

Analysis Of Content And Design For Islamic Banks : A Malaysia Perspective

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Abstract

Over the past decades, Islamic banking has gained a worldwide recognition. Started among Muslim countries in order to cater for the Shariah compliance banking needs of Muslims, it has now become widespread throughout the world. In Malaysia, the players in the Islamic banking industries are the local Islamic banks and recently a few foreign Islamic banks have shown interests and started their operation in this country. Internet has become a very powerful tool to disseminate information and this phenomenon has been fully utilized by Islamic banks in order to send their message to their current and potential customers. This exploratory study aims to evaluate the design and content of Islamic banks websites in Malaysia and also to compare the cumulative strengths and weaknesses in terms of website design and content between local and foreign Islamic banks in Malaysia. Suggestions for future research directions conclude the report.

Keywords: WWW Cyberguide Rating, Website Content Analysis, Islamic Banks Websites, Islamic Banking

Evolution of Islamic Banking System

The inconsistency scenarios on the global financial market has not only shed doubts on the appropriate functioning of conventional “Western” banking, but has also shifted the attention to Islamic banking (Hamzah Adesola, 2014). Although the idea and implementation of Islamic banking system is relatively newer, it is nevertheless

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attracted the attention of Muslim and non-Muslim investors around the globe. The appearance of modern Islamic banking system in recent years is one of the most vital movements in the financial sector, and with the estimated 2.1 billion Muslims worldwide, its accelerated the growth potential of this business.

There has always been a demand among Muslims and non-Muslims for financial products and services that conform to Shariah (Islamic Law) where all the financial activities and transactions could be held without indulging in 'riba' (Tarek & M., 2001). This phenomenon may be explained by the increase in the number of Islamic banks to satisfy the customer needs. The development of a viable alternative to conventional finance increasingly enabling Muslims to participate in the financial world without violating their Islamic principles (Silva, 2006). The majority view today, however reflects a broad interpretation of the Qur'anic verses as stated in Surah Al-Baqara verse 275-279:

“Those who swallow usury cannot rise up save as he ariseth whom the devil hath prostrated by (his) touch. That is because they say: Trade is just like usury; whereas Allah permitteth trading and forbiddeth usury. He unto whom an admonition from his Lord cometh, and (he) refraineth (in obedience thereto), he shall keep (the profits of) that which is past, and his affair (henceforth) is with Allah. As for him who returneth (to usury) - Such are rightful owners of the Fire. They will abide therein. Allah hath blighted usury and made almsgiving fruitful. Allah loveth not the impious and guilty. Lo! those who believe and do good works and establish worship and pay the poor-due, their reward is with their Lord and there shall no fear come upon them neither shall they grieve. O ye who believe! Observe your duty to Allah, and give up what remaineth (due to you) from usury, if ye are (in truth) believers. And if ye do not, then be warned of war (against you) from Allah and His messenger. And if ye repent, then ye have your principal (without interest). Wrong not, and ye shall not be wronged”.

The majority of Muslims believe that interest, or *riba*, as it is known in Arabic, is forbidden in Islamic jurisprudence (Abdur Rajman I. Doi, 2008). The fundamental reason for the prohibition of interest in Islam is that the depositor should not profit unduly from the hard work and risk bearing of others. On the other hand, the underlying principles that govern Islamic banking are mutual risk and profit sharing between parties, the assurance of fairness for all and that transactions are based on underlying business activity or asset.

Historically, the modern Islamic banking has taken a while to develop. It is clearly understood that, the macroeconomic concept of Qur'anic, that is, of social justice, spawned the so-called *ribawi* free Islamic banking at a micro-economic level. For

example, Malaysia has an experienced in developing the small-scale ribawi free banking systems in the mid-1940s, however they did not survive long. According to Ariff (1988), Malaysia initiated somewhat of a tradition of Islamic banking institutions commencing in the early 1960's. The first Islamic financial institution created in Malaysia was the Muslim Pilgrims Savings Corporation, founded in 1963 to help Muslims to save money so that they would be able to make the pilgrimage known as Hajj.

Islamic Banks in Malaysia

Meanwhile, the Islamic banking system gained its popularity throughout the Islamic countries when the intergovernmental Islamic bank called the Islamic Development Bank (IDB) was created in 1974 by the members of the Organization of Islamic Conference (OIC). The IDB is a Multilateral Development Bank, established to foster the economic development and social progress of its 57 self-declared Islamic member countries and Muslim communities in non-member countries in accordance with the principles of Shari'ah. As a consequent, the Asia Pacific region found the concept attractive and Malaysia especially applied the Islamic banking market in a sizeable way in 1983 when the establishment of Bank Islam Malaysia, which is now recognized as the chief commercial Islamic bank in Malaysia.

Today, Islamic banking in Malaysia is a dynamic industry that is extensively regarded as a competitive alternative to conventional banking systems. The scenario on Islamic banking in Malaysia is now diverse local and foreign participations, showcasing their dynamism with a wide array of innovative financial products and services are offered. Islamic bank industry in Malaysia has grown tremendously since the enactment of the Islamic Banking Act 1983 and with the liberalization of the Islamic banking system, more Islamic banks have been established. As today, there were 18 Islamic banks with nearly 2,500 branches are doing their operation in Malaysia which consists of 11 local ownership and 7 foreign ownership.

Websites and Internet Banking

Changes in technology have a great impact on the development of the global economy. The global progression of electronic commerce shows that people are becoming dependent on the Internet for communications and services (Winnie & John, 2002). Many industries, including banking industry was not spared. Thus, the existence of alternative channels through electronic banking services such as bank Automated Teller Machines (ATMs), phone-banking, PC banking and Internet banking act as tools to facilitate and ease the transactions of the clients. In other

words, customers do not need to go to banks for financial transactions but it is sufficient to access the internet at home. Leading banks in our nation have developed their working system by introducing computer system into their operation for speedy operation, and elimination of documentation and document expenses (Leelapongprasut, Praneetpolgrang, & Paopun, 2005). Banks can no longer depend on their physical presence but also have to introduce website Internet banking has been reported as the most important innovation for banking services deployment of the last years (Diniz, Porto, & Adaci, 2005). It is also believed that the Web will lead to a revolution in consumer banking (Lee & Mohammad, 2003). According to Chai Lee (2010), web site performance and analysis is a crucial factor in determining today's online business's success. Many elements of design and graphic art can be used to convey the content of the web (Lee G. C., 2010).

Objectives

The purpose of this research is to evaluate the Malaysian local and foreign Islamic banks websites. The specific objectives of the study are as stated follows:

- a) To evaluate the design and content of Islamic banks website in Malaysia
- b) To compare the cumulative strengths and weaknesses in terms of website design and content between local and foreign Islamic banks websites in Malaysia

Method

In order to evaluate these websites, there are several fundamental assumptions that should be made clear. They are (EETAP Resource Library, 1999):

1. Evaluation will involve personal judgment
2. Not all information are created equal
3. There is good information on bad sites, and bad information on good sites
4. Information on the Web should be viewed as no more or less than information from other sources
5. An individual who evaluates the website will have certain degrees of biasness in viewing the information
6. Authorship on the Web does not mean 'authority'
7. Evaluation of a website is a process and not the ultimate goal
8. There are two types of website evaluation; content and design

To minimize the effect of personal judgment and also biasness, these websites are analyzed by both authors and during this evaluation period, both authors have consulted each other in order to eliminate any confusion arising out of this exercise. According To Bank Negara (2011), there are sixteen full-fledged licensed Islamic banks in Malaysia. For the purpose of this research, these banks can be summed up in Table 1.

Table 1: List of Licensed Islamic Financial Institutions in Malaysia.

No.	Name	Ownership
1	Affin Islamic Bank Berhad	Local
2	Al Rajhi Banking & Investment Corporation (Malaysia) Berhad	Foreign
3	Alliance Islamic Bank Berhad	Local
4	AmIslamic Bank Berhad	Local
5	Asian Finance Bank (M) Berhad	Foreign
6	Bank Islam Malaysia Berhad	Local
7	Bank Muamalat Malaysia Berhad	Local
8	CIMB Islamic Bank Berhad	Local
9	Hong Leong Islamic Banking Berhad	Local
10	HSBC Amanah Malaysia Berhad	Foreign
11	Kuwait Finance House (Malaysia) Berhad	Foreign
12	Maybank Islamic Berhad	Local
13	OCBC Al-Amin Bank Berhad	Foreign
14	Public Islamic Bank Berhad	Local
15	RHB Islamic Bank Berhad	Local
16	Standard Chartered Saadiq Berhad	Foreign

These sixteen licensed Islamic banks and financial institutions can be divided into two distinct categories which are local and foreign origins. According to Ongus et. al (2006, p. 63), a website evaluation is necessary in order to enable planners and developers to keep up with the increasingly diverse nature of site that are posted on the internet. For the purpose of this paper, the authors have decided to adopt WWW

Cyberguide Ratings for Website Design and Content (Joseph, 2008). This web evaluation method was introduced by Karen McLachlan in 1996 and further refined to keep abreast with the changes in technology in 2002 (Whitten, Smith, Munday, & LaPlante, 2006). She developed the evaluation tools as means of introducing the World Wide Web to novice users in 1996 (NA, 2009). The tools have been widely used by researchers to evaluate content and graphic design of home pages (Yei-sook, NA; NA, 1997). In the case of Malaysian websites evaluation, the tools have been used to gauge the best practices used by Malaysian environmental websites and also used to evaluate e-banking websites (Aida, Hanipah, Hazmilah, Kalthom, & Aziz, 2010; Lee G. C., 2010; Aida, Kalthom, & Noraini, 2009; Goi, 2005). The evaluation components are categorized as follows:

a) Content

i. First look

In this section, the authors analyzed the content based on the first impression assumption. In other words, based on the first glance, the web site should be able to tell the audience the basic content and the intended audience of the site.

ii. Information providers

This section provides the author with the basic idea on the availability of the author of the site, information of the site's author and whether the author is qualified to present the information on the topic presented on the site.

iii. Information currency

This section provides the authors with information on whether the information provided on the set is up to date.

iv. Information quality

In this section, the authors analyzed whether the content has achieved its purpose. Apart from that, items that were also analyzed ranges from the organization of the site, interactivity issues, content accuracy up until the issues on the grammar and spelling correctness and appropriateness of the site.

v. Further information

This section provides information on the availability of further information provided by the sites to fulfill the audience needs.

b) Design

i. Speed

This section evaluates the efficiency of homepage downloading time

ii. Home page

This section provides information on the attractiveness of the homepage, the clarity of the homepage content, and also whether the copyright date is clearly established.

iii. Ease of navigation

The section provides information on the clarity of the direction given in order to navigate the website.

iv. Use of multimedia

The section discusses the use of multimedia in the website.

v. Browser compatibility

The section examines the compatibility of the website with different available browsers in the market.

vi. Content presentation

The section provides information on the format used in the website, the sufficiency of information, and also the roles played by the links provided by the website.

vii. Currency

This section explores the currency of the information provided in the website.

viii. Availability of further information

This section provide information on whether link for other useful websites are provided and also a working link is provided to contact a person or address for further information.

Analysis and Discussion

Ongus et al. (2006) provided with a solution to evaluate the website using McLachlan's method (2008) by assigning the respond 'Yes' with 1 mark and 'No' with 0 mark. Based on this exercise, they rated the websites' design attribute according to the following schema:

(16-24 marks) - Very well designed website, easy to use

(11-15 marks) – Website design need to be improved but site is usable

(0-10 marks) – Poorly designed website, difficult to use

On the other side of the coin, they rated the websites' content attributes according to the following schema:

(16-24 marks) – Very useful website for users' information needs

(11-15 marks) – Website worth bookmarking for future references

(0-10 marks) – Website not worth coming back to

Table 2: Design Evaluation Attributes and Scores

BANK/ QUESTIONS	1.Speed	2.Home page	3.Ease of navigati on	4.Use of multime dia	5.Browser compatibili ty	6.Content Presentati on	7.Curr ency	8.Availability of further information	Total Mark
AFFIN	1	4	2	1	1	5	-	2	16
OCBC	1	4	5	2	-	5	-	2	19
CIMB	1	4	5	-	1	4	-	2	17
MUAMA LAT	1	3	4	1	-	5	-	2	16
B.ISLAM	1	4	4	2	1	5	-	2	19
ASIAN FINANCE	1	4	4	2	1	5	-	2	19
STANDA RD CHARTE RED	1	6	3	2	1	4	-	2	19
RHB BANK	1	6	3	2	-	5	-	2	19
PUBLIC ISLAMIC	1	6	2	2	-	5	-	2	18
MAYBA NK ISLAM	1	6	2	2	1	5	-	2	19
KUWAIT FINANCE	1	6	3	2	-	5	-	2	19
HSBC AMANAH	1	5	3	2	1	5	-	2	19
HONG LEONG	1	6	3	2	-	5	-	2	19
AM BANK	1	2	2	-	1	3	-	2	11
ALLIANCE ISLAMIC	1	4	3	-	1	5	-	2	16
AL- RAJHI BANK	1	6	3	2	-	5	-	2	19

Based on Table 2 above, all of the Islamic banks websites being studied can be downloaded efficiently. In other words, the time taken for the sites to download is reasonably minimum. In terms of attractiveness, copyright, and the formatting of the websites, all of the sites except for AMBank Islamic scored high marks for that particular attribute. One alarming trend that the authors quickly identified is that all Islamic banks website in this research did not provide the date of last revision and also did not indicate whether out-dated materials have been removed from the sites. These actions are crucial because one of the intentions of users to browse through the banks' websites is to get information on new promotions on loans or investments. The users might end up frustrated when they realized that the promotions have ended.

Based on the Ongus et. al (2006) schema, only one bank's website is classified under the 11-15 marks category. In other word, the website design needs to be improved but the site is still usable by the users. According to Elias M. Awad (2003), there are three most important criteria for successful website; conciseness, scanability and objectivity. Rayport and Jaworski (2003) suggested seven design elements for the customer interface. These elements are:

- a) Context
- b) Commerce
- c) Connection
- d) Communication
- e) Content
- f) Community
- g) Customization

The authors have identified several problems for the bank which is classified under the 11-15 marks category. Firstly, the bank does not have a dedicated website for its Islamic banking window. In other words, the website is an extension of its group's website and this has caused confusion to the intended users. The design is very similar to its group's website thus users cannot differentiate between the groups' website and its Islamic banking window. Its links to other pages were not helpful thus creating further confusion. Furthermore, the information provided did not make the site worth visiting thus users were left wanting for more information. Apart from that, the last revision date was not clearly labeled and there is no indication whether out-dated materials were removed.

The average score for foreign Islamic banks in Malaysia is 19 compared to the average score for local Islamic banks which is 17. In aggregate, both foreign and local Islamic banks in Malaysia fall under the 16-24 marks category in which they are

categorized as being very well designed and easy to use. The entire foreign Islamic banks website in Malaysia scored full marks for the usage of multimedia in their sites compared to only fifty percent for the local Islamic banks. Another interesting fact is that three of the local banks scored no mark for the usage of multimedia in the sites. The reasons were either the multimedia features that they were using did not serve a clear purpose or these features did not make a significant contribution to the sites.

Table 3: Content Evaluation Attributes and Scores

No	BANK/ QUESTIONS	1.First Look	2.Informa tion Providers	3.Informa tion Currency	4.Informa tion Quality	5.Further Informati on	Total Mark
1	AFFIN	2	2	1	11	2	18
2	OCBC	2	2	1	11	2	18
3	CIMB	2	2	1	8	2	15
4	MUAMALAT	2	2	1	11	2	18
5	B.ISLAM	2	2	1	11	2	18
6	ASIAN FINANCE	2	2	1	10	2	17
7	STANDARD CHARTERED	2	2	1	11	2	18
8	RHB I BANK	2	2	1	11	2	18
9	PUBLIC ISLAMIC	2	3	1	11	2	19
10	MAYBANK ISLAM	2	2	1	11	2	18
11	KUWAIT FINANCE	2	2	1	11	2	18
12	HSBC AMANAHA	2	2	1	11	2	18
13	HONG LEONG	2	4	1	11	2	20
14	AM BANK	1	2	1	6	2	12
15	ALLIANCE ISLAMIC	2	2	1	11	2	18

16	AL-RAJHI BANK	2	2	1	11	2	18
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Based on Table 3 above, all of the sites being studied can be categorized under the 16-24 marks category except AMBank Islamic and CIMB Islamic which were categorized under the 11-15 marks category for obtaining 12 marks and 15 marks respectively. Again, all sites scored poorly on the information currency section. In fact, they only scored 1 mark out of maximum 4 marks allocated for that section. The reason was there is no indication on whether the information is frequently updated. All of the sites scored full mark for the ‘Further Information’ section in which link to other sites were related to fulfill the users’ needs or purposes. Apart from that, the content of the linked sites was considered to be worthwhile and appropriate to the users’ needs or purposes.

The average score for foreign Islamic banks in Malaysia is 17.83, whereas the average score for local Islamic banks is 17.4. In aggregate, both foreign and local Islamic banks in Malaysia fall under the 16-24 marks category in which they are categorized as being very useful websites for users’ information needs. The variance between the aggregate score in term of website content is not significant.

Conclusion

Based on the above analysis, it can be concluded that foreign Islamic banks in Malaysia have a competitive advantage in terms of proficiency in their website design and content development. This advantage can be contributed by their experience doing business globally. Even though the advantage is on the foreign Islamic banks side, the local Islamic banks in Malaysia is not that far behind and with abundance talents available locally, the local Islamic banks can tap into that pool to find human capitals who can contribute in order to narrow this gap. One important issue that should be tackled by both local and foreign Islamic banks in Malaysia is the capability in ensuring that the information provided in their website is current. The authors would like to suggest to future researchers in this field to venture into the end users’ side of the story. In other words, by tapping into the mind of the customers, the banks can come up with better sides that can cater the needs of the customers.

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