

Perceptions of Corporate Customers towards Islamic Banking in Brunei, Darussalam

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The purpose of this research is to understand the perceptions of corporate customers with regards to Islamic banking in Brunei Darussalam. Additionally, the objectives of the study include an investigation of the awareness and usage of Islamic banking products and services as well as the ranking of Islamic banking selection criteria. The study presents primary data collected by self-administered questionnaires involving a sample of 55 private limited companies in the Brunei-Muara District selected using stratified random sampling. Descriptive statistics (frequency and cross tabulation) as well as means comparison are employed for data analysis to provide answers to the research objectives and questions. This study reveals that there is a lack of understanding and awareness of Islamic banking. A further issue highlighted through this study is that despite a high rate of awareness of some Islamic banks' products and services, these are not being accessed by companies. In the context of Islamic bank ranking criteria, to some extent, less weight has been placed on religious reason and rather factors such as fast and efficient service; friendliness of bank staff; reliability of bank staff; and reputation of the bank are ranked higher. The empirical evidence of this study has several practical implications; first, it implies that further understanding and knowledge of Islamic banking, especially to the specific concepts and issues of Islamic banking, and the role of Islamic banking in relation to an Islamic economy, is needed. Secondly, in order to narrow the gap between awareness and usage, Islamic banks need to conduct vigorous marketing activities to attract their customers to use Islamic banking products and services. Thirdly, Islamic banks should not be taken for granted through an assumption that their customers are dealing with Islamic banks solely based on their religious grounds, rather they should also be chosen for their quality of service and customer satisfaction. The uniqueness of this study is that it reports findings from the first academic survey of corporate customers in the Brunei-Muara District in the area of Islamic banking and finance.

This study will be of interest to both existing Islamic banks in the country and potential entrants into this niche market.

Key words: *Islamic banking, corporate customers, perceptions study, marketing, and Brunei Darussalam.*

Introduction

Islamic banking is an industry that has grown rapidly and has become an increasingly important sector in the international financial market, offering various financial products and services. Islamic banking business is creating vast opportunities and generating strong demand not just from Muslim customers but also from non-Muslims customers. The popularity of Islamic banking is not restricted to pure Islamic banks only. This is evident as some conventional banks are showing interest in Islamic banking by opening their Islamic windows.

The purpose of this study is to understand the perceptions of corporate customers with regards to Islamic banking in Brunei, Darussalam. There has been extensive research, which focuses on individual (retail) customers of banks, however the literature review for this study, reveals that researchers have paid little attention to business (corporate) customers. This study aims to narrow the gap in the literature in the field of corporate customers. Furthermore, this study will be useful to Brunei, Darussalam which practices a dual banking system where Islamic banks have to compete with the long established conventional banks. Hence, it is imperative that a study on the perceptions of corporate customers towards Islamic banking is carried out. Another motivating factor is that since corporate customers are the key players in the economy, a study on the perception of corporate customers with regards to Islamic banking products and services is crucial.

The remainder of the paper has been organized in the following way. Chapter 2 provides a literature review. Research Methodology is discussed in chapter 3. The findings and analysis are explained in chapter 4 and the conclusion is presented in the final chapter.

Literature Review

Perception is the act of discerning, realising, and awareness through the senses. Customer perception is identified by level of satisfaction with particular products or services. Customer satisfaction is usually measured in terms of service quality and service features offered by an institution. Extensive literature exists regarding individual customer (retail customers) attitude, behaviour, and bank selection criteria in the context of the choice between Islamic and conventional banking (Erol & El-Bdour, 1989; Erol *et al.*, 1990; Sudin *et al.*, 1994; Gerrard & Cunningham, 1997; Metawa & Almosawi, 1998; Asyraf & Nurdianawati, 2007). By

comparison, business customers (corporate customers) are under-researched in the context of Islamic and conventional banking and this could be due to banks or corporations being unwilling to disclose their banking relationships or simply that the literature has not been published (Tyler & Stanley, 1999 as well as Norafifah & Sudin, 2002).

According to this study's literature review, at national level, the research on the perceptions of corporate customers towards Islamic banking is non-existent. Some studies have been conducted but are not public (non-academic) and have been conducted mostly through consultancy work (the banks employed the consultant to do research for them). It is hoped this research will be able to contribute valuable findings to future function for Islamic banks in order to understand the corporate customers' banking needs and further strengthen their marketing strategies. Furthermore, a study on corporate customers is important as they play an important role in the economic development of the country.

To date, Islamic banking studies in Brunei, Darussalam have involved: an analysis of the financial system and commercial banking in Brunei, Darussalam (Dk. Krtini, 1989); an evaluation of Islamic banking in Brunei, Darussalam (Mohd. Nizam, 1996); the design of an Islamic bond (Adinah, 1999); the dual banking system of Brunei Darussalam (Tan, 1999); customer service performance of Islamic banking as compared to conventional banking (Mohd, Hanafi, 2000); Islamic Financial Institutions in Brunei Darussalam; research on Bruneians' perceptions of the Islamic Bank of Brunei Berhad (IBB) (Damit, 2001); the impact of the role of financial institutions from 1997-2000 on the construction sector in Brunei Darussalam and their effects (Hong, 2001); and *Musharakah Mutanaqisah* (Diminishing *Musharakah*) and a floating rate option for Islamic banking in Brunei Darussalam (Mohammad Sofean, 2003; Yildirim & Çoban, 2018).

Despite the lesser amount of corporate customers that have been studied, this research has collected some corporate customer literature that is deemed relevant to this study, which identifies similarities and differences among the studies as presented below.

Conventionally, Turbull (1982) was the pioneer researcher who studied medium and large-sized companies with European subsidiaries in the United Kingdom and revealed that reliability and assurance were the most significant factors in the bank selection process (as cited in Gait & Worthington, 2007). However, Gait & Worthington (2007), do not provide a justification for the high demand on reliability and assurance. A year later, Turnbull (1983) achieved different outcomes when the medium-sized companies were selected without European subsidiaries; the results revealed that size of bank was an important factor in choosing conventional banking (Turnbull, 1983 as cited in Norafifah & Sudin, 2002 as well as in Gait & Worthington, 2007). The size of the bank was an important factor because of the

need for increasing credit by the medium-sized non-European subsidiaries unlike the European subsidiaries, where demand was more on reliability and assurance factors.

Turnbull & Gibbs (1989) conducted further research by using large and very large companies in South Africa and found that quality of service was the most significant factor (as cited in Norafifah & Sudin, 2002). Nonetheless, in Norafifah & Sudin (2002), they did not clearly specify the reason for the high demand of the service quality. A possible justification could be due to banking being a service-oriented industry and hence quality of service is perceived to be such an important factor. Tyler & Stanley (1999) conducted a study on large companies in the United Kingdom and found that reliability, assurance, empathy, responsiveness and pro-activity are the significant elements in selecting banks. Two of these important factors: reliability and assurance were also found in an earlier study by Turnbull (1982); Yildirim & Soylemez, (2018).

Gerrard & Cunningham (2000) sampled gazetted hotels in Singapore and found that the pricing of services and location were imperative factors in selecting banks. Thus, the findings from this study were different from the previous studies mentioned. Hence, this shows that specific types of business had particular attitudes towards conventional banks. In contrast with the work done in conventional banking, to date very little work has been undertaken regarding corporate customers' perceptions of Islamic banking. A pioneer study was conducted by Edris & Almahmeed (1997) in Kuwait targeting business attitudes about Islamic banking in a dual banking system. The study focused on 304 business customers of commercial, specialized and Islamic banks in Kuwait. The outcome of the study revealed that most Kuwaiti businesses (77%) preferred to deal with conventional banks as opposed to Islamic banks even though Islam is the dominate religion in Kuwait. However, there is no particular reason or explanation given by the authors for the strong support of conventional banks. Other significant findings include: size of the bank assets which is ranked as the most important factor, and the fact that the majority of firms (82%) are multiple bank users which means they avoid reliance on a single bank provider.

Norafifah & Sudin (2002) sampled 45 corporate customers in Malaysia comprising financial directors, financial managers, general managers of finance and accountants. The main findings from the study are that more than 65% of the respondents indicated that their Islamic banking knowledge was limited. One qualifying factor could be that the majority of the respondents (77.7%) were non-Muslims. Nevertheless, the respondents in the study were aware of Islamic banks as an alternative to conventional banks. Another significant finding was that the bulk of respondents (73.3%) claimed that cost and benefits were the most important factors in selecting a bank.

Generally, from the above review, the important factors identified are reliability and assurance; size of bank assets, quality of service; pricing and location and cost and benefits. It is important to highlight also that limited knowledge in Islamic banking was observed as shown in the study conducted by Norafifah & Sudin (2002).

Research Methodology

In general, the target population in this study are the private limited companies registered in Brunei, Darussalam. Consequently, the definition of corporate customers, due to time constraints and the concentration of the majority of businesses in the Brunei-Muara District, in this study, is restricted to those labelled as private limited companies operating only. The rationale for selecting private limited companies is that this company type is required to fulfil the statutory requirements under Laws of Brunei (1984), Companies Act, Chapter 39. These requirements include appointment of auditors who are registered in Brunei Darussalam to prepare final accounts (Profit and Loss Account, and Balance Sheet) and an Annual Director's Report. Due to these legal requirements, it is assumed that the financial affairs of these companies are more administered than other business types (sole proprietorship, and partnerships). This is an important component of the current study which targets the financial decision maker within the organisation as the target group/respondent. Public companies are not selected as their number is very small.

Information related to corporate customer perception was gathered through a questionnaire. A structured questionnaire comprises of mainly close-ended questions together with a few open-ended questions. The questionnaire contained five sections. Section A captures the basic company and respondents' information. Section B comprises 10 general statements pertaining to Islamic banking theory and practices that use a five-point likert scale for responses and some of the statements are obtained from previous studies such as Sudin et al., (1994); Norafifah & Sudin (2002); Asyraf & Nurdianawati (2006); and Asyraf (2007). Section C is designed to assess the familiarity of Islamic banking concepts using a three-point likert scale. Section D is designed for the customers of Islamic banks and in this study, it is assumed that Perbadanan TAIB is an Islamic bank and not an Islamic trust fund. Section E lists 19 known factors and one unknown factor in selecting Islamic banks. The majority of these factors were adapted from previous studies such as Erol & El-Bdour (1989); Erol et al. (1990); Sudin, et al. (1994); Edris & Almahmeed (1997); and Norafifah & Sudin (2002) using a five-point likert scale.

Sample

The respondents participating in this research include the corporate customers of all banks in Brunei, Darussalam who hold a responsible position in their organisation. A total of 55 questionnaires were distributed and as such sample size is deemed sufficient taking into

consideration time constraint. For Data Analysis, descriptive statistics (frequency and cross tabulation) as well as comparison of means are employed for data analysis to provide answers to the research objectives and questions.

Findings and Analysis

Profile of Respondents – company and respondents background

The first section of the questionnaire was designed to gather information about the company and respondents background. The profile of company and respondents in Table 1a and 1b is summarised as follows: the majority of respondents in this study are from those companies that have been established for more than 10 years, are a small-sized company and to some extent have a single bank relationship. The bulk of respondents are aged between 40 and 49, are non-Muslim and well educated, holding various financial positions. More than half of them have been working in their current position for 1-5 years and are in a position that takes part in the decision-making of financial activities.

Table 1a: Company background: years in establishment, size, banking relationship

YEARS IN ESTABLISHMENT		Frequency	Valid Percent
Valid	1-5	7	12.7
	6-10	6	10.9
	More than 10	42	76.4
	Total	55	100.0
SIZE		Frequency	Valid Percent
Valid	Micro	6	10.9
	Small	35	63.6
	Medium	11	20.0
	Large	3	5.5
	Total	55	100.0
BANKING RELATIONSHIP		Frequency	Valid Percent
Valid	1	34	61.8
	2	9	16.4
	3	4	7.3
	More than 3	8	14.5
	Total	55	100.0

Table 1b: Respondents background: Age, religion, highest level of education, current position, years in current position

AGE		Frequency	Valid Percent
Valid	Less than 30	1	1.8
	30-39	17	30.9
	40-49	31	56.4
	50 and above	6	10.9
	Total	55	100
RELIGION		Frequency	Valid Percent
Valid	Muslim	8	14.5
	Non-Muslim	47	85.5
	Total	55	100
EDUCATION		Frequency	Valid Percent
Valid	Diploma	12	21.8
	Undergraduate	18	32.7
	Postgraduate	17	30.9
	Professional	5	9.1
	Others	3	5.5
	Total	55	100
CURRENT POSITION		Frequency	Valid Percent
Valid	Account executive	4	7.3
	Accountant	9	16.4
	Financial controller	11	20
	Financial manager	4	7.3
	General manager	26	49.1
	Total	55	100
YEARS IN CURRENT POSITION		Frequency	Valid Percent
Valid	Less than 1 year	2	3.6
	5-Jan	28	50.9
	10-Jun	14	25.5
	More than 10	11	20
	Total	55	100

Financial activities

No	Financial activities	1	2	3	4	5	Total
		Valid percent					

1	Opening a company account with a new bank.	5.5	18.2	14.5	41.8	20.0	100.0
2	Applying new financing facilities for the company.	10.9	14.5	14.5	43.6	16.5	100.0
3	Applying additional financing facilities for the company.	14.5	10.9	14.5	43.6	16.5	100.0
4	Terminating a relationship with the existing bank.	14.5	14.5	12.7	41.8	16.5	100.0

Note: 1 = no authority at all; 2 = recommendation with no influential power;
3 = recommendation with influential power; 4 = take part in decision making;
5 = authorised to make decision

Perceived understanding and awareness of Islamic Banking

The second part of analysis sought answers to the following objective/question:

What is the corporate customers' perceived understanding and awareness of Islamic banking?

This is gauged in terms of their general knowledge of Islamic banking, their specific understanding of Islamic banking, their understanding of the role of Islamic banking and finance in the wider objectives of Islamic economy and their general perception of Islamic banking. The question also interrogates whether they are aware of various Islamic banking concepts.

In order to determine perceived understanding and knowledge of Islamic banking and finance, the cross-sectional analysis of formal level of education is deemed appropriate. In other words, the responses are partitioned by formal level of education. This section is divided into two parts: understanding of Islamic banking and awareness of Islamic banking concepts.

Perceived understanding of Islamic banking

This subsection looks at the fundamental principles and value of Islamic banking and the responses are based on their opinions of 10 Islamic banking statements as shown in Table 2 below.

Table 2: Comparison of means in Islamic banking statements, according to formal education level

		Education level				
		DP	UG	PG	PF	OT
No	Statements	Mean				
1	Islamic banking was established because Muslims are forbidden to associate with interest as practiced by conventional banking.	3.75	4.17	4.06	3.60	3.00
2	Islamic banks are for Muslims customers only.	2.08	2.33	1.94	1.20	2.33
3	Islamic banks are generally banned from dealing and financing in alcohol, pork, gambling and non-Islamic media.	3.83	4.39	4.06	4.00	3.33
4	The profit and loss sharing principles (<i>Mudarabah</i> and <i>Musharakah</i>) are the only principles that can substitute interest (<i>Riba</i>) in Islamic banking, as opposed to taking a loan.	3.42	3.00	3.12	3.00	4.33
5	Islamic banks focus much on short term financing using <i>Murabahah</i> , <i>Bai Bithaman Ajil (BBA)</i> , and <i>Ijarah</i> to avoid credit risk.	3.50	2.94	3.29	3.00	4.33
6	Lack of involvement in <i>Mudarabah</i> and <i>Musharakah</i> means that Islamic banks do not favour taking high credit risk.	3.17	2.89	3.12	3.00	4.33
7	Islamic banks must make profit maximization as their main goal in order to survive.	3.33	2.72	2.76	3.00	4.00
8	Aside from the prohibition of interest (<i>Riba</i>), Islamic banking has other social accountability such as helping the poor.	3.83	3.39	3.35	3.80	3.00
9	Social well-being matters should be left to the government and other non-profit organizations, and not Islamic banks.	3.00	2.67	2.59	2.20	1.33
10	Islamic banking in Brunei is similar to conventional banking except for the name of the products.	3.25	2.83	2.94	3.20	3.67

Note: DP = Diploma; UG = Undergraduate; PG = Postgraduate; PF = Professional; OT = Others

1 = strongly disagree; 2 = disagree; 3 = neither agree nor disagree; 4 = agree; 5 = strongly agree

As noted earlier, the perceived understanding of Islamic banking is gauged using four dimensions and hence the 10 Islamic banking statements are grouped accordingly, which is presented in the following analysis.

a. General knowledge of Islamic banking

This part of analysis is based on **statements 1 and 3** as both statements test general knowledge of Islamic banking. As shown in Table 2, the majority of respondents appear to have a general knowledge of Islamic banking as the means for statements 1 and 3 are in the range of 4.06 to 4.17 and 4.00 to 4.39 respectively, which indicate that they have answered correctly even though the majority are non-Muslims and non-Islamic bank customers. A slightly lower means is diplomas and others (from 3.00 to 3.83) could be attributed to low level of formal education as compared with undergraduates, postgraduates and professionals. It is interesting to highlight that undergraduates have a slightly higher means than postgraduates and professionals. This is possibly due to 22% of undergraduates being Muslims who are customers of Islamic banks (22%).

b. Specific understanding of Islamic banking

This analysis is based on **statements 4, 5 and 6** as these statements require a relative depth and understanding of Islamic Banking. Table 2 shows that the bulk of respondents are neutral as the means range from 3.00 to 3.50. This may imply that there is a lack of understanding of more specific concepts in Islamic Banking and Finance that require further knowledge than that of general values as covered in the previous analysis. This is possibly because the majority of respondents are non-Muslims and non-Islamic bank customers, hence they are not familiar with or do not have experience in dealing with Islamic banks. The higher means of 4.33 observed in Others ('O' Level holders) is due to a smaller proportion of this education level being represented, and hence it does not present a consensus.

c. Role of Islamic banking and finance in wider objectives of Islamic economy

The next analysis is based on **statements 7, 8 and 9** as these statements link to an understanding of the role of Islamic Banking and Finance in the wider objectives of an Islamic economy. The wider objectives mentioned in this study are that Islamic banks must not make profit maximization as their main goal apart from prohibition of *riba* and that Islamic banks have other social accountability such as helping the poor. Therefore, it is not true to say that the social well-being matters should be left to the government and other non-profit organizations and that Islamic banks must be concerned as well.

Based on Table 2, there are mixed findings noted in statements 7 and 8 with the majority of respondents neutral, however, they appear to have an understanding of the role of Islamic banking in society as depicted by the means score for statement 9. Nevertheless, this is still insufficient and thus indicates that further knowledge is required in order to have a complete understanding of the role of Islamic banking in relation to the Islamic economy.

d. General perception of Islamic banking

This is based on statements 2 and 10 as the statements seek a general perception on the establishment of Islamic banking as well as the perception of Islamic banking in Brunei respectively. As shown in Table 2, the majority of respondents have a clear understanding that Islamic banking is not meant for Muslims only but for people of all religions. In other words, it is possible for non-Muslims to choose an Islamic bank so long it can satisfy their banking needs or bring a competitive advantage to them. However, the bulk of respondents remain neutral on their perception of Islamic banking in Brunei, this is possibly due to a lack of understanding and the fact that the majority of respondents are non-Islamic bank customers. Nonetheless, it is imperative for customers to be guaranteed that in general, Islamic banks function in accordance to Islamic principles in order to boost the confidence level towards Islamic banks.

To summarise, the majority of respondents appear to have general knowledge of Islamic banking however lack specific understanding of Islamic banking. The majority of respondents also appear to have a partial understanding of the role of Islamic banking in the wider objectives of Islamic economy. They have a clear understanding that Islamic banking is not only for Muslims but when it comes to general perception of Islamic banking in Brunei, they remain neutral, possibly because the bulk of respondents are non-Islamic bank customers. Therefore, the findings are that further understanding and knowledge of Islamic banking, especially the specific concepts and issues of Islamic banking and the role of Islamic banking in relation to an Islamic economy need to be a priority.

Islamic banking concepts

This section focuses on specific Islamic banking concepts and hence aims to assess respondent awareness of various Islamic banking concepts. The assessment is based on the level of formal education as in the previous analysis.

Table 3: Comparing of means on Islamic banking concepts in accordance to formal education level

No	Islamic banking concepts	Education level				
		DP	UG	PG	PF	OT
		Mean				
1	<i>Wadiah</i> (safe keeping/ custody)	1.58	1.56	1.47	1.80	2.33
2	<i>Mudarabah</i> (profit sharing/ trust financing)	2.00	1.17	1.24	2.00	2.67
3	<i>Musharakah</i> (profit and loss sharing/ joint-venture)	1.83	1.06	1.18	1.20	2.00
4	<i>Bai Bithaman Aajil</i> (deferred payment sale)	1.58	1.22	1.29	1.00	2.33
5	<i>Ijarah</i> (leasing)	1.33	1.11	1.06	2.00	2.33

No	Islamic banking concepts	Education level				
		DP	UG	PG	PF	OT
		Mean				
6	<i>Al-Ijarah Thumma Al-Bai</i> (finance lease)	1.33	1.00	1.12	2.00	2.67
7	<i>Murabahah</i> (cost-plus financing)	1.42	1.00	1.29	2.00	2.00
8	<i>Wakalah</i> (agency)	1.33	1.00	1.06	1.20	1.67
9	<i>Al-Kafalah</i> (guarantee)	1.42	1.06	1.06	1.80	2.33
10	<i>Ar-Rahnu</i> (Islamic pawning)	1.33	1.00	1.00	2.00	2.33
11	<i>Ujrah</i> (fee)	1.50	1.06	1.24	1.00	3.00
12	<i>Qard Al-Hasan</i> (benevolent loan)	1.33	1.00	1.00	1.80	1.67
13	<i>Bai Salam</i> (future delivery)	1.17	1.00	1.00	1.00	1.67
14	<i>Istisna</i> (contract to manufacture)	1.25	1.00	1.00	1.00	1.67
15	<i>Sarf</i> (currency exchange)	1.58	1.17	1.35	1.60	2.67
16	<i>Sukuk</i> (Islamic bond/ investment certificate)	1.75	1.11	1.24	2.00	2.33

Note: DP = Diploma; UG = Undergraduate; PG = Postgraduate; PF = Professional; OT = Others
1 = unfamiliar; 2 = somewhat familiar; 3 = familiar

As shown in Table 3, in general, almost all of the concepts are ‘unfamiliar’ to the respondents and this is not an unexpected finding as the majority are non-Muslim and non-Islamic bank customers. This is similar to the findings of the study by Norafifah & Sudin (2002) that found respondents were unfamiliar with concepts like *Mudarabah*, BBA, *Ijarah*, *Istisna*, and *Bai Salam*. Although the relatively higher means observed in education level ‘Others’ must be understood in consideration that the proportion of this educational level, in this study, is small and hence the findings cannot be generalised.

The findings obtained in this section certainly highlight serious implications for Islamic banks due to a low level of awareness of Islamic banking concepts. Although Islamic banks mainly use product concepts like BBA, *Ijarah* and *Murabahah*, respondent awareness is very low. This may imply that customers may also be unable to understand Islamic products and services offered in the market. The researcher is of the opinion that in order for one to decide which products and services to utilize, one must be aware of the concepts first and only then can the potential benefits be appreciated as compared with conventional banks’ products and services. Customers will not be eager to support Islamic products and services if they do not know the difference.

Analysis on Islamic banking selection criteria

This part of analysis aims to answer the following objective/ questions:

What is the ranking of criteria which influence the bank patronage decision of Islamic banks’ corporate customers?

Are there any significant differences among the company size in the ranking of the criteria?

The ranking of criteria is analysed using company size as follows:

The majority of Islamic banks' customers (69.2%) in this study are small-sized, followed by large-sized (15.4%) and micro as well as medium-sized each have 7.7%. The following table 5 and figure 1 show computation of means and ranking of criteria:

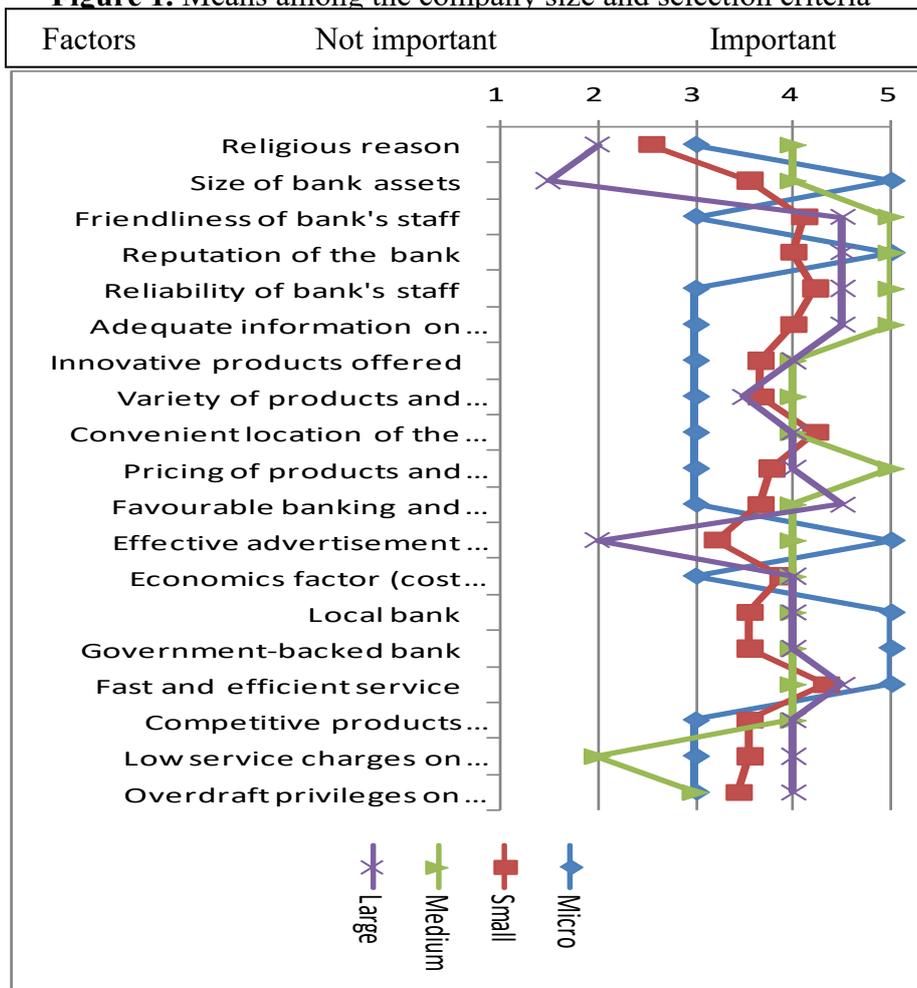
Table 5: Ranking importance of selection factors among the company sizes

No	Factors	Company size							
		Micro		Small		Medium		Large	
		Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank
1	Religious reason	3.00	2	2.56	11	4.00	2	2.00	4
2	Size of bank assets	5.00	1	3.56	8	4.00	2	1.50	5
3	Friendliness of bank's staff	3.00	2	4.11	3	5.00	1	4.50	1
4	Reputation of the bank	5.00	1	4.00	4	5.00	1	4.50	1
5	Reliability of bank's staff	3.00	2	4.22	2	5.00	1	4.50	1
6	Adequate information on products and services	3.00	2	4.00	4	5.00	1	4.50	1
7	Innovative products offered	3.00	2	3.67	7	4.00	2	4.00	2
8	Variety of products and services	3.00	2	3.67	7	4.00	2	3.50	3
9	Convenient location of the bank	3.00	2	4.22	2	4.00	2	4.00	2
10	Pricing of products and services	3.00	2	3.78	6	5.00	1	4.00	2
11	Favourable banking and financing policies	3.00	2	3.67	7	4.00	2	4.50	1
12	Effective advertisement and promotion	5.00	1	3.22	10	4.00	2	2.00	4
13	Economics factor (cost and benefit)	3.00	2	3.89	5	4.00	2	4.00	2

14	Local bank	5.00	1	3.56	8	4.00	2	4.00	2
15	Government-backed bank	5.00	1	3.56	8	4.00	2	4.00	2
16	Fast and efficient service	5.00	1	4.33	1	4.00	2	4.50	1
17	Competitive products offered	3.00	2	3.56	8	4.00	2	4.00	2
18	Low service charges on cheques	3.00	2	3.56	8	2.00	4	4.00	2
19	Overdraft privileges on current account	3.00	2	3.44	9	3.00	3	4.00	2

Note: 1 = not important at all; 2 = least important; 3 = moderately important; 4 = important; 5 = very important

Figure 1. Means among the company size and selection criteria



Overall, there are no significant differences among the company size in the ranking of factors except for economic factor and size of bank assets as well as effective advertisement and promotion. The similarities observed are in terms of: fast and efficient service; friendliness of bank staff; reliability of bank staff and reputation of the bank where all sized companies ranked these as highly important. To some extent, the justification for the demand in greater quality of service is possibly due to heavy dependence of many companies on imports where a high level of awareness and usage exists in trade finance facilities. The processing of bank drafts and letters of credit must be fast and efficient since it involves other corresponding parties/banks. Another similarity, almost all company sizes ranked religious reason lower in their bank patronage decision.

Nevertheless, the difference is observed in terms of the economics factor whereby the medium and large-sized companies tend to be more profit motivated than the micro and small-sized company. Other notable differences are in terms of size of bank assets as well as effective advertisement and promotion, where the large-sized companies ranked the factors to be lower while the micro, small and medium-sized ranked them higher. Overall, the majority of respondents in this study require further education and knowledge of Islamic banking as it appears there is lack of understanding and awareness of Islamic banking. However, there is still room for improvement and the researcher is optimistic that this can be improved through collaboration from customers, Islamic bankers and other relevant organisations.

Conclusion

The research findings provide reasonable answers to the research objectives and questions. Here, the main results in terms of the research questions are summarised.

A significant fact revealed by this study appears to be that there is a lack of understanding and awareness of Islamic banking. The majority of respondents appear to have a general knowledge of Islamic banking, but lack specific understanding. In addition, they appear to have a partial understanding of the role of Islamic banking in relation to Islamic economy. In terms of specific Islamic banking concepts such as *Musharakah*, *Mudarabah*, and *Bai Salam* again it appears that there is a lack of awareness in almost all of the concepts. One may argue this is possibly due to the majority of respondents being non-Muslims or that the concepts are written in Arabic language which may impede understanding. The majority of respondents also remain neutral about their perception of Islamic banking in Brunei, Darussalam. Therefore, this certainly requires further understanding in terms of knowledge of Islamic banking.

A further highlight from the study is the high rate of awareness of some Islamic banks' products and services but this is not being used by the companies to influence product and service choice. Although this can be explained by the fact that the majority of respondents have an account

with conventional banks, Islamic banks can persuade corporate customers to use Islamic products and services through promotional activities. Therefore, to some extent, potential customers need to be reminded of Islamic banks' products/services and assured of their quality and competitiveness.

In the context of choice of Islamic banking ranking criteria, religious reason is ranked lowest. Rather factors such as fast and efficient service; friendliness of bank staff; reliability of bank staff and reputation of the bank are ranked higher. This may suggest that Islamic banks should not be taken for granted by assuming that their customers are dealing with Islamic banks solely based on religious grounds and rather that their quality of service can satisfy all customers.

Overall, in conclusion, certainly one of the great tasks ahead for Islamic banks in Brunei is the effort that must be made to increase customer understanding and knowledge of Islamic banking. In other words, educating customers is not an easy task to accomplish. Utmost importance must be placed on the collaboration between customers and Islamic bankers to further support Islamic banking in the country. Islamic bankers must be well equipped with Islamic banking knowledge so that customers feel more confident to bank with Islamic banks.

Suggestions for future research

Future research may select a survey sample on a nationwide basis, i.e. across all the four districts. The fact that all respondents came from the same district may limit the general nature of the research findings. It is necessary to determine whether corporate customers from other districts differ in their business values and culture. Furthermore, the large corporate customers such as Brunei Shell Petroleum (BSP), Brunei Liquefied Natural Gas (BLNG) and Brunei Shell Tankers (BST) are operating in the Belait District and hence, it is of interest to find out their perceived understanding with regards to Islamic banking. There are also several questions that were not covered in the questionnaire that future research may consider. For example, the length of banking relationship with their financial institutions (which determines customer loyalty), reasons for banking with their chosen financial institutions and degree of satisfaction with regards to the various Islamic bank products/services need investigation. Finally, it is highly recommended for the sample size to be increased to provide a generalised set of results.

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