lottery where the prize comes from the Bank clients' money.	4.19	Disagree
9. The Bank invests in a Casino but this Casino doesn't serve liquors.	4.48	Disagree
OVERALL AVERAGE (WEIGHTED MEAN)	3.66	Disagree

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