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Blind-trust – a Pave Stone for Islamic Financial Institutions

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Abstract
Trust is considered to be a key factor before undertaking a transaction whereas smart trust is ideal for any business. Much of our understanding of trust is still in the embryonic stage especially, when it comes to Islamic financial institutions. The purpose of this paper is to determine what factors affect the propensity of clients to choose Islamic banking. These factors are interpreted in terms of trust that clients put into Islamic banking. A specific lens is developed to analyze the propensity to opt Islamic banking product and services plus the knowledge amongst the users of Islamic banking is also analyzed. The study finds that the propensity to trust Islamic financial institutions is high while the analyses of the associated risk is low. High propensity and low analysis is positioned in the blind-trust zone on the trust matrix. Hence, it is concluded that the nature of trust in Islamic financial institutions is blind.
Key Words: Islamic financial institutions, Interest-free banking, profit and loss sharing based financing, blind-trust

1. Introduction

Islamic finance can no longer be dismissed as a passing fad or as an epiphenomenon of Islamic revivalism (Warde, 2001). Islamic finance is one of the rapidly blossoming doctrines in the global economic system. It is a result of globalization, dramatic changes in political-economic environment and Islamic insurgence – a new generation of Islamic finance which is more innovative and diverse is emerging as the doctrine is undergoing a new aggiornamento (Warde, 2001). The fast growing awareness of the Islamic financial system (interest-free) has been an incentive for Islamic financial experts to confront it with the conventional (interest-based) economic cycle (Manzoor *et al*., 2010). The Islamic economic system is rising as a reliable substitute to the current interest based system (Mohamed *et al*., 2011).

Literature shows that Islamic banking and finance grew at the rate of 12-to-15 percent during the last decade (Schoon, 2010). In the recent times over 400 Islamic financial institutions spread over 100 countries with assets in surplus of US$ 1.4 trillion covering most of the Muslim world and various market niches in the West (Ernst & Young, 2011). Islamic finance is expected to enjoy the same trends in the upcoming years.

Trust is important before undertaking any transition. Trust is highly relevant for Islamic financial institutions (IFIs) because funds in Islamic banking system are extended on the basis of sharing in profit and loss by forming a joint-venture. Parties involved in such ventures may behave opportunistically and take advantage of the other partners involved (Lui and Ngo, 2004). The opportunism can be witnessed before (i.e., *ex ante*) forming the venture or after (i.e., *ex post*) the transaction is underway (Jap and Anderson, 2003). One way to avoid or reduce opportunism is to adopt contractual safeguards such as official contracts guaranteed by the authorities. Nonetheless, it remains unclear whether such contractual safeguards and trust complement or substitute each other. Jap and Anderson (2003) argue that despite a well erected governance structure to reduce opportunism and to preserve the common interests and final outcomes, there exists some opportunism during the plan of action. Consequently, a higher degree of trust is needed.

The importance of trust can be explained by the fact that it is seen as a phenomenon which contributes to the strength of interpersonal relationships, intra-organizational relationships and inter-organizational relationships (Blomqvist and Ståhle, 2000). Trust is also a multidimensional and segmental concept that contains various dimensions such as confidence, performance, predictability, ability, expertness, intentions or motives, benevolence, business sense and judgment, goodwill, loyalty, image, and satisfaction (Hoq *et al*., 2011; Lui and Ngo, 2004).

Contrary to the general impression that trust is a social virtue, Covey (2006) argues that trust is a hard-edged economic variable and it has an effect on two outcomes: speed and cost.

↑ Trust = ↑ Speed ↓ Cost

When trust is high, the speed of doing business also shoots up and cost goes down but when trust goes down in any organization, the speed of doing business also goes down and the cost goes up.

↓ Trust = ↓ Speed ↑ Cost

For instance, this is evident in the finance industry. Before the financial crisis, customer's trust was high in banks and so was the speed of doing business. However, the financial crisis exposed the finance industry as a whole and shook the confidence of investors, which resulted in lower trust and speed.

The Islamic finance industry is still infancy and striving with many challenges. Trust is amongst the challenges that are highlighted by a few studies. Trust is considered to be a key factor before undertaking a transaction (Mohamed *et al.,* 2010). Nonetheless, much of our understanding of trust is still in the embryonic stage, especially when it comes Islamic financial institutions. Mohamed, Badaruddin, and Choong (2011) studied the behaviors, antecedents, and consequences of trust in selected Islamic banks in an effort to understand the mechanics behind trust in Islamic banking. A strong correlation between trust antecedents and client's behavior to deal with IFIs was reported. Hoq, Sultan and Amin (2011) studied the role of trust and customer satisfaction in the Malaysian context. Muslim and non-Muslim account-holders from four banks were surveyed. Multiple group data analysis was applied to the data collected to identify the significant differences between the former and the latter. No significant difference among the groups was found, however, trust was reported to be positively significant to satisfaction. Thus, higher level of trust leads to higher customer loyalty.

2. Islamic Banking and Finance

An Islamic bank is a full service intermediary financial institution that abides by the Islamic law – Shariah[i], derived from Qur'an[ii] and Sunnah[iii]. The most prominent features of Islamic finance are interest-free banking and profit/loss sharing based financing, which are the result of collection or payment of interest being prohibited. Additionally, Islamic financial institutions are co-governed by the Islamic-religious leaders (advisers) who identify religiously permissible transactions. For instance Islamic financial institutions do not invest in gambling, alcohol, armaments, tobacco or pornography (Ayub, 2007; Kettell, 2011; Schoon, 2010; Warde, 2001).

The principle of profit/loss sharing (PLS) is at the core of Islamic banking therefore, it is stressed in the following section. The idea of PLS is that instead of lending capital on a prefixed rate of return, a venture is formed through a partnership between the lender and the borrower on the basis of sharing in profit/loss. Merchant banking and venture capital are among the fastest growing segments in contemporary finance and are considered to be conventional equivalents of PLS contracts. There are two broadly used modes of finance for PLS contracts: a joint-venture and an entrepreneur borrower (Ayub, 2007; Kettell, 2011; Schoon, 2010; Warde, 2001).

The first mode of finance is entrepreneur borrower, which is formed by a combination of financial and human capital. In this participatory mode of financing one party (the beneficial owner) entrusts capital to the other party (the entrepreneur) who has the skills, expertise and experience to utilize these funds efficiently in an agreed manner. The capital provider has the right to restrict the entrepreneur in terms of business activity, clients, methods and place or to give full authority to the entrepreneur to act unrestrictedly on the financier's behalf. Profit is shared between the parties on an agreed upon ratio but the amount of payment cannot be fixed. In the case of a loss, the financier bears all the capital losses while the entrepreneur bears services loss and does not receive any payment for her/his time and effort.

Second is a joint-venture or partnership, which is similar to the above in its principles, except for the fact that the financier takes an equity stake in the venture. It is in effect a joint-venture contract where two or more parties jointly pool their capital to finance a project. All the parties involved in the contract have the right to participate in the management of the project or to act on each-other's behalf. Profit is shared at the pre-agreed ratio or on the basis of capital invested by each partner but it cannot be a fixed amount. Losses are shared in proportion to the capital contributed by each partner.

Both methods can be combined in one project. For instance, the initial capital can be generated through a joint-venture, while working capital may be provided by a potential investor or business angel later on. Such financing can be observed in infrastructural concerns such as building, plant, road construction, real estate and ports with skillful investors ranging from engineers, physicians, IT specialists to craftsmen and traders for micro-financing of small and medium enterprises (SMEs). All such contracts are based on mutual trust amongst the partners.

3. Literature Review

"...Trust is a term with many meanings" Williamson (1993, p. 453)

"Trust is itself a term for a clustering of perceptions" White (1992, p. 174)

This paper adopts the definition of Mayer *et al.* (1995, p. 712) which defined trust as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party". An Islamic bank is a financial institution and institution-based trust refers to structural trust (Mohamed *et al.,* 2011). In this context, trust in Islamic finance results from the fact that an Islamic financial institution operates under the Shariah law.

The literature offers a variety of definitions of trust in almost all disciplines of life (i.e. economics, business, finance, psychology, sociology, religion and marketing) – often conflicting and even confusing in nature while some researchers argue that the concept of trust is too elusive to define and some choose not to define it (McKnight and Chervany, 2002).

Trust can be defined as the confidence of one group extended to another group when engaging into a relationship. A similar definition was proposed by Moorman *et al.* (1992) who treated trust as willingness to engage into a venture. Reliability and confidence are essential for trust building from all the parties involved. Further Moorman *et al.* (1992) opine that trust is multi-loomed. First, trust is considered as confidence or belief in the competencies, expertise, intentions and reliability of the trusted partner. Second, trust is a constant and visible behavior reflected by the partner.

Various studies have attempted to indentify the factors behind the robust growth of the Islamic finance industry in the recent years (see Table I for details). The primary focus of these studies can be divided into three groups. The first group remained focused on the perceptions of Islamic finance customers (individual and corporate) towards Islamic banking (see Ahmad and Haron, 2002; Gait and Worthington, 2008; Hidayat and Al-Bawardi, 2012; Jalaluddin, 1999; Khoirunissa, 2003; Mumu, F. and Guozho, 2012; Rustam, 2011; Thambiah, Santhapparaj and Arumugam, 2011; Zainuddin, Jahyd and Ramayah, 2004). The second group tried to judge customer behavior towards Islamic banking and to identify the factors behind the selection of Islamic banking products and services (i.e. Dusuki, and Abdullah, 2007; Edris, 1997; Gait, 2009; Hegazy, 1995; Idris et al., 2011; Khan, Hassan and Shahid, 2008; Marimuthu *et al*., 2010; Maiyaki, 2011; Manzoor, Aqeel and Sattar, 2010; Metwally, 2002; Metawa and Almossawi, 1998; Okumus, 2005; Rashid and Hassan, 2009). The third group studied the awareness and knowledge among the users of Islamic banking (i.e. Bley and Kuehn, 2003; Khattak and Rehman, 2010; Rammal and Zurbrugg, 2007). In a nutshell, more or less in the pursuit of an answer to the same question of why people choose Islamic finance and how far are they aware of the functioning of an Islamic bank. The results of these studies reveal that religion (interest-free banking), profitability or rate of return (profit-and-loss sharing based financing) and reputation (subject to Shariah compliance in terms of banking operations) as well as advise form the family, friends and colleagues are amongst the most commonly reported elements, which urge people to bank with Islamic financial institutions.

Since the opportunity-window unlocks for a limited period of time and natural trust cannot thrive in such a short span – actors and organizations hunt for fast, smart or so-called swift trust (Blomqvist and Ståhle, 2000). The four quadrants of trust are described in a trust-matrix. The horizontal axis presents the degree of analysis. Analysis here refers to the judgment of the Islamic banking user – based on her/his knowledge about the Shariah law, about the risks – especially, the Shariah non-compliance risk, associated with the different modes of Islamic finance, its products and services. In other words, the user's ability to analyze if her/his bank abides by the Shariah law. The vertical axis shows propensity to trust, which determines the tendency to opt (to trust) Islamic banking.

Figure 1: [Insert about here)

The trust matrix (see figure 1) is described as: indecision or no trust lies in zone 3 where both propensity to trust and analysis of risk are both low. Zone 1, which is characterized by blind-trust or gullibility, reflects the combination of low risk analysis and high propensity to trust. Zone 4 is characterized by distrust which leads to validating and analyzing everything, thus decreasing the speed of doing business and increasing the cost. The last and ideal zone is the smart trust zone characterized by judgment. The risk is low while the return is high in Zone 2 – the Smart-trust. Risk is managed carefully and issues are wisely evaluated and considered. This is the one with a high propensity to trust combined with a high degree of analysis (Covey, 2006). Smart-trust is the ideal quadrant for any business.

As mentioned earlier, trust is highly significant to Islamic banking, thus, here is it imperative to through some light on the concept of wealth and trust in the Islamic religion.

Trust in Islamic banking system is different than in conventional banking system – so is the concept of wealth. The importance of trust in Islamic religion is evident from the Holly Qur'an as it addresses trust in 28 different places.

Qur'an is considered to be 'the complete code of life' by the Muslims as it provides guidance for all aspects of life and is not limited to religious aspects only.

> *"To Him (God) belongs that is in the heavens and all that is on the earth, and all that is between them, and all that is under the soil"* Qur'an (20:6).

The above verse of Qur'an clears the concept of wealth in Islam. From an Islamic standpoint, everything (all the wealth) belongs to God and man is only a trustee. The issue of wealth is dealt with in 64 different places in Qur'an.

Qur'an (24:33) further says, "and give them something out of the wealth that God has bestowed upon you". This means that it is God who owns the wealth and that wealth has been bestowed by Him. Since God is the absolute owner, man is just a trustee and this is evidenced in another Qur'anic verse:

> *Lo! We offered the trust unto the heavens and the earth and the hills, but they shrank from bearing it and were afraid of it. And man assumed it. Lo! he hath proved a tyrant and a fool* (Qur'an, 33:72).

Wealth is considered as trust and thus those who utilize it will be held accountable to God in the hereafter[iv]. At this point, Shariah provides guidelines on how to earn wealth through permissible, legitimate sources of income in the light of Islamic religion.

Synthesizing the above discussion, trust is something absolutely peculiar to each and every relationship be interpersonal or inter-organizational, however, much of our understanding of trust is still in the emergent stage. Contrary, to the common expression that "trust can be earned" in my view, "…trust is like beauty" – in eye of the beholder. Hence, trust "Can-Not" be earned. Trust is something that others choose to be stored upon us.

4. Methodology

Secondary data comprising books, journals and research works was used in this paper. Meta-analysis was used to contrast and combine results of the selected literature. Propensity to opt Islamic banking products and services plus the knowledge amongst the users of Islamic banking was analyzed through a specific lens. Several steps were followed. First, for the purpose of an adequate representation and in order to generalize the findings, the Islamic financial market was divided into three geographical regions, namely: Asia (Australia, Bangladesh, Indonesia, Malaysia, Pakistan and Singapore), Middle East and North Africa (Bahrain, Egypt, Jordan,Kuwait, Libya, Morocco, Nigeria, Qatar, Saudi Arabia and United Arab Emirates) and Europe (Germany, Turkey and the United Kingdom).

At the second stage, more than one hundred research papers were initially selected for review. The selection criteria was based on two questions: (1) why people go for Islamic banking? (2) how far Islamic banking users are aware (knowledge) of the functioning of an Islamic bank? Third, meta-analysis was performed on all those studies addressing the aforementioned questions. Finally, thirty-seven different research papers from nineteen countries were selected for analysis. The selected literature covers the period from 1989 to 2012.

A specific lens was developed to analyze the selected studies. A framework of three nexuses was developed in order to get an enriched view of the results reported in these studies. The division of the nexuses was as follows;

Religiously Driven Factors: People entrust a bank that it conducts business according to the Islamic laws. Such factors mainly include: Shariah tenets, co-governance of Islamic banks by the Shariah scholars and interest-free banking (Manzoor *et al*., 2010).

Socio-Economic Factors: The mechanism of profit and loss sharing, stability demonstrated by Islamic finance during the recent financial crisis and equity sharing are the economically driven factors. While factors, such as living in a religious supporting environment as well as advice from friends, family members and colleagues (Marimuthu *et al.,* 2010) have been considered as the socio-psychological factors.

Awareness: refers to the know-how or knowledge of customers about different products and services offered by an Islamic bank. It also refers to the knowledge of individual customers about Shariah law in general, to make judgments about the functioning of an Islamic bank. In other words, it deals with the question of how far Islamic banking customers are aware of the principles on which an Islamic financial institution functions.

Table I: [Insert about here]

There are two major factors – religious factors (RF) and economic factors (EF), which drive people to opt Islamic banking. These factors are further identified as primary and secondary drivers. If the user selected Islamic banking for reasons other than the aforementioned, it is treated as other factors (OF) and scored accordingly. After analyzing the selected studies, each parameter was assigned a score based on the rating scales. The approach to scoring the primarily and secondary factors to opt Islamic banking is essentially dichotomous in that an item in the research instrument scores one for primarily factors to choose Islamic banking and zero if the reason is secondary (Haniffa and Hudaib, 2007). Although no penalty is imposed if the item is considered irrelevant. High level of awareness is ranked as 1 while low level of awareness is scored as 0.5. A comprehensive view of this sub-division is provided in Table I. Total score made by each category is divided by the total number of observations ($n = 37$) to get the arithmetic mean (see figure 2).

5. Findings

The analysis shows that religious factors dominated the selection criteria (49%) – that is, customers' of Islamic financial institutions trust that the products and services provided through various modes of finance by the IFIs are fully in compliance with Shariah. Followed by the socio-economic factors (38%) where the rate of return on the basis of profit/loss sharing was reported as the main motive to choose Islamic banking products. As mentioned earlier, investors are not obliged to participate in the management of the projects, which are based on sharing in profit/loss so here again, trust appeared to be the pave stone to carry out such transactions with the bank. Some other factors (13%), such as bank reputation, which is yet again subject to trust, advice from the family members and friends, and convenience of banking are amongst the main motives to opt Islamic banking.

Figure 2: [Insert about here]

On the other hand, less than fifty per cent (45%) users of Islamic banking were reported to have knowledge about the functioning of an Islamic bank. It was also found that those who appeared to have some know-how were reported to have little knowledge of different modes of Islamic finance, Islamic banking products and services, as well as about the Shariah law. However, customers residing in the Islam dominating countries such as Gulf and South Asian regions appeared to have more knowledge about Islamic banking and Shariah law in comparison to their counterparts residing in the Western and multi-religious countries (Haron *et al*., 1994). All those factors urging people to choose Islamic banking are based on trust.

Based on the analysis, it is argued that trust is one of the major factor which is paving way for the growth and development of Islamic financial institutions. Yet, the nature of such trust with specific reference to Islamic financial institutions is relatively less known.

A trust matrix adopted from Covey (2006) was applied to the results obtained from these studies to identify the existing nature of trust in Islamic financial institutions (IFIs).

The results show that propensity to trust Islamic banking products and services is higher as more people are embracing Islamic finance while analysis (knowledge/awareness) is low as fewer users are aware of the functions performed by an Islamic financial institution. A high propensity to choose Islamic banking coupled with lower analysis is positioned in the gullibility or blind-trust quadrant of the trust matrix (see figure 1). It can be argued on the basis of the results obtained from the analysis that the existing nature of trust in Islamic financial institutions is "blind". Based on these findings, the study reveals that blind-trust is a major pave stone for the robust growth and development of Islamic banking and finance industry.

Growth took the Islamic finance industry by surprise since its inception back in 1975 when the first fully-fledged Islamic bank – Dubai Islamic Bank, was formed in Dubai, United Arab Emirates. The bank was established soon after the oil shock of 1973, which brought millions of dollars into the oil rich Gulf countries. Urged by the political motives, political leaders in Iran, Pakistan and Sudan changed their financial system from conventional to fully Islamic. In the most recent events, United States seized billions of dollars of the Gulf investors after the 9/11 terrorist attacks. Moreover, the recent financial crises, Gulf uprising and Islamic insurgence are all those major events which shook the confidence of the investors. At the same time, oil prices went sky-high again in 2007 (US$ 150 per barrel) and again huge capital flowed into the Arabian peninsula.

Urged by all these events, the investors started looking for the alternative investment opportunities through secure channels. That is when Islamic banking offered a readymade platform particularly, to those Gulf-based high-net-worth individuals and corporations. Islamic banking have been politicized but not understood.

Islamic financial institutions have been so busy in enjoying such robust growth to pay attention to product innovation and marketing. Schoon (2010) note that Islamic banking products are marketed poorly and as a result less people understand such Shariah-compliant products. Hence, there is a need for educating customers about Islamic banking products and their importance. Another shortcomings of Islamic finance industry is the limited number of Islamic scholars with expertise in Islamic law together with knowledge of economics, which poses a greater threat to the survival of Islamic banking system as a whole. All these issues are needed to be addressed with immediate effect to avoid any harm.

6. Conclusions

Factors affecting the propensity of clients to choose Islamic financial institutions have been determined in this study. These factors are interpreted in terms of trust that clients put into Islamic way of banking. Meta-analysis was performed to contrast and combine results of the selected literature. A specific lens was developed and applied to the meta-analysis of the literature, which highlights the issue of trust in Islamic financial institutions in a novel and useful way.

The analysis show that the propensity to choose Islamic banking products and services is rising as more people are opting to Islamic banking. While the Islamic banking users are found not to be fully aware of the functioning of an Islamic bank. A high propensity to choose Islamic banking coupled with lower analysis was found, which is positioned in the gullibility or blind-trust quadrant of the trust matrix. Hence, based on the analysis, the study concludes that the nature of trust in Islamic financial institutions is blind.

As mentioned earlier, smart trust is an ideal quadrant for any business. Islamic financial institutions need to shift from the blind-trust to the smart-trust quadrant in order to sustain the current growth rate in the longer run and to enhance the confidence of Islamic banking users. IFIs are suggested to introduce customer awareness programs as well as adopt appropriate disclosure practices and be more transparent in order to achieve the aforementioned objective.

This paper offers a better understanding of the nature of trust in Islamic financial institutions. The findings may help Islamic bankers to improve their client's level of trust and build sustainable long-term relationship with their customers. The specific theoretical lens used in this paper can also be applied as a framework to identify the nature of trust in any organization.

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Notes

[i] Islamic religious law primarily, derived from the Holy Qur'an and Sunnah (Ayub, 2007, p. 21)
[ii] The Divine Book revealed to Prophet Muhammad (PBUH) and is referred to as guidance for mankind.
[iii] Judgments given by the Prophet Muhammad (PBUH) himself, reflecting the application of rules, principles and injunctions already enunciated in the Holy Qur'an (Ayub, 2007, p. 22).
[iv] Hereafter in Islamic religion refers to the (never ending) life, after death where all the dead will be resurrected and will be held accountable for their earthly deeds to Allah (God). This concept is common amongst other religions as well. For instance, Christians profess their beliefs with phrases like "we look for the resurrection of the dead, and the life of the world to come".

Tables and Figures:

Table 1: Summary of the Selected Studies

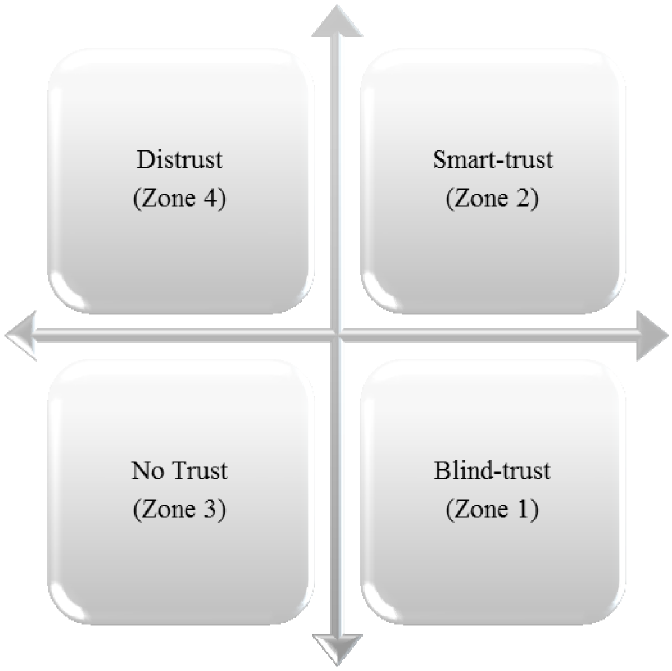
Author[s] and Year	Methodology	Respondents Profile and Origin	Reasons to Opt Islamic banking		Awareness
			Primary	Secondary	
ASIA (Australia, Bangladesh, Indonesia, Malaysia, Pakistan and Singapore)					
Ahmed and Haroon (2001)	Self—administered Questionnaire	45 Financial Directors, Financial Managers and General Managers in Malaysia	RF	EF	Low
Dusuki and Abdullah (2007)	Self—administered Questionnaire	750 Islamic-banking customers from Malaysia	OF	EF	N/A
Gerrard and Cunningham (1997)	Self—administered Questionnaire	190 Respondents in Singapore	RF	EF	Low
Haroon et al. (1994)	Self—administered Questionnaire	301 Muslims and non-Muslims in Malaysia	EF	RF	Low
Hamid and Nordin (2001)	Self—administered Questionnaire	967 Bank Customers in Kuala Lumpur, Malaysia	EF	RF	Low
Hanif and Iqbal (2012)	Self—administered Questionnaire	100 Financial Professionals and Teachers in Pakistan	RF	N/A	Low

Idris et al. (2011)	Questionnaire Survey	250 Islamic Bank Customers in seven Malaysian Public Institutions of Higher Learning	RF	EF	N/A
Jalaluddin and Metwally (1999)	Self—administered Questionnaire	385 Small Businesses in Sydney, Australia	EF	RF	N/A
Jalaluddin (1999)	In-person Interviews	80 Financial Institutions in Sydney, Australia	EF	OF	Low
Khan et al. (2008)	Questionnaire Survey	100 Customers of Islamic Banks from Bangladesh	RF	N/A	High
Khattak and Rehman (2010)	Questionnaire Survey	156 Respondents from Different Cities of Pakistan	RF	EF	High
Khoirunissa (2003)	Questionnaire Survey	95 Bank Representatives in Indonesia	RF	EF	N/A
Manzoor, Aqeel and Sttar (2010)	Self—administered Questionnaire	400 Bank Customers from 4 Large Cities of Pakistan	RF	EF	Low
Marimuthu et al. (2010)	Self—administered Questionnaire	450 Respondents from Klang Valley, Malaysia	EF	RF	Low
Maiyaki (2011)	Questionnaire Survey	500 representatives across 33 both Private and Public Organizations in Malaysia	EF	RF	N/A
Mumu and Guozho (2012)	Questionnaire-based Survey	200 Islamic banking customers in Islamabad, Pakistan.	OF	EF	Low
Rammal and Zurbrugg (2007)	Questionnaire Survey	300 Australian Muslims	OF	RF	Low
Rashid and Hassan (2009)	Structured questionnaire	371 Respondents Associated with 5 Islamic Banks in Dhaka, Bangladesh	EF	RF	Low
Rustam et al. (2011)	Structured Questionnaire	60 corporate customers of commercial banks of Pakistan	RF	EF	Low
Thambiah et al. (2011)	Questionnaire Survey	537 Urban Bank Customers in Malaysia	EF	RF	Low
Zainuddin et al. (2004)	Structured Questionnaire	123 Bank Customers in Malaysia	EF	RF	Low
MENA (Bahrain, Egypt, Jordan, Kuwait, Libya, Morocco, Nigeria, Saudi Arabia, Qatar and United Arab Emirates)					
Al-Sultan (1999)	Self—administered Questionnaire	385 Respondents in Kuwait	RF	EF	N/A
Bley and Kuehn (2003)	Self—administered Questionnaire	667 University Graduate and Undergraduate Business Students from United Arab Emirates	RF	EF	Low
Echchabi and Aziz (2012)	Self—administered Questionnaire	252 Moroccan Banking Customers	RF	EF	N/A

Edris (1997)	Self—administered Questionnaire	304 Customers of Islamic, Commercial and Specialized Banks in Kuwait	OF	EF	N/A
Erol and El-Bdour (1989)	Self—administered Questionnaire	434 Islamic and Conventional Bank Customers in Jordan	EF	RF	Low
Gait (2009)	Telephone interviews	385 Libyan consumers	RF	EF	N/A
Hegazy (1995)	Self—administered Questionnaire	400 Bank Customers in Egypt	OF	EF	N/A
Hidayat and Al-Bawardi (2012)	Self—administered Questionnaire	103 Non-Muslim expatriate bank customers in Saudi Arabia	EF	OF	High
Metwally (1996)	Telephone Interview	385 Respondents each in Kuwait, Saudi Arabia and Egypt	RF	EF	High
Metawa and Al-mossawi (1998)	Self—administered Questionnaire	300 Islamic Banks Customers in Bahrain	RF	EF	High
Metwally (2002)	Telephone Interviews	385 Bank Customers in Qatar	EF	RF	N/A
Naser *et al.* (1999)	Self—administered Questionnaire	206 Islamic Bank Customers in Jordan	EF	RF	High
Europe (Germany, Turkey and United Kingdom)					
Colditz (2009)	Self—administered Questionnaire & Personal Interview	20 financial institutions across Europe and interview with the founder and managing director of the Institute of Islamic Banking and Finance (IFIBAF)	RF	EF	Low
Karbhari, Naser and Shahin (2004)	Focused Interviews	6 Executives across four Islamic Financial Institutions in London, UK	EF	OF	Low
Omer (1992)	Self—administered Questionnaire	380 Muslims Residing in the UK	RF	EF	Low
Okumus (2005)	Self—administered Questionnaire	161 Islamic Bank Customers in Turkey	RF	EF	High

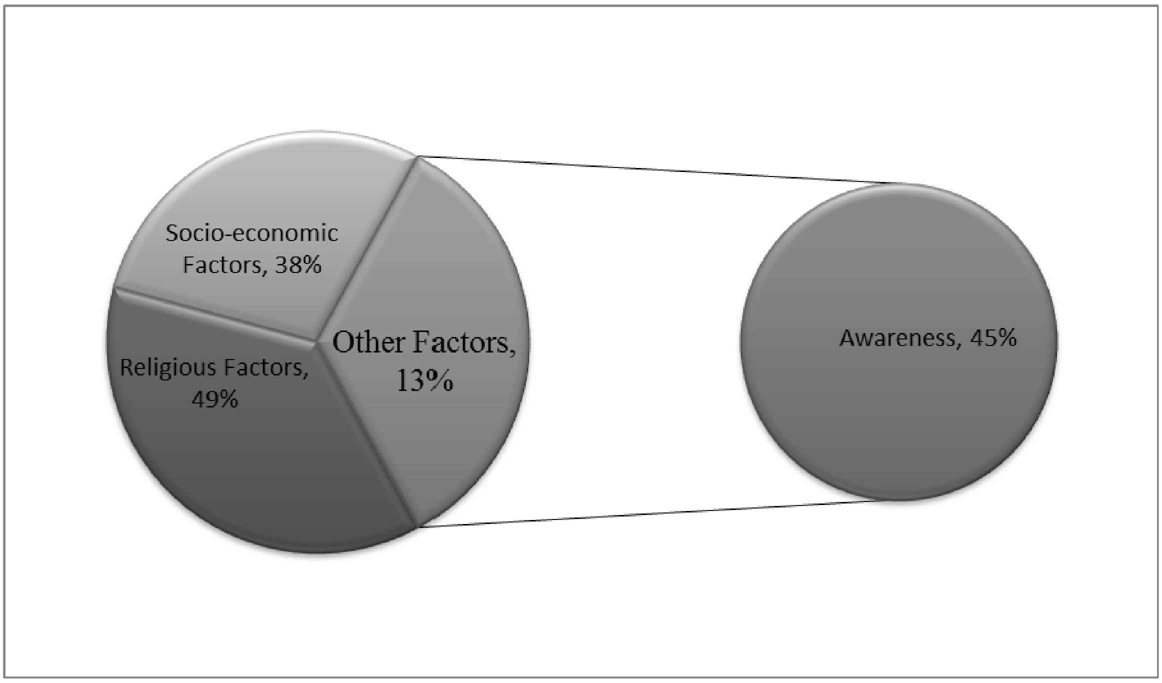
Source: Author + Adopted from Gait and Worthington (2008)

Figure 1: The Trust Matrix



Source: Adopted from Covey (2006)

Figure 2: Selection Criteria and Level of Awareness Amongst Islamic Banking Users



Source: Author