

Factors Influencing Products' Knowledge of Islamic Banking Employees

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Abstract

This paper aims to examine the relationship of underlying principles, religiosity, perception, training and products' knowledge of Islamic banking employees. A survey approach has been adopted to investigate products' knowledge of Islamic Banking employees. The data for this study are collected via structured questionnaires which are completed by 150 staff of Islamic banking operated in northern part of Malaysia. The data are then quantitatively analyzed using SPSS program. The findings show a high significantly positive correlation between product knowledge and underlying principles followed by training, religiosity and perception. However, further analysis revealed only underlying principles and training give a significant and positive impact on product knowledge of Islamic banking employees. The result implied that the management side of Islamic banking sector need to inculcate their staff with Islamic knowledge. Courses and training programs can be offered to Islamic banking employees to instilling skill in practicing Islamic banking products. Besides, regular seminars and workshops are also can help in achieving these aims. The paper reports a new finding on the area of product knowledge of Islamic banking employees. Valid constructs had been developed in this study and a new variable i.e. underlying principles of Islamic knowledge was utilized and it was found significant influence on product knowledge.

Keywords Product Knowledge, Product and Services, Islamic Banks, Islamic Banking Principles, Islamic Banks Employees

Introduction

The Islamic banking industry has appeared as one of the fastest growing sectors over the last several decades. The development begun after the launch of the First International Conference on Islamic Economics which was organized by the King Abdul Aziz University in Makkah, Saudi Arabia in the early 1970s. The conference trigger the establishment of the first commercial Islamic bank known as Dubai Islamic Bank (DIB) in the United Arab Emirates in 1974 (Iqbal and Molyneux, 2006). Malaysia among the first countries in the world participated in Islamic banking and financial systems. The establishment of Islamic banking in Malaysia started with the establishment of Lembaga Urusan Tabung Haji (LUTH) or Pilgrimage Fund Board in 1969 (Ahmad, 1997). It was followed by the establishment of Bank Islam in 1983 with the initial capital of RM 80 million (Jamalludin, 2011). The development of Islamic finance and banking reported increasingly in many countries in the world including Pakistan, Egypt, Bahrain, Indonesia, United Kingdom, France, Kuwait, Afghanistan, Turkey, Somalia and ect. Today, Islamic banking assets comprehensively grew to \$1.3 trillion in 2011, recommending a normal yearly development of 19% over past four years. During 2013, the global Islamic banking assets had reached \$1.8 trillion representing average annual growth of 17%.

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The Islamic banking growth keeps on to be positive where it growing 50% faster than the overall banking sector. In Malaysia, market share of Islamic banking assets is now close to 30% (Ernst and Young, 2013). It was expected that the profit pool of Islamic banks would be increased to 25% by the year 2015. The fact that Islamic banking sector has extended all over the world due to the increase in demand among consumers towards the Islamic banking products and services had led to some issues that relate to the staff competency. The increase in Muslim populations and awareness of Islamic values had led to greater demand for Islamic bank interest-free products (Khiret al., 2008). In addition, the increased in education and literacy on Shariah-compliant products also led to the escalation the demand (Arab Times, 2014). Similarly these phenomena also reported in Malaysia (Kosmo, February 2014). The increase in Islamic banking services in Malaysia due to commercial aspect as well as products and services comply to Shariah. These issues make many Muslim switched from conventional to Islamic banking products. Although, the Islamic banking industry in Malaysia having a strong operational base, regulatory framework and valuable support from society, however the industry also facing some problems to cater strong demand from the consumers. Nowadays, customers are well-educated and have more knowledge in banking products and demand for more innovative products and services (Aslamet al., 2011). In coping with customers need, it is always questionable whether the Islamic banks' staffs are having adequate training and knowledge in Islamic finance and banking products. Zainol et al. (2008) argue that the bankers had limited knowledge in this area prior to working with the banks.

In addition, the Islamic bankers themselves do not quite understand the difference between Islamic and conventional banking system. This due to most of the Islamic banking staff are from conventional banking system, hence the process of transferring knowledge requires a lot of effort and vigorous implementation (Rahman, 2006). This view is supported by Baba and Amin (2009) who found the perception among off shores bankers indicated that they don't see any difference between the Islamic and conventional banking. The discussions showed that the understanding of principles or concepts of Islamic products among bankers are at the minimum level. Therefore, it is important that the Islamic banking players have a deep understanding of Islamic banking industry so that it will have a competitive advantage over the conventional system. In this regard, the authorities are suggested to provide more infrastructure and provisions to provide Islamic banking employees with sufficient knowledge to enable them to perform their duties in accordance with the Shariah principles. The factors contribute to knowledge of the Islamic banking products are awareness of fundamental terms in Islamic banking (Thambiah et al., 2011), age group (Khattak and Rehman, 2010), education level (Run & Lip, 2008) and religious obligation (Khan et al., 2008). These factors had given significant relationship with the knowledge. However, the question here is what the other factors that will give impact on product knowledge of Islamic banking staffs. Are factors such as underlying principle, religiosity, training and perception on product knowledge will influence the knowledge of Islamic banking staff. In answering the above question, therefore this study is aiming to investigate the association of underlying principles, religiosity, training and perception on the product knowledge of Islamic banks' staff.

1. Literature Review

1.1 Product Knowledge of Islamic bankers

Definitions of the term "knowledge" are varied and sometimes are not obviously clarified in either the research literature or in the operational context (Gloet and Terziovski, 2004). Besides, the definition and the use of terms "knowledge" had been overshadowed by the terms "information" where it contribute to mislead assumption that knowledge can actually be managed in the same way as the people who possess it (Loughridge, 1999). Knowledge is defined as information combined with experience, context, interpretation and reflection (Davenport et al., 1998) as well as an organized combination of ideas, rules and procedures (Bhatt, 2000). It is a practice-based experience of a rarity such as cognition and perception of the external and internal as well as practical activities (Jian, 2005). A Quranic verse from Surah al-Baqarah (2:30-33) explained that man's basic qualification for being the representative of Allah S.W.T on earth is knowledge. This would mean that those who possessed knowledge more deserve to be vicegerents of Allah S.W.T (Mirza and Riaz, 2012). In this study, knowledge will refer to ideas, rules, procedures, information (Bhatt, 2000), experience, context and interpretation Davenport et al. (1998) of Islamic finance and banking products which is then known as product knowledge. Previous study found that Muslim students are more interested and knowledgeable in Islamic finance compared to non-Muslim students (Bley and Kuehn, 2004). It is also reported that the knowledge of Islamic banking among non-Muslim corporate customers in Malaysia was limited (Ahmad and Haron, 2002). However, Osman and Ali (2008) has indicated that knowledge towards Islamic financing is considerably well among Muslim entrepreneurs and they can understand the importance of practicing and applying Islamic financing in their business.

In the banking sector, Malaysian bankers are reported have limited knowledge of Islamic banking products and services (Zainol et al., 2008) where they do not have sufficient knowledge regarding to Islamic banking products and services (Aslamet al., 2011). Meanwhile, Baba and Amin (2009) revealed that most offshore bankers were not knowledgeable about Islamic banking where they had confused notions regarding the practices of Islamic banking system. This indicates that level of knowledge among the bankers themselves is still limited since they were not knowledgeable about Islamic banking system.

1.2 Product Knowledge and Training

Training is an active participation in the learning process and the implementation of appropriate learning strategies and skills (McCombs, 1984). It is a learning experience where it pursues a relatively perpetual transformation in an individuals' that later will improve the ability of an individual to perform the task (Treven, 2003). It can be considered as a course of action which creates the qualities in human resources to make them more productive in order to achieve the organizational goals (Hashim, 2009). Islamic bankers reported having more knowledge than conventional bankers (Zainol et al., 2008). They reported bank employees are lack of training and many of them do not have skill in Islamic product principles. Many bankers claimed that they have limited knowledge and do not have extensive experience or relevant academic background prior to working with present banks (Aslam et al., 2011). Training and development activities become one of the most factors that might affect the knowledge, skills and ability of both managers and employees (Elbadri, 2001; Klink and Streumer, 2002). While, new advancements in human resource development must be included in evaluating the effectiveness of training (Mulder, 2001). Kauffeld and Willenbrock (2010) argued that training can be influenced by incorporating the main knowledge, skills and abilities needed in a certain job. Therefore, it was suggested that employees can deliver and provide first-class customer services by fully utilizing the equipment, management structure as well as the hierarchical infrastructure (Schneider and Bowen, 1985). Bankers create an awareness of product's existence among the public through word of mouth which is valued by the customers.

1.3 Product Knowledge and Underlying Principles

Principle is a set of theories and ideas related to its understanding (Al-Jarbi, 2004) and it is a values, morals and ethics (Chippendale, 2001). Kaniaet al. (2011) refers value as principles people choose in how they behave in their lives based on basic concepts of good and evil. Studies in Islamic banking only focussed on an individual who is not the players of the industry. For instance, a recent study by Loo (2010) found that many people especially non-Muslims still could not understand the concept of Islamic banking. In another major study, Run and Lip (2008) found that there was a gap between usage and awareness among the respondents due to the lack of understanding towards the Islamic financing products features. Thambiah et al. (2011) identifies most respondents do not understand the concept of Islamic banking products because of the application of Arabic terms. A study by Akbar et al. (2012) showed that there was a significant relationship of knowledge of Muslims towards the understanding of Islamic banking concept such as *riba* (usury). The respondents were not able to distinguish between the products offered by Islamic and conventional banking. While, in a study which set out to determine the knowledge of Islamic bankers, the respondents believed that Islamic banks, like conventional banks, must minimize their profit in order to survive in the competitive business environment (Baba and Amin, 2009). They also argued some bankers believed that Islamic banking products are similar to those of conventional banks, except the Islamic banks use different product names.

1.4 Product Knowledge and Religiosity

Alamet al. (2012) clarified religion as one of the most universal and famous social institution which may influence attitudes, values and behaviour of individuals and communities in the rankings. Meanwhile, religiosity can influence people's ethical beliefs and can reflect human daily conduct and commitment (Conroy and Emerson, 2004). Furthermore, religiosity indirectly provides significant determinant of consumer ethical beliefs and practices (Vitell and Paolillo, 2003). In Islam, many verses of the Quran had stressed the relationship between faiths and performing is through man's conduct. One of them is stated in Surah Al-Qasas verse 77 meaning 'where a person who aware of the Gods' unlimited power would accordingly honour the conduct as stated by the Islamic teachings'. The references demonstrate that religiosity had given vital influence in modelling a man's conduct which may include daily activities (Ahmad et al., 2008). Previous empirical studies found a positive influence of religiosity on banking selection criteria.

For example, Idris et al. (2011) indicated that religion seems to be most important factors that influence customers to patronize Islamic banks. This confirmed an early study by Ahmad et al. (2008) which found a significant difference between Muslims' level of religiosity and Islamic banking as their preferred bank. Muslims customer in Singapore chooses Islamic banking because of religiosity factor (Gerrard and Cunningham, 1997). Meanwhile, Bley and Kuehn (2004) also revealed that religious belief become the main indicator in preference for Islamic banking. However, only Selamat and Kadir (2012) argued that religiosity factor cannot be identified as a main factor in choosing the Islamic banking transaction. In conclusion, lack of formal religious background in Islamic teachings can lead to lower religious beliefs which might affected by lack of awareness and knowledge towards Islamic banking products and services (Ahmad et al, 2008).

1.5 Product Knowledge and Perception

Perception refers to consciousness of particular material things present to sense (Angell, 1906). It is an acting of discerning, realizing and becoming aware of something through the senses (Rustamet al., 2011). Romanov (2011) also argued that perception would include senses, feelings, ideas, thought and theories. In general perception is the ability to understand the differences and often identified by the level of satisfaction on certain products or services. Previous studies found that there was a positive perception of training and experience on Islamic banking among bankers in Malaysia (Zainol et al., 2008). Likewise it is found in Pakistan by Aslamet al. (2011) that bankers in the Islamic banks have more positive perception on issues compared to bankers of conventional banks. However, they also found that the employees' knowledge in respect of the fundamental aspects of Islamic banking is very limited. Baba and Amin (2009) had revealed the perception among bankers was contradictory to the philosophy and principles of Islamic finance in terms of the combination of both moral and profit motives. This is supported by Ahmad and Haron (2012) where there is also misconception about the objectives and philosophy of the establishment of Islamic banks where more than 50 percent believe that Islamic banks must be profit-oriented in order to survive in the industry. However, Islamic banking industry can be improved if people would have a positive perception that could link between religion and education which can attract people to use Islamic banking products and services (Abdullah et al., 2012).

1.6 Hypothesis Development

This study attempts to fill the gap by providing insights into Islamic bankers towards the level of knowledge in Islamic banking products and services. This is done by creating the possible factors that might affect the knowledge of Islamic bankers. On this basis, the study will potentially relevant to the management of Islamic banks that wish to know how far their staffs possess knowledge regarding to their field. Therefore, the study aims to investigate the following main hypotheses:

Ha: Underlying principles, religiosity, perception and training will significantly explain the variance of knowledge among Islamic banks' staff towards the Islamic banking products.

2. Research Methodology

2.1 Sampling and data collection

Data for this study collected from employees of Islamic banks operated in northern part of Malaysia. Seven Islamic banks participated in this study were Bank Islam (BIMB), Bank Muamalat (BMMB), Bank Rakyat (BKRM), CIMB Islamic, RHB Islamic, Maybank Islamic and BSN Islamic. Self-administered questionnaires were personally distributed to 200 Islamic bank employees. The respondents are varied in positions. A total of 150 sets of questionnaire were collected and considered usable for this study. Thus, represents the response rate of 75 percent. The respondents were 54% female employees and the rest were male. Majority qualification of respondents was diploma holders (52 percent) follow by bachelor's degree (38 percent) and master's degree (7.3 percent). About 75 percent of the respondents were below 40 years of age. Only a few of their education are in Islamic finance and banking (24 percent).

2.2 Data Analysis

The data collected in the study were analyzed using Statistical Package of Social Sciences (SPSS20.0). Before the data collected analyzed, the validity of the developed constructs was closely examined by using factor analysis. Then the reliability of the constructs was verified. The data analysis began with descriptive statistics in explaining the sample's basic information.

Subsequently correlation analysis was used to examine the correlation of the variables of dimensions. Finally the regression analysis was adopted to test the factors which influence the product knowledge of Islamic banking employees.

2.3 Measurement

The survey instrument for product's knowledge (Osman and Ali, 2008; Khan and Asghar, 2012), religiosity (Ahmad et al., 2008), perception (Ling et al., 2012; Akbar et al., 2012) and training (Zainol et al., 2008) were developed based on the previous researchers; however some improvement on items were made and added to the constructs to suit with the environment of the study. Whilst, the measurement of underlying principle variable was fully constructed by researchers. The constructs of variables were discussed with experts and potential respondents to check for its content validity. Exploratory analysis was performed to validate the instruments. The items of the constructs were measure using five-point scale ranging from 1 – strongly disagree to 5 – strongly agree.

2.4 Validity and Reliability Analysis

Initially, product knowledge of Islamic bank employees as dependent variable was developed using nine items. After performing factor analysis, it reduced to seven items. The eigenvalue for this factor is 4.26 and explains a total of 60.90 percent of the variance with factor loading between .73 and .82 (Table 1).

Table 1: Factor Analysis for Product Knowledge

Items Loading	Loading Factors
Understand the differences between Islamic and conventional banking products.	.733
Know the concept applied to Islamic banking.	
Islamic banking products are offered to both Muslim and non-Muslim.	.802
Islamic banking must be based on Shariah.	.785
The system adopted by Islamic banks is really helping in promoting Islamic values among staffs, clients and the general public.	.796
The rules and regulation given by Shariah experts must be in accordance to Quran and Sunnah.	.779
The products offered by Islamic banks are in accordance with customer needs and preferences.	.819
Eigenvalue	.745
Percentage of Variance	4.263
	60.899

The determinant factors of product knowledge was developed consists of 31 items. The result test of sphericity is significant while the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is greater than 0.6. The determinant value of the test is 0.000763 (greater than 0.0001) shows no multicollinearity among the items. Percentage of cumulative variance for the factors is about 60 percent with factor loading between 0.59 and 0.85 (Table 2). Then reliability of construct being tested and it is found that the reliability of all factors is high ranging from Cronbach's Alpha 0.78 to 0.95.

Table 2: Rotated Component Matrix of the Independent Variables

	Component			
	1 T	2 UP	3 R	4 P
TRAINING (Cronbach's Alpha : 0.951)				
My friends help me understand the Islamic banking product in more detail.	0.852			
Always attend an Islamic banking program organized by the bank.				
Bank management had provided adequate sources regarding to Islamic banking.	0.849			
Bank manager helps to understand the Islamic banking product in more detail.	0.844			
Adequate training and exposure in Islamic banking.				
Encouraged to attend short courses, seminars and conferences.	0.835			
Capability to solve the problems related to Islamic banking.	0.829			
Gained experience on Islamic banking products during working session.	0.807			
Extensive knowledge of the products and services under my supervision.	0.783			
	0.768			
	0.710			
UNDERLYING PRINCIPLE (Cronbach's Alpha : 0.900)				
Islamic banking invests in businesses that are not prohibited by Islam.				
Islam bank must have Shariah Supervisory Board to ensure that all business activities are in line with Shariah requirements.			0.813	
Islamic banking system has been introduced since Muslims are prohibited from receiving or giving interest.			0.784	
There must be aqad in the Islamic banking transactions.				0.713
Return on Islamic banking is based on the sale, lease and profit sharing.				0.702
Islamic banking prohibits excessive uncertainty in all forms of transaction.				0.686
High potential of Islamic banking products in Malaysia.				0.671
Islamic banks are able to compete with conventional banks.				0.582
				0.497
RELIGIOUSITY (Cronbach's Alpha : 0.850)				
Regularly offer prayer five times a day.				
Fast regularly during Ramadan.				0.862
Follow the Islamic conjunction in all matters of my life.				0.822
Pay zakat every year if I meet the prescribe criteria.				0.785
Regularly recite the Holy Quran.				0.712
				0.681
PERCEPTION (Cronbach's Alpha : 0.784)				
Islamic and conventional banks to market their Islamic products in an effective manner.				0.772
By associating themselves with the Islamic bank people would be more ethical in their values.				0.688
Islamic banking is the unique quality of the products and services they provide and not about competing on price.				0.686
Islamic banks can provide lower cost of products and services compared to conventional banks.				0.591
Eigenvalue				
Percentage of Variance	11.647	3.454	2.137	1.609
Cumulative Percentage	22.889	16.579	11.045	9.273
	22.889	39.468	50.513	59.786

3. Findings

Descriptive analysis on product knowledge of Islamic bank employees shows that the level of employees understanding concepts and principles of Islamic bank products are high (mean score 4.3). This is a good indicator for Islamic banking system because employees with good product knowledge will give advantage to Islamic banking system in competing with conventional banking system. Furthermore, religiosity, underlying principles and perception show a good understanding by Islamic banking employees. While, the employees of Islamic banks reported moderate level of training they received (Table 3).

Table 3: Level Understanding of Product Knowledge and its Determinants

Variable	Mean	SD
Knowledge	4.30	0.60
Underlying Principles	4.31	0.58
Religiosity	4.54	0.55
Perception	3.94	0.62
Training	3.75	0.77

The correlation between training, underlying principles, religiosity and perception on product knowledge of Islamic bank employees analyse using bivariate Pearson's correlation. It is found that the product knowledge has a highly positive significant correlation with underlying principles. Product knowledge also reported to have a moderate significant correlation with training, religiosity and perception (Table 4).

Table 4: Correlation between Product Knowledge and its Determinant Factors

Variables	Correlation
Underlying Principles	0.802**
Religiosity	0.525**
Perception	0.445**
Training	0.562**

**p < 0.01

Further analysis using multiple regressions indicated that the determinant factors are having significant relationship ($p < .01$) and explained 66.9 percent variation in the product knowledge of Islamic bank employees. It is found that underlying principles and training are having a significant positive impact on employees' product knowledge of Islamic bank. However, religiosity and perception variables are not significant to the model. The result explained that the increase of a unit in underlying principles will affect the increase of 0.664 unit of product knowledge; while the other variables are held constant. Similarly, 0.155 unit of product knowledge is expected to increase if a unit of training increase. Thus, the hypothesis of this study is partly supported (Table 5).

Table 5: The Influence of Determinant Factors on Product Knowledge

Determinant	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.519	0.289		1.793	0.075
Underlying Principles	0.664	0.061	0.681	10.820	0.000
Religiosity	0.120	0.063	0.101	1.917	0.057
Perception	-0.051	0.053	-0.057	-0.958	0.340
Training	0.155	0.041	0.212	3.729	0.000

Significant $p = 0.000$
 $R^2 = 66.90$

4. Discussion

The study found only 24 percent of Islamic bank employees acquired knowledge of Islamic banking products through training programs, workshops and seminars. Laldin and Parid, 2010 also found about 76 percent of banking employees were holding non-Islamic banking academic background such as International Business, Accounting, Marketing, Biochemistry and etc. This is due to the conversion or forming of subsidiaries conventional banking system to Islamic banking system. Formerly, the majority of conventional bank staff are not educating with knowledge of Islamic financial and banking system. The same finding also reported that Islamic bank employees are not well trained in Islamic banking products (Abdullah and Rahman, 2007). Consequently, Islamic banks ought to adequately train and develop their employees especially with respect to the distinctive characteristics of Islamic banking products and services (Dusuki and Abdullah, 2007). The skills and knowledge gaining by employees of Islamic bank will ultimately can influence and attract more customers and be able to make the Islamic banking system being competitive and more attractive to the customers. Inferential analysis found the product knowledge of Islamic bank staff are having association with underlying principle, training, perception and religiosity. However, further analysis found that only underlying principle and training are having significant influence to the product knowledge of employees. The finding corresponds to the study by Zainol et al. (2008) and Aslam et al. (2011), who also found that training is one of the important factors that the management used to evaluate the knowledge of their banking staff. By having insufficient training and working experience, the Islamic banking employees cannot provide accurate knowledge of the products and persuade the customers to use the Islamic banking products. It has always been acknowledged that the Islamic financial institutions façade challenge in edifice customer loyalty and attracting new customers, especially in dual banking system where competition is vicious with many other conventional financial institutions (Ahmad and Haron, 2002).

The study revealed that understanding underlying principles is another variable to seriously considered due to its significant influence to the product knowledge. Understand the basic principles among the employees is imperative to avoid misperception among customers especially in relation to the unique features of Islamic banking products and services (Dusuki and Abdullah, 2007). This finding is in agreement with Baba and Amin (2009) who reported that most of bankers were not knowledgeable about Islamic banking since they still confused in regards of the practices of the system which still overshadowed by the conventional system. In light of this, it can be argued that true understanding of the principles of Islam and the characteristics as well as unique needs of the Islamic finance should be disseminated among the employees before extended to the customer (Laldin and Parid, 2010). The main idea mentioned in the underlying principle scrutinizes the understanding of respondents towards the issue of interest which always become an interesting topic debate among the scholars and practitioner of Islamic banking. This study had shown that the Islamic banking employees do correspond with the view that the Islamic banking should eliminate the element of interest (Rosly and Bakar, 2003; Akbar et al., 2012) in any kind of transactions or businesses which consider the principle of the selling and buying, profit sharing and leasing element represent the true spirit of Islamic banking practices. On the other hand, factors like perception and religiosity are perceived to be least important by the respondents which shown not statistically significant to knowledge since the difference in belief and thought among the respondents led to different argumentation. Khraim (2010) argued the differences in belief affiliations tend to influence the way people live, their preferences and whom they associate with. Flavell et al. (1985) also specify that different people can have different representation either in beliefs or perspectives. Having mentioned the above result, one should not conclude that Islamic banks' employees do not need to focus on these issues; instead, the result of analysis specifies that employees attach more prominence to training and understanding of underlying principles. Thus, the management of Islamic bank should be aware of the issues.

Nowadays, the acceptance of Islamic banking products does not just focus among the Muslim customer only, but non-Muslim as well. This can be referred to the statement by the BNM Governor, Tan Sri Dr. Zeti Akhtar Aziz, where currently at least 50 to 70 percent of the Islamic bank customers are among the non-Muslims. Thus, it is important for the Islamic banks' employees to possess an extensive knowledge in Islamic banking so that people would respect and give a high appreciation to them for being an expert in the Islamic banking industry. The overall findings of this study highlight that Islamic bank' employees need to have an adequate training and in-depth understanding of underlying principles so that they can easily differentiate between the Islamic and conventional products. In addition, more efforts are required to identify how their practices actually work in practice and adopt effective training strategies for employees' knowledge enhancement and awareness on related issues.

5. Conclusion and Suggestions

This research was conducted to identify the product knowledge among Islamic banks' employees in the northern part of Malaysia. The findings yielded that underlying principles and training had given a strong influence towards the knowledge. However, religiosity and perception which supposed to have impact on product knowledge (Ahmad and Haron, 2002; Zainol et al., 2008; Aslam et al., 2011) are failed to prove. The findings will have some impact on the theory and practical aspects of Islamic banking sector.

4.1 Theoretical Implication

On a theoretical level, this study proposed a contribution to better understand the level of product knowledge among the Islamic banks' employees. Previous studies have focused more on customer perceptions (Ahmad and Haron, 2002; Abdullah et al., 2012; Akbar et al., 2012). On the other hand, this study concentrates on the issue of knowledge on Islamic banking products among the Islamic banking employees. The elements of training and underlying principles in this study explain the Islamic banking products and contribute to the new knowledge of Islamic banking products.

4.2 Practical Implication

Findings of this study also have implications for the management of Islamic banks to gain a better understanding of underlying principles and training on product knowledge. Thus, results from this study illustrates that both factors should be emphasized to develop skilful and knowledgeable of Islamic banking employees. Greater efforts should be undertaken by management of Islamic bank by recruiting employer who are having good knowledge on Islamic banking product as well as having good Islamic values. The management also need to create a link with professional agencies in developing employees with skills of Islamic banking products and Islamic values through training and coaching. Besides that, it is necessary to Islamic banks industry to established linkage with the education sectors thus, provide collaborative Islamic banking training and education to their staffs. In doing so, it can provides venues of meaningful transfer of knowledge and experience as well as exchanging of ideas in ensuring comprehensive knowledge on Islamic banking.

4.3 Suggestions for Future Studies

The following recommendations are brought up for those researchers who are interested in conducting subsequent studies in the related field. (1) To include more variables that has possibility to affect the knowledge such as the awareness of basic terminologies of Islamic banking. (2) To highlight the importance of religious obligation among Islamic banks' employees so that they would be more ethical in executing the transaction with the customers. (3) To cater the staffs of other religions as potential respondents especially the employees who worked with the bank which operated dual banking system.(4) To have a complete view of the Islamic banks' employees, therefore, it would be ideal for sample population to include respondents from all Islamic banks in Malaysia include local and foreign banks.

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