

The Major Issues Facing Staff in Islamic Banking Industry

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Abstract: The research was mainly concerned about the challenges faced by the staff working in the Islamic banking Industry. A study was conducted on Islam based banks between the 5th and 22nd of March 2020 to identify the challenges faced by the staff. Again, the results obtained aided in ascertaining the correlation between the staff challenges and its unique model of operation from conventional banks. Some objectives of the research included generating results that assisted in developing staff skills. Also, investigating the nature and increase of the sales and bringing out ways of attracting customers to the banks were the last objectives of the study. The literature review confirmed the Islamic banking industry staff members had been struggling with the aspects mentioned earlier. Besides, the information in the literature review provided clarity on the challenges faced by the staff. On the methodology part, the quantitative part of data collection focused on questionnaires, whereas qualitative concentrated on interviews with the aid of descriptive statistics and observation. The sample used was composed of 200 participants. A total number of 8 Islamic banks were engaged in retrieving the necessary information form staff. Additionally, results were analyzed using statistical graphs, and recommendations were provided to address the identified staff challenges.

Keywords: Banks, Islamic Banking Industry, customer satisfaction, loan interest, staff, and skills.

1. Introduction

The Islamic banking industry (IBI) operates differently from other conventional banks, through offering interest-free products.

Abdul-Majid et al. (2010) opined that there are various strategies applied in Islamic banks, and they have attracted not only praises but also critiques by the interested observers. The industry has received a considerable number of

praise from customers and other parties due to its transition from a mere theory into a banking platform worthy of \$2trillion. Importantly, IBI has attracted several non-Muslim customers because its system tends to be less risky yet stable as compared to conventional banks. It is, however, worth noting that the industry is associated with various challenges, including late payments, unfavorable currency rates, and non-consideration of the poor and small traders (Hassan and Aliyu, 2018). The unique mode of operation has attracted critiques, which reveals that the Islamic banking industry has entirely ignored its underlying philosophy for the last few decades. It is, however, worth noting that the challenges have turned out to adversely impact the staff members who are mandated to oversee the operation of Islamic banks.

The Islamic banking staff has been struggling with putting in place effective strategies for creating awareness of its products, a situation that has reduced sales volume performance among the staff. Equally, the public does not have a clear view of what Islamic banking entails because the systems do not advocate for prioritizing its products and services (Hassan and Aliyu, 2018). The regulatory regime governing the Islamic banking industry does not allow the staff to harmonize their operations with those of the

other banks, there impacting skill development adversely. Precisely, the team finds it challenging to shape their expertise concerning advancing technology due to the limited borrowing of techniques from conventional banks (Bose, 2018b). Notably, Islamic regulators advocates for developing the industry to a higher scaled banking sector as opposed to bringing in more customers and promoting the welfare of the staff. As a consequence, the staff tends to be limited since they cannot boost their sales volume by inviting more customers.

The research was vital in identifying the problems facing the staff working in the Islamic banking industry. Besides, the study contributed significantly to investigating nature and strategies for increasing sales. Additionally, it is through the research that staff got ways of attracting customers to the Islamic banking industry. The questions below aided the researcher in covering and understanding the Islamic banking mode of operation and the challenges facing its staff. Can Islamic banking staff members create awareness of bank products to the public? Does the banking system allow staff skill development through adopting techniques applied in conventional banks? Is the staff allowed to introduce the services offered to other potential customers? How does the Islamic

bank thrive in the industry without charging its customers an interest?

2. Literature review

Customer services are vital for the success of any bank. In connection, the Islamic banking industry does not put much emphasis on promoting the services offered to customers (Jan, 2018). The previous research suggests that the Islamic banking industry focuses strictly on Islamic customers and businesses with stable financial income, leaving out non-Muslims and other types of customers. As a result, customers diverge their interest to other institutions that have a well-grounded history in service delivery (Maghyereh, 2018). (Peppard, 2000), the Islamic banking industry is rated as among the stable sectors; however, it tends not to be useful in developing the customer's services. Notably, the Islamic banking industry demotes the motivation of its staff since they are limited to the type and level of customers to engage.

The Islamic banking industry tends to be reluctant when it comes to developing staff's skills. Furthermore, there is little implementation of total quality management, which in turn impacts the level of staff's competency adversely. Bose (2018b) suggests that the staff working in a banking environment are required to share their opinions freely when

faced with a challenge in a bid to come up with informed decisions (Maghyereh, 2018). The previous research enlightens that IBI battle with maintaining staff key competencies, including management, technical, and humanitarian skills (Hassan and Aliyu, 2018). Notably, the Islamic banking industry does not factor experience and personal qualities when absorbing staff into the organization.

Islamic Banking institutions have sales staff and staff just like any other functional company, and they try all means necessary to hit the given target. The sales management team in the Islamic banking industry does not encourage their peers to work towards achieving sales targets (Hassan and Aliyu, 2018). According to Jan (2018), the Islamic banking industry does rebuild the skills of the staffs' expertise in managing sales from various classes of persons since it focuses on persons with high-income earners. (Saeed, 1996) attests that the Islamic banking industry is reported to have stagnant sales volume yet stable because they do not bring in more customers. Overall, the systems are designed in such a way that they only meet the needs, desires, and preferences of high-income earners, a condition that limits staff's engagement with diverse customers.

Islam banking industry has failed short of coming up with new marketing strategies that

would attract more non-Muslim customers. The process of attracting and retaining customers is a complex undertaking since it entails providing the best products and services to other institutions. Azmat et al. (2015) reveal that Islamic banking systems have been finding it challenging to attract customers because of the competitive national interest rate, which is induced by the crowded industry. It is, however, worth noting that some customers have lost confidence in investing in the financial institution due to the continuous failures of several Islamic banks. (Okumus, 2005) opines that the Islamic banking industry can elevate its market score by engaging in marketing campaigns to encourage non-Muslim customers to take loans and making more deposits. Importantly, Traditional marketing strategies such as networking and communications should also be encouraged while minding conventional tactics.

After reviewing the research relating to Islamic banking, it was evident that researchers have not provided enough critiques on the same (Gerrard and Cunningham, 1997). Again, there is not enough research relating to how the Islamic banking industry can utilize management skills to attain better results (Hassan & Aliyu, 2018). Most of the information provided in the literature review

was mainly concerned about the importance of adopting staff skills, increasing sales, and providing the customers in the community with necessary information relating to banking. The information gathered while writing a literature review contributes significantly to understanding the modes of operation in the Islamic banking industry. Additionally, it is through the literature review that the reader can understand the nature of the Islamic banking industry in the United Arab Emirates (Bose, 2018a). Besides, the Islamic banks can get access to skills they can apply in their projects, and industry-related information to realize improved results.

3. Methodology

The primary purpose of the methodology was to provide the strategies that were used during data collection and analysis. The research methodology was defined as the discovery and systematic pursuit of knowledge. Kumar et al. (2008) suggested that the research methodology provides a plan for digging deep into a study in an effort to generate concrete results. In this paper, an approach was determined that aided the researcher during the study. The research focused on both quantitative and qualitative data collection. The quantitative part of data collection focused on

questionnaires, whereas qualitative concentrated on interviews. Surveys were designed to retrieve information about the critical problems experienced by Islamic bank staff members. The questionnaires were formulated in such a way to gather the necessary information from the distribution sample of staff from various Islamic banks. The design was achieved through conducting research, particularly by collecting technical data with the aid of the questionnaire and interviews. It is through the questionnaires that the researcher got a clear view of the problems facing the staff in the Islamic banking industry. Additionally, the questions provide a direction while designing data collection methods.

Staff members from various Islamic banks were interviewed to obtain views towards their challenges. During the interviews, the staff's opinion was recorded to arrive at an overall analysis. Two hundred staff members were interviewed, and the results obtained represent the entire staff in the Islamic banking industry. The participants were encouraged to provide honest answers to aid the study process and achieve a reliable outcome. The questionnaires used in the process were clear enough to the interviewers in addition to addressing the intended purpose of the research. As a result, the questions asked required short

answers such as yes or no. The following set of opinions and questions overruled the interview process. Can Islamic banking staff create awareness of products to the public? Does the banking system allow staff skill development through adopting techniques applied in conventional banks? Are the staff members allowed to introduce the services offered to other potential customers? The questions of the research were to be analyzed with the help of an Islamic banking industry case study. The purpose of the case study was to reveal the challenges faced by the staff operating in the Islamic banking industry. The case study analyzed obstacles faced by the team while trying to attract more customers in the bank. It is through the case study that the researcher got to know the sales and skill development challenges faced by the Islamic bank staff. Both the participants and interviewees were given questionnaires and the selection was made randomly from 8 Islamic banks. The sample size for the study is was 200 staff from the departments of various Islamic banks. The study was conducted on eight banks in the Islamic banking Industry.

4. Analysis

The survey was composed of four questions that aided in achieving the goal of

research. Those who supplied with the questioners included 120 males and 80 males, totaling to 200 participants. In this paper, frequency percentages were presented using

statistical tables. A statistical program was used for tabulation, open space classification, and the testing correlation between variables.

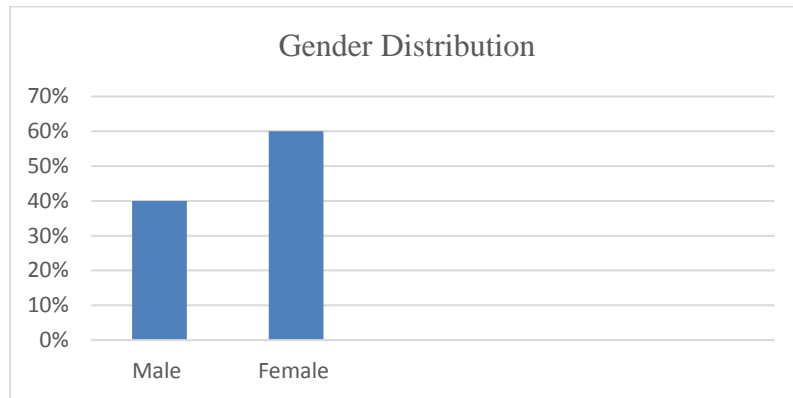


Figure 1: 120 males and 80 female of staffs for Islamic banking Industry

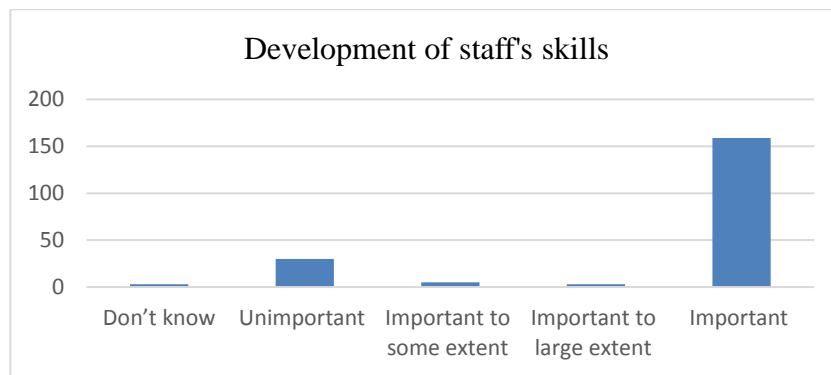


Figure 2: Development of Staff Skills

Based on the above figure, it evident that a large number of staff members from the Islamic banking industry stress the need to develop staff skills in the bank (82%). Developing skills is vital since only 15% of the

total persons interviewed disagreed with opinion, and 3% could not give their views towards the use of technology to shaping the skilled competency of staff in a bank.

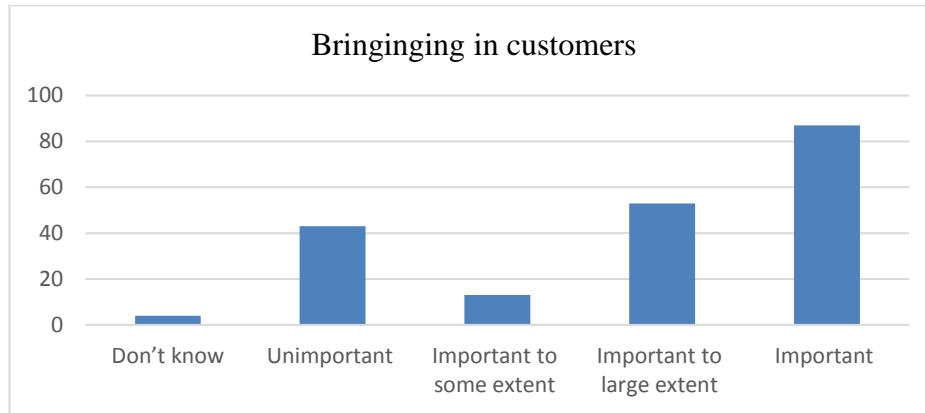


Figure 3: *Islamic Banks interest in bringing customers*

The above figure gives a clear view that 87 participants had a strong interest in bringing customers into the banks, 53 were on average status, 13 small, 43 not clear, and four did not

know. The above results bring forth an illustration that the Islamic banking industry does not involve staffs in the process of making decisions and planning processes.

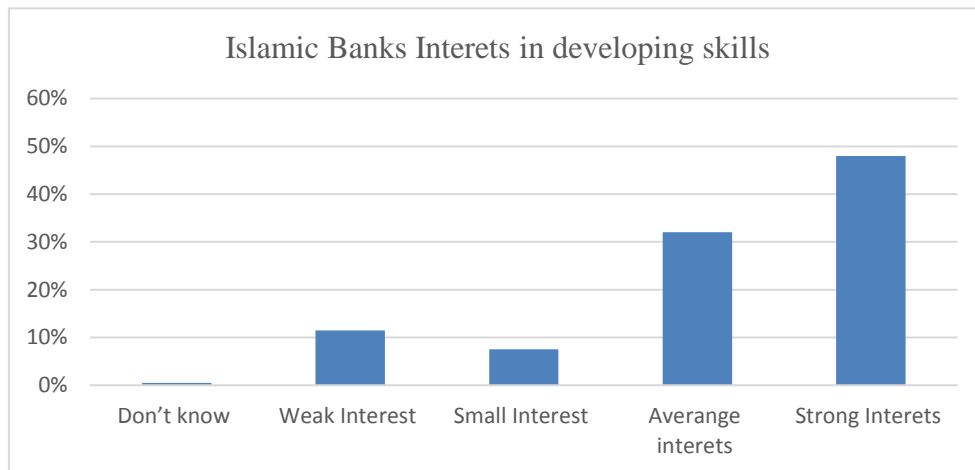


Figure 4: *bank takes an interest in developing the skills of staffs*

The above figure asserted that 48.5% of participants had a keen interest in developing

the skills of staff in the bank, 32% were on average status, 7.5 % small, 11.5 % not clear,

and 0.5 did not know. The above results show that half of the staff did not understand the

rationale behind core competency for the success of the Islamic banking industry.

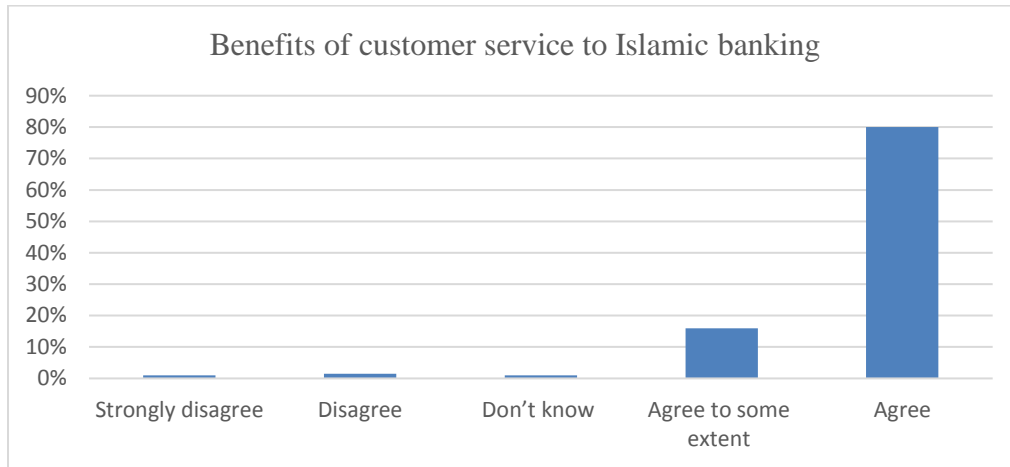


Figure 5: *staff's benefits for the bank from customer service*

The above figure confirmed that 80% of 200 participants had a strong belief that the services offered to the customers are of much importance. 16.5% of the participants seemed to agree with the above statement partially, 1.5 did

not know, 1% disagreed, and 1% strongly disagreed. The results show that the Islamic banking industry has tried to enlighten its staff on the benefits accrued from the developmental management of customer service.

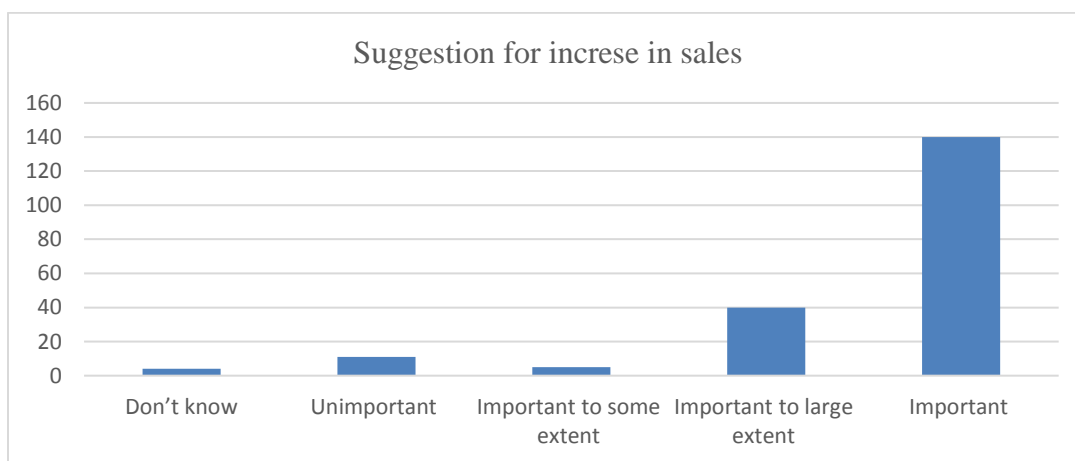


Figure 6: *suggestions for an increase in sales*

The above-presented figure confirmed that the staff members in the Islamic banking industry have a firm idea that sales volume needs to be increased. Approximately three-quarters of the total population, which is

5. Discussion

The results generated in the section confirmed that most of the staff in the Islamic banks has a clear view that the development of skills is vital in an organization. It is worth noting that the Islamic banking industry has been educating its members on skill development, which would aid in achieving their goals and meeting the challenges facing the new Islamic banks (Maghyereh, 2018). The question relating to bringing customers into the Islamic banks did not attract much attention to almost half of the bank's staff. Precisely, only 78 out of 200 participants showed keen interest in encouraging customers to seek financial services from the Islamic banking industry (Tiwari et al., 2006). As a result, the industry needs to put more emphasis on the planning process while cooperating with various departments to bring customers in the Islamic banks, thereby increasing the number of service users.

140 participants strongly, agreed that sales required to be boosted, 40 partially agreed, five did not know, 11 disagreed, and 4 had a strong feeling that there was no need for increasing sales.

The result in paper four confirmed that 48% of staff had a strong feeling that their skills needed to be developed. Therefore, there seems to be no positive relationship between skill development and training as well as high academic performance. Based on the above illustration, it is evident that the Islamic banks have not been putting efforts to improve the performance of staff concerning the technological advancement. The Islamic banking industry staffs have a clear view that the services offered to the customers are vital in developing the activities of the Islamic banking industry. The results confirmed that over 80% of the staff had a strong feeling that the services offered to the customer are significant in taking the organization to the next level (Bose, 2018b). The Islamic banking industry can boost its service provision through sales promotion, engaging with customers at a personal level, and offering other services that are not provided in other conventional banks. The question on staff suggestion was vital in proving the validity of the previous data that planning is pivotal in boosting the Islamic bank's staff skills as well as

sales volume. Notably, 140 staff out of 200 suggested that they would actively support the strategies for increasing sales volume. The Islamic banking industry should get it clear that boosting sales volume is a complex undertaking since it entails effective management of finances, administrative activities, human resources, and general organizational aspects (Hassan and Aliyu, 2018).

6. Conclusions

All in all, the Islamic banking industry contributes hugely to community growth through funding customers' activities, thereby providing a balance between demand and supply of services offered. Islamic banking industry contributes significantly to developing the economy through the mobilization of savings and providing a cost-effective environment for money exchange. However, the Islamic banking industry has been experiencing various challenges, including the need for sales increase, convincing customers, developing staff's skills, and the development of competency among the staff. As a result, the research has provided recommendations for the above challenges and directives for further analysis. Need for Sales increase, bringing more customers, developing staff skills, and the need for competency among the staff are crucial aspects discussed in the research.

After reviewing the information provided by the Islamic banking industry staff, it is evident that the Islamic banking industry is falling short of effective communication with the subordinate staff (Bose, 2018). Also, it lacks acceptable skills in the field of banking because it cannot accommodate the demands of the industry. The bank should review its policies on accommodation and rehabilitation of staff to ensure that core competencies are upheld while minding economic and humanitarian dimensions. The Islamic banking industry has been struggling with the issue of boosting its sales volume due to poor planning and making uninformed decisions. The staff does not have the necessary skills for marketing the products provided by the Islamic banks (Abdul-Majid et al., 2010). The banks will need to put in place interventions for boosting its administrative functions, marketing, sales, and operational strategies. These interventions will pave the way for winning more customers and creating a substantial competitive edge.

7. Limitation and Future Research

The methodologies used limited research. The study encountered challenges from the interviewees. Some of the staff did not fill the questionnaires issued to them, thereby diminishing the reliability of research findings.

Some of the techniques used, such as sampling, did not help in obtaining the opinions of staff attached to the remotely located branches. Also, most of the online interviews and questionnaires were not responded on time, which delayed the research findings. In the future, I would suggest the use of advanced tools that gather information from a larger population rather than focusing on samples. The existing research indicates that Islamic banking has been stable, yet it does not depend on low-income earners and small businesses. I would recommend for the examination of the strategies it has put in place to maintain stability. Notably, the Islamic banking industry has been facing challenges when it comes to raising the standards of services provided to be in line with the customer's demands. According to the underlying, staff in the Islamic banking industry does not have the capability of coping up with the ever-advancing level of technology (Ahmed, 2007). The bank's management should put more emphasis on employing only the potential candidates in addition to shaping their skills based on technological advancements. The research confirmed that the Islamic banking industry has been facing challenges in attracting customers to the banks. Hassan and Aliyu (2018) suggest that the primary cause of this issue is poor marketing strategies, which cannot induce a potential customer to have confidence

in the services provided. Besides, the Islamic banking industry can boost its service provision through sales promotion, engaging with customers at a personal level, and offering other services not provided in other conventional banks.

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