

Apprehensions and Reservations of Stakeholders Regarding Islamic Banking in Pakistan

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Abstract: Islamic banking has gradually and steadily progressed in Pakistan over the last two decades but the stakeholders including customers, bankers and general public have their doubts and misgivings about various Islamic banking aspects. The paper assesses the apprehensions of stakeholders about Islamic banking in Pakistan. The study evaluates the reservations of four important stakeholder groups including Islamic banking customers, conventional banking customers, Islamic bankers and conventional bankers. The study is based on a survey conducted using a structured questionnaire for data collection from the research participants. In the past, much research has been done on the aspect of Islamic banking perceptions but there is a scarcity of studies analyzing the apprehensions of masses regarding Islamic banking. This paper attempts to address this gap by specifically analyzing the Islamic banking apprehensions and reservations of stakeholders. The research findings and the results of the study reflect that although there is generally a favorable stance of respondents towards Islamic banking but they have their doubts and suspicions regarding Islamic banking being truly Shariah-compliant in letter and spirit; the respondents also perceived that Islamic banking offerings are somewhat an imitation of conventional banking products. Therefore, there is a greater need to enhance the levels of understanding and awareness among the stakeholders regarding Islamic banking in order to dispel the suspicions and apprehensions regarding Islamic banking products and practices.

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1. Introduction

The world economy, after the recession of 2007 has inspired us to realize that the theories and philosophy of capitalism have been unsuccessful to offer solutions to the global economic woes (Zaman, 2013). The national and international economic distress is principally the consequence of debt-laden and interest-based financial structures of global banking and economic system (Chapra, 1985; Ariff, 1988; Aqib, 2012). The splendid growth of Islamic banking and finance and its progress in various regions of the world (Khan and Bhatti, 2008) reflects its ability to deliver financial propositions that are not only Shariah-compliant (in conformity to the Islamic law) but also pragmatic to cater to the contemporary economic and financial needs. The resilience and progress of Islamic banking is reflected by the key facts and performance parameters of Islamic banks in comparison to their conventional interest-based counterparts (IFSB, 2019).



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Islamic banking (IB) as a matter of fact is a subsystem of a broader framework of Islamic economics. The Shariah-conforming system of banking per se is a comparatively emerging discipline but the theoretical underpinning for the same is constructed upon Islamic principles. Hence, the Islamic banking and financial system is in fact strongly based upon Islamic economic framework which is not something contemporary rather it is as old as the religion of Islam itself because of the nature of Islamic faith as a complete code of life guiding its followers in all domains of life including the domain of economic and social dealings. The Islamic faith, being a code of life provides guidance on all aspects of life including the economic and social dimensions. The early Islamic financial initiative can be traced back to the second half of the 19th century, when the roots of Islamic financial system started to grow in various forms (Aqib, 2014). The primitive Islamic banking activities emerged in various parts of the world including the Arabian and sub-continental regions among others (Wilson, 1983). The earliest venture underpinned upon Islamic banking principles evolved from Egypt in 1960s, with the establishment of a financial arrangement named *Mit Ghamr*. Another Islamic finance initiative in Malaysia with the name of *Tabung Haji* was also formalized in the 1960s (Ahmad, 1987). Although it was still in its infancy phase, at that time but slowly and steadily, Islamic banking gradually began to evolve and it was in the 1970 that the Islamic banking initiative literally took off with the development of several Islamic financial institutions (Aziz, 2005), including the first international Islamic financial entity in the form of Islamic Development Bank (Wilson, 2000). Currently, Islamic banking in the world has attained a global reckoning, with astounding success in both the Muslim states as well as in non-Muslim countries including the regions in Europe, UK, and Africa. Based upon the IFSB Report (2019), aggregated Islamic banking across the globe accounts for 72% of all Islamic financial offerings with huge assets of around 1.57 Trillion USD. There are a total of 1389 Islamic financial institutions worldwide (Thomson Reuters, 2018) operating in more than 110 countries (Ayub, 2017) and out of these, 505 financial institutions are Islamic banks including the Islamic windows of conventional banks.

Islamic banking has gradually and steadily progressed in Pakistan over the last two decades but the stakeholders including customers, bankers and general public have their doubts and misgivings about various Islamic banking aspects. In its lifespan of approximately around six decades (Aqib, 2015), people still generally have kept their apprehensions about the products, operations and practices of IB both nationally and internationally. This study is being undertaken to assess the apprehensions of stakeholders about Islamic banking in Pakistan, specifically; the study evaluates the reservations of four important stakeholder groups including Islamic banking customers, conventional banking customers, Islamic bankers and conventional bankers. The study is based on a survey conducted using a structured questionnaire for data collection from the research participants. In the past, much research has been done on the aspect of Islamic banking perceptions but there is a scarcity of studies analyzing the apprehensions of masses regarding Islamic banking. This paper attempts to address this gap by specifically analyzing the Islamic banking apprehensions and reservations of stakeholders. The study would help to address the issues highlighted by fetching the data from a wide range of IB stakeholders and eventually would contribute towards better understanding of Islamic banking initiative to ultimately promote the Islamic banking paradigm in its true letter and spirit.

2. Review of Related Literature

As discussed earlier that there are several studies on the assessment of Islamic banking perceptions; however the research regarding the apprehensions of stakeholders regarding Islamic banking is quite scarce. This study especially takes into consideration,

the apprehensions and reservations of respondents about Islamic banking products and practices to address the research gap. The stakeholders' perceptions have been discussed extensively in the already available literature, but these studies have mostly included the Islamic banking customers or Islamic bank employees as their research subjects. There is a notion that conventional bankers and conventional bank customers are not the stakeholders for Islamic banking sector but this is untrue because as per the stakeholder theory all parties that are affected by the operations of an entity or business sector are considered stakeholders. There are two broad sections of business stakeholders in this context; including the internal stakeholders and the external stakeholders. In the background of this study, the external stakeholders are the target respondents, and as per the definition of stakeholders as postulated by Herbert and Schantz (2007) and Wroblewski (2019), stakeholders include both the customers (including both existing as well as prospective customers) and the competitors. This is reason for selecting the four significant stakeholder segments pertinent to Islamic banking industry in Pakistan. The internal and external stakeholders as explicated by Herbert and Schantz (2007) are elucidated in the Figure 1, hereunder:

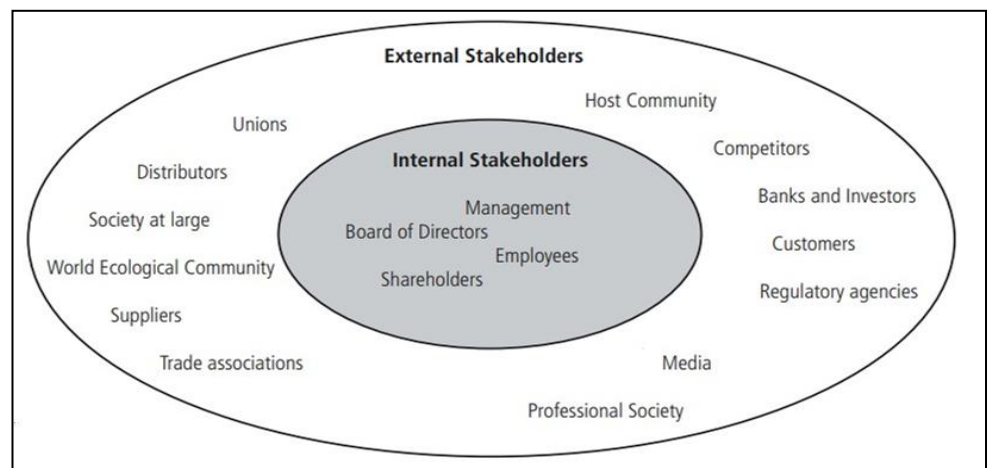


Figure 1: Internal and External Stakeholders

The rationale to conduct this research is based mainly upon two factors. Firstly, there are very limited studies assessing the apprehensions of stakeholders and secondly the apprehensions, doubts and reservations of stakeholders towards Islamic banking act as irritants which hinder the IB sector to tap its full potential, therefore studying and addressing these misgivings and skepticism would certainly help to impact the IB industry positively by promoting a better understanding of key issues as well as to address the suspicions and doubts of stakeholders in a more effective manner. Some researchers specifically discussed the apprehensions regarding Islamic banking, for instance Aqib and Hussain (2016) highlighted the issue of over reliance of Islamic banks upon debt-based products instead of utilization of equity-based products; Latiff et. al. (2015) discussed the aspects like incompatibility of IB services to Shariah, non-competitive product offerings and lack of innovative products as well as lack of understanding towards IB products among both bankers and customers. Haneef and Mirakhor (2014) and Afzal (2021) described the matters including usage of interest-based benchmark rates and weak financial and regulatory frameworks to govern Islamic banking sector. Apart from these issues Hasan (2010) and Khan (2010) underlined the aspects of limited product diversity as well as non-conformity to the true essence of Shariah guidelines as important issues which need redress. Another significant element which is pertinent in the context of Islamic banking apprehensions and reservations was raised by Riaz (2016) who discussed the marketing ethics and marketing practices of

Islamic banks in line with the tenets of Shariah. Furthermore, there are several studies that elucidated the stakeholders apprehensions and challenges faced by the Islamic banking paradigm in Pakistan including the studies by Sajjad et al. (2020); Ayub (2019); Khaleequzzaman et al. (2019); Majeed and Zainab (2018); Butt et al. (2018); and Majeed and Zainab (2017). These studies discussed issues like similarity of IB products to conventional banks as well as the glaring gap between the understanding and implementation of Shariah principles in the context of Islamic banking products and practices. The past relevant literature also emphasized the factor of proper understanding and awareness regarding Islamic banking; lack of knowledge about Islamic banking products, processes and services is actually is a major cause of increasing doubts and apprehensions of stakeholders including the bank customers, bankers as well as general public. The researcher chalked-out six major issues that represented the apprehensions and reservations of stakeholders regarding Islamic banking, based on the past related literature as shown in the Figure 2 below:

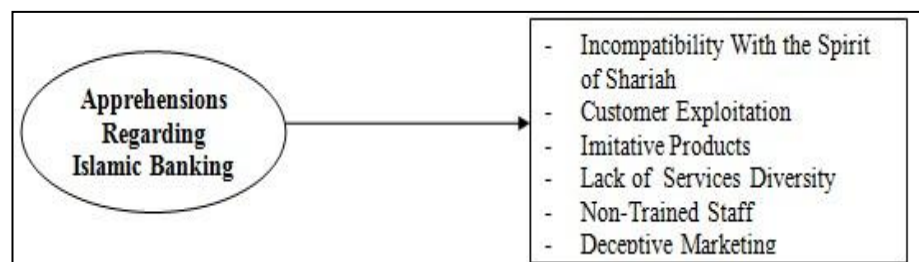


Figure 2: Apprehensions Regarding Islamic Banking

The researcher extracted the above issues from the past pertinent studies including those of Afzal, (2021); Sajjad et al. (2020); Anwer (2020); Latif (2019); Ayub (2019); Khaleequzzaman et al. (2019); Majeed and Zainab (2018); Butt et al. (2018); Majeed and Zainab (2017); Alamgir et. al. (2017); Abdul-Rahman and Nor (2017); Shah et al. (2016); Latiff et. al. (2015); Khan and Ramzan (2015); Butt et al. (2011); and Hasan (2010) to name a few. This is noteworthy that these six factors are particularly the indicators of general misgivings of IB stakeholders towards the operations and offerings of Islamic banks and are therefore represent the adverse outlook held by the stakeholders regarding Islamic banking. These are the six aspects which highlight the major apprehensions of stakeholders regarding Islamic banking and the respondents were asked to provide their responses regarding these issues: (1) Incompatibility with the Spirit of Shariah; (2) Customer Exploitation; (3) Imitative Products; (4) Lack of Services Diversity; (5) Non-Trained Staff; (6) Deceptive Marketing by Islamic Banks.

3. Methodology

The study was undertaken based on survey research methodology by carrying out the process of data collection from the respondents utilizing a structured questionnaire. Furthermore, the details regarding the methodology are elucidated in the following sub-sections explicating details regarding sampling strategy, data collection and data analysis.

3.1. Sampling:

According to Sekaran and Bougie (2009), sampling is the process of choosing the right individuals, events or objects as a representative for the whole population. The population for the study included various stakeholders of the Islamic banking sector in

Pakistan, as prospective participants of the study. The respondents comprised of four sub-groups consisting of the customers of Islamic as well as customers of conventional banks, Islamic bankers, and conventional bankers. The study, somewhat being exploratory in nature is based upon non-probability sampling design, opting non-probability sampling techniques for reasons like huge size of population and limited time to complete the study, as well as cost constraints. For the four respondent groups including customers and bankers of both Islamic and conventional banks, quota sampling technique, which is the non-probability alternate of disproportionate stratified sampling technique is employed. There are many authors who proposed different ideas to determine the sampling size. Comfrey and Lee (1992) proposed some rough guidelines to ascertain adequate sample size: 50 - very poor, 100 - poor, 200 - fair, 300 - good, 500 - very good, 1000 or more - excellent. For this thesis, the proposed minimum number of questionnaires to be completed by each research respondents segment has been decided to be 300, which is supposedly a good sample size. The sample size for the research is also determined, keeping in context, the similar researches like that of Gerrard & Cunningham (1997), Metawa and Almossawi (1998), Ahmad & Haron (2000), Dusuki (2007), Dusuki and Abdullah (2007), Dusuki (2008), Awan and Bukhari (2011), Rustam et al. (2011), Lee & Shakir (2011), Saeed et al. (2012), Fada and Webekwa (2012), Ringim and Yussof (2014), Ghani et al. (2015), Khan and Ramzan (2015), Akhtar et al. (2016), Shah et al. (2016), Aqib and Hussain (2017). The samples were selected from the largest cities of Pakistan and the survey questionnaires were gotten filled-up by the respondents from seven cities including the federal capital Islamabad, the provincial/state capitals included Karachi, Lahore, and Peshawar; and three other major cities included in the survey study were Rawalpindi, Faisalabad and Gujranwala; keeping in context, their large populations and economic importance.

3.2. *Data Collection:*

Following are the details of data collection from the four participant segments as discussed earlier. The four respondent groups represent the key stakeholders of Islamic banking in the country.

Table 1: Data Collection Details

Participant Segment	Sample Size
Customers of Islamic Banks	300
Conventional Bank Customers	300
Islamic Bankers	300
Conventional Bankers	300
TOTAL	1200

3.3. *Structure and Administration of Survey Questionnaire:*

The survey questionnaire used in this study comprised of close-ended questions and likert-scale statements. The objective of the questionnaire was to explore the apprehensions of respondents regarding Islamic banking in Pakistan. The likert-scale statements as well as close-ended questions covering various issues to fetch respondents' responses regarding their reservations and apprehensions about Islamic banking in Pakistan. The questionnaire was self-administered. First section of the questionnaire fetched demographics information about the research participants while the second section contained questions regarding Islamic banking apprehensions and reservations regarding Islamic banking. The construct for assessing Islamic banking apprehensions and reservations of respondents was broken down into six variables. This

is pertinent to mention here that the scale was reversed for these questionnaire statements as all entries for the construct were negatively worded statements. So disagreement carried higher weights as compared to agreement.

The process of pilot testing was also undertaken to ensure validity of research outcomes and likert-scale items were also checked for reliability using the Cronbach's Alpha test which is considered the most appropriate internal consistency measure and hence it is utilized extensively by researchers for ensuring data reliability. The Cronbach's Alpha test is conducted to ascertain the consistency of a respondents' answer for a given item in comparison to other scaled items (De Vaus, 2002). The scores are desirable with the higher values that range from 1 to 0 implying that value of 1 reflects perfect internal reliability while 0 depicting no internal reliability (Hanafi, 2012). The test values of 0.60 are considered good while 0.70 are deemed satisfactory. (Bryman, 2008; De Vaus, 2002). Notwithstanding, Pallant's (2010) suggestion of a value of at least 0.70 to be acceptable, the values of more than 0.80 are considered preferable for acceptability. The Cronbach's Alpha results for the study were more than the acceptance benchmark of 0.8.

The actual number of questionnaires distributed and administered was 1606 and out of these 1444 questionnaires were received. From the questionnaires received, 1200 usable and fully completed questionnaires were taken out for the data analysis purpose producing a reasonably good response rate of 75%. Sekaran and Bougie (2009) contends that a sample of only 30 subject/participants may be considered sufficient to attain a normal distribution in case of random sampling but the researcher endeavored to fetch data from a larger respondent base to ensure a better response rate. Baruch and Holtom (2008), in their study examined 1607 survey studies and concluded that 52.7% is the average response rate while the response rate for this study was quite encouraging and high, mainly because of the self-administered survey methodology. The response rate for the research study was also found acceptable in comparison to the previously conducted similar research studies, having similar data collection techniques, especially the studies related to the perceptions of participants, including the ones by Gerrard and Cunningham (1997) with 55% response rate; Metawa and Almosawi (1998) with 75%, Naser et al. (1999) with 69% and Jamal and Naser (2002) with 85% and Dusuki (2008) with 84%, Riaz (2014) with 40% response rate.

3.4. Data Analysis:

For questionnaires, following the compilation of valid/usable questionnaires, the data was coded and transformed into the computer understandable format by inputting the data into the computer statistical software IBM SPSS, to carry out quantitative analysis. The researcher began the quantitative data analysis with the descriptive statistical tests followed by descriptive analysis; afterwards, appropriate non-parametric tests including the Chi square, Mann Whitney U test, and Kruskal Wallis tests were applied to the data for analysis of collected data.

4. Discussion and Results

The demographic results of the data collected from the research respondents showed that out of total 1200 responses, only 220 were female (18.3%) and rest were males; 2.9% were Non-Muslim while more than 97% were Muslims. A large majority of 93% were highly qualified having a bachelors or masters degree. There were mostly low-income respondents and only 8.8% were earning PKR 100,000 plus per month while majority was earring PKR 50,000 or less in a month. Most of the respondents' views regarding Islamic banking were favorable yet the respondents were asked to provide their feedback regarding any apprehensions they have regarding Islamic banking. According to the data analysis results, majority of the respondents consisting of 71.5% of

the research participants responded that they have their reservations and misgivings regarding Islamic banking system products and practices. The choices regarding apprehensions included six major issues which were gleaned from the past literature as well as by the researcher’s effort. The results with reference to the responses of the four respondent segments regarding Islamic banking apprehensions are summarized in the Table 2 whereas in the Table 3 are the responses of the stakeholders who replied ‘Yes’ to the six specified factors related to their apprehensions and reservations about Islamic banking.

Table 2: Respondents’ Reservations About Islamic Banking Cross-Tabulation

Respondent Category			Reservations About Islamic Banking		Total
			No	Yes	
Islamic Banking Customer	Count	74	226	300	
	% within Respondent Category	24.7%	75.3%	100.0%	
Islamic Banker	Count	158	142	300	
	% within Respondent Category	52.7%	47.3%	100.0%	
Conventional Banker	Count	50	250	300	
	% within Respondent Category	16.7%	83.3%	100.0%	
Conventional Banking Customer	Count	60	240	300	
	% within Respondent Category	20.0%	80.0%	100.0%	
Total	Count	342	858	1200	
	% within Respondent Category	28.5%	71.5%	100.0%	

As depicted in the Table 2 above, that all four stakeholder segments asserted that they have their suspicions about Islamic banking. In terms of respondent category, conventional bankers were most adverse in their response while Islamic bankers understandably were most positive. This is interesting to note that besides conventional banking customers, a majority comprising more than 3/4th of the Islamic banking customers also expressed their concerns and apprehensions regarding Islamic banking.

Table 3: Apprehensions of Respondents About Islamic Banking

Factor	Islamic Banking Customer	Conventional Banking Customer	Islamic Banker	Conventional Banker	Total
Islamic Banks Not Following Shariah in the True Letter and Spirit	61.7%	68.3%	40.0%	67.7%	59.4%
Islamic Banking Services Similar to Conventional with Changed Names	55.0%	60.0%	23.3%	66.7%	51.3%
Deficiency of Diversity and Variety in the Islamic Banks Products	19.7%	35.0%	26.7%	61.7%	35.8%
Lack of Customer-Orientation as Compared to Conventional Banks	30.0%	26.7%	18.3%	63.3%	34.6%
Less Trained Islamic Banks Staff with Weak Islamic Banking Knowledge	34.0%	31.7%	25.0%	45.0%	33.9%
Difference between Islamic Banks Claims and Actions in Terms of Shariah	22.0%	30.0%	12.7%	53.3%	29.5%

The Table 3 shows that most of the respondents opined that Islamic banks are not following Shariah in true letter and spirit while a majority of the respondents also perceived the Islamic banking products and services as imitative and similar to the conventional banking services. The chi square tests revealed that the variation in the responses is statistically significant for all of the above variables as the value of Asymp. Sig. (p-value) was less than 0.05 in all of the above cases. We will now review the mean values for aggregated data with reference to the likert-scale statements in relation to the Islamic banking apprehensions of respondents, as presented in the Table 4 as follows.

Table 4: Apprehensions of Stakeholders About Islamic Banking in Pakistan

Apprehensions Regarding Islamic Banking in Pakistan	Mean	Standard Deviation
Islamic Banks Not Following Shariah in a True Spirit	2.99	.814
Services of Islamic Banks Identical to Conventional Banks with Changed Names	3.07	.976
Less Trained Staff at Islamic Banks with Weak Islamic Banking Knowledge	3.09	.915
Deficiency of Diversity and Variety in the Islamic Banks' Products	3.14	.821
Lack of Islamic Banks Customer-Orientation in Comparison to Conventional Banks	3.16	.856
Use of Deceptive Marketing by Islamic Banks	3.35	.812

N = 1200

The respondents asserted that the Islamic banks are not following Shariah in true spirit as reflected in the lowest mean in Table 4. The research participants also stressed that Islamic banks are only ensuring Shariah compliance and have somewhat ignored the substance of Shariah principles in offering their services. The respondents were also critical about the Islamic banking products being similar to the conventional banking services with just the change of labels and renaming the conventional products in Arabic language. The respondents were also unimpressed by the level of competence and knowledge of Islamic banks' staff. However, they were less adverse about the element of deceptive marketing and also were somewhat positive about the customer-orientation of Islamic banks in comparison to the conventional counterparts.

To recapitulate, we can conclude that the respondents had their apprehensions and reservations about Islamic banking but it was not all criticism and negative disposition rather there was a mixed response from the research participants. The most common reservation that the respondents had was the aspect of following Shariah in true spirit asserting that paying attention only to Shariah compliance to remain in the market is not the way to proceed but substance over form is what the true spirit of Shariah entails. The respondents were also unconvinced about the level of Islamic banking knowledge and adequacy of training for Islamic banks' staff. The issue of appropriate training and reasonable knowledge about IB products and practices is a key issue to move forward for the Islamic banking system as rightly highlighted from the data findings of the study. The same point was highlighted by Ayub (2019) and Anwer (2020). Furthermore, the responses of research participants were also in harmony with some of the previous relevant literature including the researches by Hasan (2010); Butt et al. (2011); Latiff et. al. (2015); Khan and Ramzan (2015); Shah et al. (2016); Majeed and Zainab (2017); Abdul-Rahman and Nor (2017); Alamgir et. al. (2017); Butt et al. (2018); Majeed and Zainab (2018).

Subsequent to descriptive analysis, Chi square test was conducted on all the factors of stakeholders’ apprehensions and all the variables had the Asymp. Sig (p-value) of less than 0.05 indicating statistically significant results. The stakeholders’ reservations about Islamic banking were further analyzed by making two broad groups of 600 each comprising of Islamic bankers and customers as well as conventional bankers and customers. The Mann Whitney U Test was employed for the analysis, which is used to test the differences in the mean ranks between two groups of respondents. For the purpose of utilizing Mann Whitney U Test, the researcher consolidated the data results of 1200 respondents into two groups of 600 each representing first group of conventional bankers and customers of conventional banks and the second group of Islamic banking customers and Islamic bankers. Based on the Mann Whitney U Test results, this is concluded based on the mean ranks of the apprehensions of stakeholders using Mann Whitney U tests that the Islamic bankers and customers were less adverse in their responses. The mean scores for the Islamic banking customers and Islamic bankers were higher in all of the cases under consideration as depicted in the Table 5. The conventional bankers and conventional bank customers had lower mean ranks for all variables. Furthermore, on the basis of the results of Mann Whitney U test for the variables in reference, the values of Asymp. Sig (p-value) were less than 0.05 for all the factors which imply that the results are statistically significant for the variables under consideration.

Table 5: Mann Whitney U Test: Mean Ranks for Islamic Banking Apprehensions

Stakeholders’ Apprehensions	Respondent Category	N	Mean Rank	Sum of Ranks
Islamic Banks Not Following Shariah in a True Spirit	Conventional Banking	600	503.02	301810.50
	Islamic Banking	600	697.98	418789.50
	Total	1200		
Services of Islamic Banks Identical to Conventional Banking with Changed Names	Conventional Banking	600	502.50	301500.00
	Islamic Banking	600	698.50	419100.00
	Total	1200		
Use of Deceptive Marketing by Islamic Banks	Conventional Banking	600	474.58	284747.50
	Islamic Banking	600	726.42	435852.50
	Total	1200		
Less Trained Staff of Islamic Banks with Weak Islamic Banking Knowledge	Conventional Banking	600	518.83	311295.00
	Islamic Banking	600	682.18	409305.00
	Total	1200		
Lack of Islamic Banks Customer-Oriented in Comparison to Conventional Banks	Conventional Banking	600	533.35	320007.50
	Islamic Banking	600	667.65	400592.50
	Total	1200		
Deficiency of Diversity and Variety in the Islamic Banks Products	Conventional Banking	600	549.23	329536.50
	Islamic Banking	600	651.77	391063.50
	Total	1200		

In addition to the above analytical techniques, Kruskal Wallis test is applied to subject factors. The Kruskal Wallis Test assesses the differences between mean ranks between two or more groups of research participants. The results for the Kruskal Wallis test are presented in the Table 6 as below:

Table 6: Kruskal Wallis Test: Islamic Banking Apprehensions of Stakeholders

Apprehensions	Respondent Category	N	Mean Rank
Islamic Banks Not Following Shariah in a True Spirit	Conventional Banking Customer	300	560.15
	Conventional Banker	300	445.89
	Islamic Banker	300	780.38
	Islamic Banking Customer	300	615.59
	Total	1200	
Services of Islamic Banks Identical to Conventional Banking with Changed Names	Conventional Banking Customer	300	540.87
	Conventional Banker	300	464.13
	Islamic Banker	300	817.29
	Islamic Banking Customer	300	579.71
	Total	1200	
Use of Deceptive Marketing by Islamic Banks	Conventional Banking Customer	300	535.03
	Conventional Banker	300	414.13
	Islamic Banker	300	788.10
	Islamic Banking Customer	300	664.74
	Total	1200	
Less Trained Staff of Islamic Banks with Weak Islamic Banking Knowledge	Conventional Banking Customer	300	620.20
	Conventional Banker	300	417.45
	Islamic Banker	300	705.37
	Islamic Banking Customer	300	658.98
	Total	1200	
Lack of Islamic Banks Customer-Orientation in Comparison to Conventional Banks	Conventional Banking Customer	300	604.28
	Conventional Banker	300	462.41
	Islamic Banker	300	758.39
	Islamic Banking Customer	300	576.92
	Total	1200	
Deficiency of Diversity and Variety in the Islamic Banks Products	Conventional Banking Customer	300	629.17
	Conventional Banker	300	469.29
	Islamic Banker	300	732.32
	Islamic Banking Customer	300	571.23
	Total	1200	

As described, another statistical test called Kruskal Wallis test is utilized to assess the Islamic banking reservations of the four stakeholder respondent segments to further strengthen the research findings. In context of the test results in the Table 6, it is concluded that Islamic bankers had least reservations while conventional bankers had the most apprehensions about Islamic banking system. The inference is drawn based on the higher mean ranks of Islamic bankers for all the subject variables whereas conventional bankers' mean ranks were the lowest in case of all factors. Islamic banking customers were also less concerned and critical about Islamic banking in comparison to conventional banking customers who were relatively more adverse in their responses about the grey areas of Islamic banking. Furthermore, based on the mean ranks, Islamic banking customers were more concerned about the lack of customer oriented and diverse product/service assortment of Islamic banks in comparison to conventional banking. Overall, Islamic bankers and Islamic banking customers were less adverse in their stance as compared to the conventional banking customers and bankers.

The factor values of Asymp. Sig. (p-values) under Kruskal Wallis test for all six factors under consideration were less than 0.05 indicating that there are statistically significant differences in the responses of research participants belonging to the various respondent categories. The respondents shared their feedback and expressed their concerns and misgivings based on their responses in the survey questionnaire. The

analyses showed that the respondents had their skepticism regarding Islamic banking and therefore the issues acting as irritants and hurdles in the way of progressive Islamic banking industry must be aptly addressed to achieve the best possible outcomes in the future.

5. Conclusion

The respondents provided their feedback about the apprehensions and reservations with reference to various aspects of Islamic banking. The respondents asserted that the true substance of Shariah is not being followed in letter and spirit. The research participants were also concerned about the imitative nature of Islamic banking products and services which portrays them as replica of conventional banking products with modified labels, making it a big irritant towards positive Islamic banking perceptions. Moreover, the respondents also expressed their adverse opinion with reference to the knowledge and competence of Islamic banks' staff which is a critical issue as the motive to spread understanding and awareness to customers and public can only be fulfilled if the Islamic banks' staff itself is capable and knowledgeable enough. As the saying goes that 'charity begins at home'; the Islamic banks must ensure adequate level of knowledge and training of their staff to ensure that a positive image of the Islamic banking setup is conveyed to the existing and prospective stakeholders including customers, bankers, and general public. The respondents also opined that there is a lack of diversity and variety in the product assortment of Islamic banks and there is also deficiency of appropriate training which is a big issue acting as an obstacle to tap and achieve the Islamic banking potential in the long run.

6. Implications and Suggestions for Future Research

The purpose of the study was to effectively assess and evaluate the reservations and apprehensions, and negative notions of the respondents towards the Islamic banking system which would help in gauging the general public sentiment about the Islamic banking initiative. The issues analyzed may eventually be addressed by the concerned stakeholders in a effective and appropriate manner for the betterment and progression of Islamic banking paradigm. The research has implications for various stakeholders, for instance, based upon the research output, the regulators may acquire a good idea of what reservations and apprehensions, the customers and bankers have about Islamic banking model. This would help them to regulate the sector effectively by considering the issues of common concern in a more efficient way. For instance, the regulators may work on improving industry framework based on the feedback of various stakeholder segments and the policy decisions may be better formulated and implemented by involving the concerned stakeholders in the context of findings of the study.

The study involved limited number of research participants and the sampling was also based on a non-probability basis, because of research results lack the statistical strength and power in comparison to larger sample and more random sampling method being adopted, hence future research may utilize probability sampling techniques for better research outcomes. The future research may also include a broader set of analytical methods and techniques for more in-depth analyses. Furthermore, the research study was conducted in one country i.e. Pakistan, the future studies may involve more countries where Islamic banking is operating.

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