

Does Customer Knowledge on Islamic Financial Planning is Crucial for Islamic Credit Cards Users?

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Abstract: Credit cards is one of the popular products of the Islamic bank. Despite being a popular product, the demand for Islamic credit cards was very low correlated to the conventional credit cards despite its unique offering features to customers. The appointment of a trusted Islamic Banking product is one of the steps to be considered in Islamic financial planning. The knowledge of Islamic financial planning plays a significant role in customer decision making regarding patronage. When making a purchase, it is important that customers completely understand products or services offered to ensure it followed the Shari'ah guidelines. Therefore, this study aims to investigate the factor of customer knowledge on Islamic financial planning that can influence customer satisfaction towards Islamic credit cards. The questionnaires were distributed by employing the convenient sampling technique and Statistical Package for Social Scientist (SPSS) is used to analyze the data that will be gathered. The result shows that the customer knowledge of Islamic financial planning has a significant relationship towards customer satisfaction of Islamic credit card.

Keywords: Credit card, Knowledge, Islamic Financial Planning, Satisfaction

1. Introduction

Currently, Islamic financial planning is a current innovative concept being developed at the moment (Wahab, 2014). Hilgert et al., (2003) also mentioned that there was a positive connection between financial knowledge and the behaviour to practice financial planning. Nowadays, knowledge plays an important role in customer satisfaction thus making a decision regarding patronage (Abubakar, 2014). It is vital for customers to fully understand a product or service before making a purchase (Salleh et al., 2019; Muhamad et al., 2013). Wahyuni (2012) also highlighted that knowledge of the product could be one of the determinants in influencing customer satisfaction. Moreover, the bank also has to make sure that the customers have the correct understanding of a product. In doing so, the Islamic bank should initiate an initiative to educate their customers on Islamic financial planning about Islamic credit cards to enhance customer satisfaction and at the same time to compete with conventional credit cards (Ali & Raza, 2015). Furthermore, one of the measures to be taken in Islamic financial planning is the selection of a trusted Islamic banking product. (Noh et al., 2020). It is also backed by Adrutdin et al., (2016) which stated that it is necessary for a banking institution to deliver the knowledge of Islamic financial planning and understanding of Islamic credit cards to the public and this matter should not be taken for granted as it would in a way affect customer satisfaction (Mariadas & Murthy, 2017). So that, it is unquestionable that customers' satisfaction is essential in all styles of businesses as the most effective approach to improve and maintain customer base via attaining high customer satisfaction (Chee, 2014). Therefore, customer knowledge of Islamic financial planning should take into consideration due to the facts that this influential factor is beneficial and valuable for the customer satisfaction on the Islamic credit card.

2. Problem Statement

The Islamic banking is not exclusive for Muslim only, even though its operations are based on the foundation of the Shari'ah laws and principles, the non-Muslims are not restricted to subscribe to the Islamic banking products or services (Muhammad et al., 2019; Mohamad & Wahab, 2016). Based on loans disbursed by purpose (Central Bank of Malaysia, 2016), it is clear that conventional banks have higher disbursements compared to Islamic banks even though Muslim population denotes for 61.3% of the Malaysian population (Statistic, 2018). This statistic could indicate that conventional banking is preferable compared to Islamic banking. Besides that, the demand for the Islamic credit card in Malaysia also remains low compared to the demand for conventional credit card (Kabir & Worthington, 2017). In further, despite the increasing numbers of the customer uses Islamic credit card, the figures persist low compared to conventional credit card customers. Additionally, Akhtar et al., (2016) suggested that lack of customer knowledge on Islamic financial planning regarding Islamic banking's products had caused the low subscription of Islamic credit cards. This proposition also supported by Rustam et al., (2011) in which they argue that due to insufficient knowledge, customers become confused with the products and services offered, and they often unable to extricate between Islamic and conventional products and services. Bassir et al., (2014) also highlighted that Islamic banks' customers have limited knowledge of Islamic financial

planning concerning the fundamental element of Islamic banking and were unfamiliar with the Islamic finance and banking terms. A study conducted by Rammal (2010) has indicated that in general, the level of customers' knowledge on Islamic financial planning and understanding of the Islamic credit card is still low. In addition, Adrutdin et al., (2015) also mentioned in their study, that there were still lack of studies conducted in the area of customer knowledge of Islamic financial planning instead of service quality, religion and reputation and image (Fleeson et al., 2017; Dali et al., 2014; Ismail et al., 2013). Henceforth, the lack of consideration regarding Islamic financial planning leads to credit card's defaulters (Razak et al., 2019). Therefore, based on that ground, this study attempts to minimize the gap in the study of customer knowledge on Islamic financial planning towards the Islamic credit cards users' satisfaction.

3. Research Objective

The objective of this study is to investigate the relationship between customer knowledge on financial planning towards satisfaction of Islamic credit cards.

4. Literature Review

Financial planning is essentially a process, i.e. it is not a product. According to the Malaysian Financial Planning Council (MFPC) constitution it is a process or methodology of assisting clients in determining their financial goals, objectives and priorities and the resources to meet them in an optimal and practical manner. The outcome of the process is to help the customer achieve his financial goals and objectives that followed the Shari'ah compliance guidelines (Wahab, 2014). The component of Islamic financial planning is focused based on the demand of Shari'ah. Islamic financial planning is described as the process in achieving life goals through the management of finances in line with the Shari'ah such as how wealth can be increased, created, protected, purified, and distributed on the basis of the Shari'ah rules. Shari'ah guidelines and principles are integrated into the financial planning process and form the main position in the implementation of Islamic financial planning (Nur et al., 2017). The knowledge of Islamic financial planning acts as a component to mould competent customers for the usage of Islamic Banking products (Noh et al., 2020). Besides that, customer satisfaction making is also greatly influenced by the knowledge that is stored in their memories (Hristov & Kuhar, 2015). According to Hristov and Kuhar (2015) and Safeena et al. (2012), intention is greatly influenced by the knowledge that are stored in their memories. Hussin (2011) determined that 75.6% of her respondents did not understand Islamic credit card product structure and therefore signified the level of knowledge among Malaysians was still low and unsatisfactory because Malaysia was one of the leading countries in the development of Islamic Banking and Finance. Ismail et al. (2013) recommended that Islamic credit card issuers should hire experienced and professional workers who can contribute the product knowledge and expertise to enhance the product features as well as the service offered. Mariadas and Murthy (2017) also agreed that the degree of how much a customer will look into a product is influenced by the consumer's prior knowledge about a product. The in-depth knowledge and understanding which customer have towards the product or service will have a positive impact on its satisfaction. Thus, the banks have to make sure that the customers have the correct information regarding a product to avoid the misconception and miscommunication among customers that could cause them to lose interest in the products offered (Mariadas & Murthy, 2017). It also recognized by Adrutdin et al. (2016) which revealed that the lack of information and knowledge about a particular banking products has significant affect on the customers' interest to purchase the products. In addition, the existence of Islamic financial knowledge directly influenced customer's decision in achieving the goals and ends with the satisfaction (Parmitasari et al., 2019).

Hypothesis

The hypothesis is as follow:

H1: There is a significant effect of customer knowledge on Islamic financial planning towards customer satisfaction.

5. Methodology

This study will be conducted through a quantitative method used. The target population focused on the customers of Islamic credit cards in Malaysia. Respondents were selected by convenience sample due to the restriction of Malaysian banking law and legislation (IFSA, 2013) where the customers list of banks are very private and confidential and cannot be exposed to the public. According to Krejcie & Morgan (1970), the size population that unknown or cannot be defined should be 384. So, the sampling size for this study is 384 respondents. Statistical Package for Social Science (SPSS) Version 22.0 is used to analyse the gathered data.

Data Collection Method

This research used a survey method for the primary data and the questionnaires were distributed to the respondents by using the convenient sampling technique. The respondents were requested to response the questionnaires based on a Likert-type scale, that ranged from 1= ‘strongly disagree’, 2= ‘disagree’, 3= ‘neutral’, 4= ‘agree’, and 5= ‘strongly agree’(Adis & Jublee, 2010).

6. Findings

Reliability Analysis

Cronbach’s Alpha statistic is used to analyse the reliability of the data. The value can be measured between 0 and 1 by using Cronbach’s Alpha. The value that closer to 1 indicate the value becomes more reliable. According to Ulfat (2013), the value that showed between 0.738 and 0.813 can be considered good while the value below 0.60 cuts off point, has no reliability in the coefficients. In this research, all the dimensions will be tested for reliability. The overall reliability (α) of the scale was 0.787 and reliability for each of the dimensions was greater than 0.7, which showed that the questionnaire was fit for analysis. Reliability for each of the dimensions is presented in Table 1.

Table 1.Reliability for each of the dimensions

Dimension	Cronbach’s Alpha	Cronbach’s Alpha Based on Standardized Items	N of Items	Analysis
Customer Knowledge on IFP	0.822	0.825	10	Reliable
Customer Satisfaction	0.854	0.887	10	Reliable
Overall	0.735	0.785	20	Reliable

Hypothesis Testing

The column “Sig.” holds the significance levels for the variables. As a rule of thumb, the coefficient is statistically significant if its p-value is smaller than 0.05. So that, as mentioned in Table 2, the p-value of the variable shows lower than 0.05. Hence, there is significant correlation between customer knowledge towards customer satisfaction.

Table 2.p-value of the variable shows lower than 0.05

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.759	.722		2.437	.038
	cust_know	.522	.186	.684	2.811	.020

a. Dependent Variable: cust_satis

7. Conclusion and Recommendations

The result showed there is significant relationship between customer knowledge of Islamic financial planning and customer satisfaction on Islamic credit card. Therefore, this factor should take into consideration due to the facts that this influential factor is beneficial and valuable for Islamic credit card issuers to accomplish the desired goal and sustainability business. The knowledgeable customers on Islamic financial planning can compare and choose the credit cards that will give them the most satisfaction. Thus, banks should take advantage of the customer knowledge on Islamic financial planning to understand the needs and behavior of their customers. The lack of information and knowledge about the Islamic credit card has a significant effect on the customers’ interest to purchase the Islamic credit card because they have less information regarding the services and products that lead them to feel not satisfied. Hence, this study will contribute the benefit to the banks in order to

improve the delivering of customer knowledge that related to Islamic financial planning and enhance customer satisfaction on the Islamic credit cards. Since there have been few studies in this area, it is hoped that this paper will add to the existing body of knowledge, particularly in terms of customer insight on Islamic financial planning and financial satisfaction of credit card users.

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