

Print ISSN: 2288-4637 / Online ISSN 2288-4645
doi: 10.13106/jafeb.2015.vol2.no1.5.

Customers Trust on Islamic Banks in Indonesia

Hardius Usman*

[Received: December 11, 2014 Revised: February 16, 2015 Accepted: February 19, 2015]

Abstract

This paper aims to provide an overview of customer trust toward Islamic banks, and to study the effect of trust on the selection of Islamic banks services. A total 375 questionnaires were distributed to the three groups of bank customers, i.e. Islamic banks customers, conventional banks customers, and customers of both banks (125 respondents in each group). Trust is measured based on three constructs, namely Ability, Integrity, and Benevolence. To test the hypothesis this study employs Analysis of Variance and Tukey Test. The results show that bank customers have degree of trust towards Islamic banks relatively high enough, although among the respondents had never become customers of Islamic banks. Benevolence as the dimension with the lowest average score revealed the Islamic banks are more believed as a competent and honest bank in carrying out the business than the bank that will work for the benefit of customers. Other findings suggest that degree of trust have significant affects on the decision for using the Islamic banks services. The positive values that embedded in the concepts and systems of the Islamic is the key to improving the competitiveness of Islamic banks.

Keywords: Trust, Ability, Integrity, Benevolence, Islamic bank.

JEL Classification Codes: G21, M31, O53.

1. Introduction

In the marketing literature, trust is mainly studied in the context of a relationship marketing (Doney & Cannon, 1997; Dwyer, Schurr & Oh, 1987; Ganesan, 1994; Ganesan & Hess, 1997; Morgan & Hunt, 1994). Trust has long been considered as a catalyst in many buyer-seller transactions that can provide high consumer expectations for satisfaction exchange relationships

(Hawes, Kenneth, & Swan, 1989). Berry and Parasuraman (1991) revealed that in services marketing, customer relations and the company requires trust. Therefore, the effectiveness of marketing services is highly depending on trust management, because typical consumers for products services, they have to buy the service before getting experience (Morgan & Hunt, 1994). In the buyer-seller bargaining conditions, Schurr and Ozanne (1985) states that the trust at the center of a process to solve the problem of cooperation and establish dialogue. Various previous studies (Morgan & Hunt, 1994; Sirdeshmukh, Singh, & Sabol, 2002; Harris & Goode, 2004; Moorman, Deshpande, & Zaltman, 1993; Anderson & Weitz, 1989) showed that the trust has an important role in developing and maintaining relationships. The importance of trust as a whole was reflected in statement by Hunt and Morgan (1994), trust is central to all relational exchanges.

Trust not only can be viewed from the perspective of the consumer relationship, but also can reflect consumer behavior. Many researchers (Luhmann, 1988; McKnight & Chervany, 2002) argued that trust is essential to understand interpersonal behavior. It can be seen from several previous studies on the effect of trust on consumer behavior. Pavlou and Gefen (2004) found a positive relationship between consumer trust and intention to shop in on-line shopping. Chaudhuri and Holbrook (2001) showed a significant correlation between trust and consumer intention to buy 107 different brands. Delafrooz, Paim and Khatibi (2011) found a significant effect of trust on intention to purchase in the context of online shopping. Several other studies (Garbarino & Johnson, 1999; Bart, Shankar, Sultan & Urban, 2005; Gefen & Straub, 2003; Yoon, 2002) also suggest associated between trust and purchase intention.

Gudlaugsson and Eysteinnsson (2013) find that the customer did not leave the bank even if the bank will collapse; due to customers more trust in their bank than other banks. Mukherjee and Nath (2003) found that trust is significantly positive effect on commitment to online transactions. Flavian and Guinaliu (2006) reveal that the individual's loyalty on the website is strongly associated with the degree of trust. Wahab, Noor and Ali (2009) express trust is an essential element for the performance of Consumer Relationship Management (CRM) and e-banking adoption.

Although trust has been suggested to be strongly associated with specific aspects of consumer behavior, especially in the

* Lecturer and Researcher, Post Graduate Program of Middle East and Islamic Study, Faculty of Economics and Business, University of Indonesia [Jl. Otista 64C. Jakarta 13330 INDONESIA]
Tel: (+62 21) 850-8812 Fax: (+62 21) 819-7577
E-mail: hardius@stis.ac.id and hardius_u@yahoo.com

banking sector, there no attention has been paid to this relationship in Islamic bank studies. Some studies (Erol & El-Bdour, 1989; Erol, Kaynak, & El-Bdour, 1990; Gerrard & Cunningham, 1997), only implicitly indicates that trust is one of the important criteria for selecting an Islamic bank. Thus, the degree of consumer trust in the Islamic bank is unknown.

In general, the explanatory factors of selection of Islamic banks in the previous studies are divided on religious and non-religious factors. Results of previous studies (Hassan, Chachi & Latiff, 2008; Marimuthu, Jing, Gie, Mun, & Ping, 2010; Manzoor, Aqeel & Sattar, 2010; Idris, Naziman, Januri, Asari, Muhammad, & Jusoff, 2011) generally indicate that religiosity is not the only factor that influences the selection of Islamic banks, although the Islamic bank is a banking system that operates under Islamic law, or known as 'sharia'. However, of the many studies (Awan & Bukhari, 2011; Butt, Saleem, Ahmed, Altaf, & Jaffer, 2011; Idris et al., 2011; Abduh & Omar, 2012; Selamat & Abdul-Kadir, 2012; Saleh, Rosman & Nani, 2013) those reveal the influence of non-religious factors on the selection of Islamic banks, none previous studies that use trust variable explicitly as an explanatory variable.

In the perspective of Islamic principles, Islam gives a very high emphasis on trust and makes the 'trustworthiness' as a Muslim character (Iqbal & Mirakhor, 2007). Thus, the basic philosophy of trust dimensions in the Islamic banking system can be seen as a symbol of reliable (trustworthy), honest, fair, equal as a human being, and moral values, which are all built in the business relationship between the banks and the customers (Hanafi & Sallam, 1997).

Based on the explanation above, this study has two objectives: (1) to provide an overview of customer trust toward Islamic banks; and (2) to study the effect of trust on the selection of Islamic banks. Meanwhile, the contribution of present research are to add the literature in Islamic banks studies from academic perspective, and the importance of evaluation toward the degree of customers' trust for Islamic banks especially to improve its competitiveness, from the practitioners' perspective.

2. Literature Review

2.1. Commitment and Trust Theory

Commitment-Trust Theory (Morgan & Hunt, 1994), states that successful of relationship marketing requires commitment and trust, not the strength or the ability to condition the other party. Commitment is defined by Morgan and Hunt (1994) as a continuous desire to maintain the values of a relationship. Based on these definition can be stated that the commitment was created after two or more parties have a relationship. In this study, not all respondents are customers of Islamic banks, so that the commitments may not be used as one of the research variable. Therefore, even though Morgan and Hunt (1994) mentions that commitment and trust lead directly to the success of the marketing relationship, in present study, commitment is not used as

one of the variables that influence the selection of the Islamic bank.

Relationship marketing emphasizes the importance of continuing interaction between the seller and the buyer in order to create a long-term relationship of mutual benefit. For the purposes of maintain the long-term relationship, trust is a crucial element. Morgan and Hunt (1994) stated that trust is the heart of all forms of relationships, and trust is the center of relationship marketing.

Trust applied by individuals and companies as the key to building customer relationships (Jones, Wilkens, Morris & Masera, 2000). Previously, Berry (1983) states that the trust has a role to build a long-term exchanges between companies and consumers. Urban, Sultan and William (2000) brings together those two opinions by stating that trust is seen as a key element in building sustainable relationships with consumers and maintain market share in the company.

In Commitment-Trust Theory, Morgan and Hunt (1994) mentions that trust exists when one party has confidence to the reliability and integrity of the partner. Furthermore, Morgan and Hunt (1994) explained that the confidence is the result of the trusting party belief that the truster is reliable and have high integrity, which is associated with a competent, honest, fair, responsible, helpful and wise.

2.2. The Concept of Trust

Trust has a different meaning from the perspective of various disciplines (psychology, economics, finance, marketing, and religion). Each discipline has its own definition and concept, and there is no consensus on the various concepts (Lewis & Weigert, 1985; Young & Wilkinson, 1989). The personality psychologist traditionally sees trust as individual characteristics. Trust conceptualized as beliefs, expectations, or feeling, which is rooted in the personal self, and the concept known as the 'disposition to trust'. However, even though the approach can be measured, but it is a factor that can not be controlled (Yousafzai, Pallister, & foxall, 2003).

Meanwhile, social psychologists define trust as expectations on the behavior of the other party in the transaction, and focus on contextual factors that accelerate or inhibit the development or maintenance of trust (Lewicki & Bunker, 1995). Trust is characterized from the perspective of expectations and willingness of the trusting party in the transaction, the risk of their actions, and the contextual factors that either accelerate or inhibit the development or maintenance of trust. Both personality and social psychologists have significantly contributed to development of the concepts of trust in the future.

Moorman et al. (1992) define trust as a willingness to cooperate with the exchange partner who is believed to be reliable and have integrity. Furthermore, Moorman et al. (1993) mention that the consumers trust imply consumer confidence in the integrity, honesty, willingness to cooperate, reliability, and competence of the company.

Morgan and Hunt (1994) mention that trust exist when one party is willing to establish relations with other parties who can

be trusted and honest. This definition is consistent with the definition of Moorman et al. (1993), which highlights the importance of belief or confidence towards a positive quality partner, and in line with the statement of Anderson and Narus (1990) that the trust occurs when a party believe that the other party will take action that will result in a positive outcome for their own interests and will not take action which resulted in a negative outcome.

Based on the concepts mentioned above, trust can be defined into two, namely: (i) as the confidence to believe or expectation (trusting beliefs), and (ii) the willingness or intention to be bound by the trustee (trusting intention) (Dickey, McKnight & George, 2007). Trusting beliefs include the perception that the other party will act as trustee wish (Boone & Holmes, 1991). Concept of trust belief shows that confidence to the other party does not require a condition in which the trusting party has had experience dealing with the truster, and does not require trusting party also has the intention to be willing to be bound to the other party. As mentioned previously that trust in present study is the trust toward the Islamic bank. Meanwhile, in this study, not all respondents have experience dealing with Islamic banks, and have been willing to be bound by Islamic banks. Therefore, this study will be used trust belief concept.

As the definition of Moorman et al. (1992), Morgan and Hunt (1994), and Rousseau (1998), trusting beliefs arise if the trustee show their quality, which is according to Mayer, Davis and Schoorman (1995) trustee must have the ability, benevolence, and integrity. According to Mayer et al. (1995), ability is defined as expertise and competency of a trustee, whose influence in some specific domains. Integrity is the truster's perception that the trustee has established principles in accordance with the truster. Simply put Integrity can be defined as honest in the transaction (Hosmer, 1995; Mayer et al. 1995; Koeszeig, 2004; Lin, Sung & Lo, 2005). While benevolence is truster belief that trustee will work well for the truster's benefit. Benevolence can also be defined as a person's dependence on the good wishes of the other party to act in accordance with his/her wishes (Hoy & Tarter, 2004).

2.3. Trust and Consumer Behavior

Several previous studies indicate that the trust has an influence on consumer behavior. Pavlou and Gefen (2004) found a positive relationship between consumer trust and intention to buy in the on-line shopping. Chaudhuri and Holbrook (2001) showed a significant correlation between trust and consumer intention to buy on 107 different brands. Delafrooz et al. (2011) found significant effect of trust towards intention to purchase in the context of online shopping. Several other studies (Garbarino & Johnson, 1999; Bart, Shankar, Sultan, & Urban, 2005; Gefen & Straub, 2003; Yoon, 2000) show the relationship between trust and purchase intention.

In the context of banking, Gudlaugsson and Eysteinnsson (2013) investigated the collapse of the largest banks in Iceland (Arion banki, Íslandsbanki and Landsbanki). Data collected by using the internet. The survey was conducted three times. The

first survey in March 2008 or a few months before the banking crisis (sample = 512). The second survey was conducted in February 2011 (sample = 533). The third survey in February 2013, or more than 4 months after the banks collapsed (sample = 570). Samples are students of University of Iceland, except in the third survey. In addition to students of University of Iceland, the sample is also derived from the public with a convenience sample technique. The findings of this study indicate that the customers' trust toward the banks can change, sometimes high and sometimes low. However, customers generally more trust in their bank than other banks, either as a trust towards banks up or down. This fact explains why bank customers in Iceland do not change their bank during the crisis to collapse.

Flavian and Guinaliu (2006) conducted an empirical study on the loyalty of the website. This study revealed that individual loyalty towards website strongly associated with the degree of trust. Thus, build trust not only have an impact on purchase intention, but directly have an impact on the purchasing behavior, within the scope of preference, cost and frequency of visit. Maroofi (2013) conducted a study involving 210 respondents with a population of Mellat bank customers in the province of Kermanshah. The results of this study indicate that trust has an influence on the intention to use mobile banking.

Mukherjee and Nath (2003), conducts research in the areas of banking, and adopting the Model Trust-Commitment (Morgan & Hunt, 1994). The study involved 510 respondents in Calcutta India. The results show that trust is significantly positive effect on commitment to online transactions. The study also shows that trust directs consumers to the relationship commitment. In addition, the research revealed that degree and duration of relationship, and a sense of belonging amongst customers, are crucial factors.

Wahab (2009) distributed 675 questionnaires to academic staff at three universities in Northern Malaysia. But only 307 valid questionnaires and used for empirical analysis, or response rate of 45.5 percent. This study provides results that trust is an important element for the performance of CRM and e-banking adoption. Meanwhile, the performance of CRM has significant impact on the adoption of e-banking. This analysis shows that the performance of CRM is mediating the relationship between trust and adoption of e-banking.

2.4. Hypotheses

Based on Commitment-Trust Theory (Morgan & Hunt, 1994) and previous study (Chaudhuri & Holbrook, 2001; Mukherjee & Nath, 2003; Pavlou & Gefen, 2004; Flavian & Guinaliu, 2006; Delafrooz et al. 2011; Gudlaugsson & Eysteinnsson, 2013; Maroofi, 2013) which revealed that trust influenced consumer behavior, the hypothesis proposed in this study is:

Hypothesis 1 : Trust toward Islamic bank affect on the selecting Islamic Bank.

As the definition of Moorman et al. (1992), Morgan and Hunt (1994), and Rousseau (1998), trusting beliefs arise if the trustee

show their quality, which is according to Mayer et al. (1995) trustee must have the ability, benevolence, and integrity, so the following hypothesis is proposed:

Hypothesis 2a: Degree of trust toward ability of Islamic bank affect on the selecting Islamic bank

Hypothesis 2b: Degree of trust toward integrity of Islamic bank affect on the selecting Islamic bank

Hypothesis 2c: Degree of trust toward benevolence of Islamic bank affect on the selecting Islamic bank

3. Research Method

Population of the study is Muslim who has bank(s) account. The respondents were conditioned as to be classified into three groups – the Islamic bank customer group, the conventional bank customer group, and the Islamic and conventional bank customer group. The sampling technique used in this study was a purposive quota. The first step in sampling process is determining the number bank customers in each of the three

groups of bank customers that are 125 respondents in each group. The second step is to select the sample with the following criteria: 1) Muslims, and 2) at least the age of 18 years.

Data collection was carried out using a self-administered. Respondents filled out a questionnaire by themselves. However, the data collector accompany them, to help in case of respondents have difficulty filling out the questionnaires.

Based on Mayer et al. (1995), variable trust consists of three dimensions, namely ability, benevolence, and integrity. Items statement used to measure these dimensions was adopted from various sources (Voona et al., 2011; Wakefield, Stocks & Wilder, 2004; McKnight & Chervany, 2002; Doney & Cannon, 1997). Items statement, as shown in Table 1, were measured using a Likert scale between 1 (strongly disagree) and 6 (strongly agree).

To test hypotheses about the influence of trust on the selection of Islamic banks, the study uses the Analysis of Variance (ANOVA) and Tukey Test. Meanwhile, the data processing use SPSS version 19. For complete information, especially about the phenomena related to Islamic banking, this study also conducted an exploratory study.

<Table 1> Construct of Trust Variables

Variable/ Dimension	Description	Items statement	Source
Trust	One party has the confidence towards reliability and integrity of the partner (Morgan and Hunt, 1994)		
Ability	expertise and competency of a trustee (Mayer et. al., 1995)	1. I believe that Islamic banks have a very good performance	McKnight and Chervany (2002)
		2. I believe that Islamic banks are able to compete in the banking sector	Wakefield et al. (2004)
		3. I believe that Islamic banks are managed by people who live according to the Islamic teachings	Voona et al (2011)
		4. I believe that Islamic banks have enough experience to provide quality services	Wakefield et al. (2004)
		5. I believe the Islamic bank is able to provide services as required by customers	McKnight and Chervany (2002)
Integrity	The truster's perception that the trustee has established principles in accordance with the truster (Mayer et. al., 1995).	6. I believe that Islamic banks always have a commitment.	McKnight and Chervany (2002)
		7. I believe the Islamic bank will fulfill his promise to the customer.	Wakefield et al. (2004)
		8. I believe that Islamic banks are always honest in transactions	Doney and Cannon (1997)
		9. I believe that Islamic banks have lawful source of funds	McKnight and Chervany (2002); Doney and Cannon (1997)
Benevolence	Truster belief trustee will work well for the truster's benefit (Mayer et. al., 1995).	10. I believe that Islamic banks have always acted with full responsibility	Morgan and Hunt (1994)
		I believe that Islamic banks have always acted in the interests of customers	Voona et al (2011); Doney and Cannon (1997)
		I believe the Islamic bank will help the customer to take a favorable decision	Doney and Cannon (1997)
		I believe that Islamic banks will not let customers get loss	Doney and Cannon (1997)
		I believe that Islamic banks are always willing to help customers to solve problems	Morgan and Hunt (1994)
		I believe any action by the Islamic bank is based on a sense of justice	Morgan and Hunt (1994)

4. Results and Discussion

Bank customers who were respondents of this study have degree of trust towards Islamic banks relatively high enough (see Table 2). Wherefore the measurements of variables trust using a 6-point Likert-scale, the average score of 4.7082 shows that the majority of respondents tend to trust the Islamic bank. By keeping in mind to the lack of external validity in experimental research, this condition indicates that the majority of Muslims customers confidence towards reliability and integrity of the Islamic bank. This is reasonable because the Islamic bank is built based on the Islamic teachings.

Integrity is a dimension of variable trust that has the highest scoring average. This shows the respondents had high confidence that the Islamic bank is a bank that is honest, responsible, and always keep commitments. Meanwhile, benevolence is the dimension with the lowest scoring average. It shows those Islamic banks are more believed as a competent and honest bank in carrying out the business than the bank that will work for the benefit of customers.

<Table 2> Average Score of Variable Trust by Bank Customers Group

Bank Customers Group	Ability	Integrity	Benevolence	Trust
Islamic Bank	4.8132	4.9008	4.8264	4.8468
Conventional Bank	4.5421	4.6017	4.4628	4.5355
Both Banks	4.7471	4.8562	4.6321	4.7421
All Customers	4.7008	4.7862	4.6375	4.7082

Table 2 also informed that the Islamic bank customers have a highest average score of the trust, followed by a conventional bank customers and customers who hold accounts at both banks. This condition indicates that a group of customers, who have experience of using the services of Islamic banks, has a higher confidence. Based on this information, the Islamic bank should be able to reach out to the wider people, to encourage more people who have experienced with Islamic banks. From this experience is expected to more and more people who trust in Islamic banks, so that more people would put Islamic banks as the main bank.

Testing of Hypothesis 1, that is trust toward Islamic bank affect on the selecting Islamic bank, which is using ANOVA gave the F-statistic = 7.967 with p-value = 0.000, so it was decided to reject H_0 at level of significant $\alpha = 0.05$. It can be conclude that at least one of bank customers group have difference parameter mean of trust compare the others group. To find the group of bank customers who have different degrees of trust than Islamic banks, the statistical testing was continued by using the Tukey test.

The result of multiple comparisons using Tukey Test show the parameter mean of trust for the customers of Islamic bank significantly different than conventional bank (Sig. = 0.000), but

the parameter mean of trust for the customers of Islamic bank insignificantly different than the group of consumer who have account at both banks (Sig. = 0.386). Based on the both statistical test it can be conclude that data support Hypothesis 1. Thus it can be stated that the degree of trust of Islamic bank customer significantly higher than the average score of a conventional bank customers. In other words, individuals who have the higher degree of trust toward Islamic bank tend to prefer Islamic bank than conventional bank.

Comparison parameter mean for dimension ability by bank customer group using ANOVA was decided to reject H_0 at level of significant $\alpha = 0.005$, because the test gave the F statistic of 4.592 with p-value = 0.011. These result leads to the conclusion that at least one of bank customers group have difference parameter mean of ability compare the others group. The same result was found in Tukey Test, that the parameter mean of ability for the customers of Islamic bank significantly different than conventional bank (Sig. = 0.011), but the parameter mean of ability for the customers of Islamic bank insignificantly different than conventional bank (Sig. = 0.758). Based on the result of ANOVA and Tukey Test it can be conclude that data support Hypothesis 2a, and it can be interpreted that Muslims who have the higher degree of trust toward ability of Islamic bank tend to use the Islamic banks.

Meanwhile based on the ANOVA and Tukey Test, the data also supported Hypothesis 2b, that is integrity toward Islamic bank affect on the selecting Islamic bank. This result leads to the conclusion that degree of trust toward integrity of Islamic bank affect on the selecting the Islamic bank. The same result was found in the testing for benevolence dimension, which is the data supported Hypothesis 2c. It can be conclude that degree of trust toward benevolence of Islamic bank affect on the selecting Islamic Bank.

The results of hypothesis testing to variable trust, and dimensions ability, integrity and benevolence, shows the importance of trust in the selection of Islamic banks. The results of this study support the various theories and empirical findings in previous studies (Schurr & Ozanne, 1985; Luhmann, 1988; Hawes et al. 1989; Parasuraman, 1991; Morgan & Hunt, 1994; Garbarino & Johnson, 1999; Yoon, 2000; Chaudhuri & Holbrook, 2001; McKnight & Chervany, 2002; Gefen & Straub, 2003; Pavlou & Gefen, 2004; Bart et al. 2005; Delafrooz et al. 2011; Mukherjee & Nath, 2003; Flavian & Guinaliu, 2006; Wahab, 2009; Gudlaugsson & Eysteinnsson, 2013; Maroofi, 2013), though in different research contexts.

In Islamic banks studies, there has been no study that explicitly uses variable trust as explained variable that influence the selecting of Islamic banks. Several Islamic banks studies (Erol & El-Bdour, 1989; Erol et al. 1990; Gerrard & Cunningham, 1997) implicitly revealed that trust is one of the important factors in selecting the Islamic bank.

Trust reflects consumer confidence in the integrity, honesty, willingness to cooperate, reliability, and competence of the company (Moorman et al., 1993), reliability and integrity of the exchange partner (Morgan & Hunt, 1994), willingness to depend (Doney, Cannon, & Mullen, 1998; Van & Sniezek, 2005), and

willingness to vulnerable with based on positive expectations for the future behavior of others (Mayer et al., 1995; Whitener, Brodt, Korsgaard, & Werner, 1998), so it makes sense that Muslims who have higher degree of trust towards Islamic banks tend to select the Islamic banks.

Islam gives a very high emphasis on trust and makes the 'trustworthiness' as a Muslim character (Iqbal & Mirakhor, 2007). Thus, the basic philosophy of trust in the Islamic banking system can be seen as a symbol of reliable (trustworthy), honest, fair, equal as a human being, and moral values, which are all built in the business relationship between the banks and the customers (Hanafi & Sallam, 1997).

With the concept and system, which is embedded in Islamic banking, it is possible confidence toward the Islamic bank is driven by a belief in the teachings of Islam. Thus, Muslims have high institutional-based trust toward Islamic banks relatively (this study revealed an average score of conventional bank customers is quite high). Institution-based trust is what will encourage the trusting beliefs (McKnight & Chervany, 2002).

5. Conclusions

Wilson (1995) suggested that Islamic banks should not only consider their business just to fulfill religious obligations of the Muslims, but more significantly as a business that is always needed to win customers at the same time retaining existing customers (Dusuki & Abdullah, 2007). A similar statement was also expressed by Ahmad and Haron (2002) that Islamic banks should not rely solely on the religious factor as a strategy to attract more consumers, but should emphasize efficient service, and should look into situational factors that will determine their level of competitiveness in the future. Furthermore, Ashraf and Nurdianawati (2006) mention that the Islamic banking activities should no longer be regarded as an initiative to carry out a religious obligation, but significantly as the innovation needed to win the competition of customers. This study revealed that trust is one important key for Islamic banks to win the competition against conventional banks.

The results of this study revealed that benevolence is the dimension with the lowest average score, which indicates that the customers' trust toward the Islamic banks to work for the benefit of the customers are relatively lower than the competence and honesty. Although institutional-based trust of Islamic bank is high enough, but Muslims also realize that the Islamic bank is an economic institution, which aims to make a profit, like other economic institutions. Thus, allowing the customers consider Islamic banks will be prioritizing the profit than the interests of customers.

Islamic banks actually offer concepts and systems, which is full of benevolence. Prohibition of bank interest in Islamic bank bring about the concept of equity-participation (Hassan et al., 2008), and profit and loss sharing system in all business conducted by Islamic banks (Haron, 1997; Idris et al., 2011). This concept will provide a sense of justice for customers. Creditors

and debtors work together to achieve economic progress, and share the risks that may arise from the cooperation. Therefore, in Islamic banks, the customer is a partner, not a debtor or borrower, as the practice of conventional banks (Marimuthu et al., 2010).

In banking practice, Islamic law also prohibits '*ghahar*' or speculative trading and '*maisir*' or gambling (Idris et al. 2011). Islamic banks are also prohibited from engaging in transactions (payment or acceptance) with business related to forbidden (*haram*) products, such as: alcohol, pork trade, or gambling activities (Manzoor et al., 2010). Furthermore Islamic banks are required to conduct business and trade activities based on the principles of justice and kosher (*halal*) profit, pay *zakat*, prohibit monopolies, and work for social purposes (Haron, 1997).

The Islamic bank is an economic institution, which aims to make a profit, but by looking at the concepts and systems offered by Islamic banks, average score of benevolence dimension should be higher. There are two possible causes of this condition. First, customers do not know the concept and system have been offered by Islamic banks, and second, customers have experienced disappointed by the Islamic banks. However, by looking at the average score of trust in general, most likely cause is the lack of customers' knowledge.

The positive values that embedded in the concepts and systems of the Islamic banks as discussed early will lead to higher 'institution-based trust', which will, in turn, encourage the creation of trusting beliefs (McKnight & Chervany, 2002). This positive value is the strength of Islamic banks to increase the number of customers. Warde (2000) stated that the western attitudes are also changing as it has been the growth of 'ethical' banking, where non-Muslim customers refuse to invest in companies that do not have the ethical and socially harmful activities. Therefore, positive values in business which are embedded in Islamic banks not only attract to Muslims, because these values can benefit to every human being. Thus, there are opportunities that the positive values will also attract to non-Muslim groups.

However, if the public does not know the concept and system of Islamic banks, the public will assume that Islamic banks are similar to conventional banks. It is shown in this study, that conventional bank customers, who are assumed not familiar with the concept and system of Islamic banks, has degree of trust in the Islamic banks are lower than conventional bank customers who are also customers of Islamic banks.

To disseminate the positive values, Islamic banks may use either personal or marketing information source, because both of these sources affect on the selection of Islamic banks. However, the most effective medium of communication is through the activities of Islamic groups, such as Islamic studies, Islamic social institutions, and Islamic educational institutions, because several studies (Erol & El-Bdour, 1989; Erol et al., 1990; Kader, 1993; Haron et al., 1994; Gerrard & Cunningham, 1997; Metawa & Almossawi, 1998; Khoirunissa, 2003; Zainuddin, Jahyd, & Ramayah, 2004; Marimuthu et al., 2010) show the importance of the influence of friends, relatives, or family in the selection of the Islamic bank.

Besides offering positive values, Islamic banks must prepare the infrastructure in order to meet all the needs and desires of customers. However, the results of in depth-interview indicates that the Islamic banks still have some fundamental problems, such as (1) difficulty in getting human resources that have sharia-minded, (2) lack of personnel with high competence, and (3) limited infrastructure, especially on the information technology. Thus, Islamic banks have to make improvements constantly if it wants to win a large potential market in Indonesia.

References

- Abduh, M., & Omar, M. (2012). Islamic banking and economic growth: the Indonesian experience. *International Journal of Islamic and Middle Eastern Finance and Management*, 5(1), 35-47.
- Ahmad, N., & Haron, S. (2002). Perceptions of Malaysian Corporate Customers towards Islamic Banking Products and Services. *International Journal of Islamic Financial Services*, 3(4), 13-29.
- Anderson, J. C., & Narus, J. A. (1990). A Model of Distributor Firm and Manufacturing Firm Working Relationships. *Journal of Marketing*, 54(1), 42-58
- Anderson, E., & Weitz, B. (1989). Determinants of Continuity in Conventional Industrial Channel Dyads. *Marketing Science*, 8(4), 310-323.
- Asyraf, W. D., & Nurdianawati, A. (2007). Why do Malaysian Customers patronize Islamic Banks. *International Journal of Bank Marketing*, 25(3), 142-160.
- Awan, H. M., & Bukhari, K. S. (2010). Customer's Criteria For Selecting an Islamic Bank: Evidence From Pakistan. *Journal of Islamic Marketing*, 2(1), 14-27.
- Bart, Y., Shankar, V., Sultan, F., & Urban, G. L. (2005). Are the Drivers and Role of Online Trust the Same for All Web Sites and Consumers? A Large-Scale Exploratory Empirical Study. *Journal of Marketing*, 69(October), 133-152.
- Berry, L. L. (1983). Relationship Marketing. In L. L. Berry, G. L. Shostack & G. D. Upah (Eds.), *Emerging Perspectives on Services Marketing* (pp. 25-28), Chicago, IL, American Marketing Association.
- Berry, L. L., & Parasuraman, A. (1991). *Marketing Services*. New York, US: The Free Press.
- Boone, S. D., & Holmes, J. G. (1991). The Dynamics of Interpersonal Trust: Resolving Uncertainty in the Face of Risk. In R. A. Hinde and J. Groebel (Eds.), *Cooperation and Prosocial Behavior* (pp. 190-211). Cambridge: Cambridge University Press.
- Butt, I., Saleem, N., Ahmed, H., Altaf, M., & Jaffer, K. (2011). Barriers to adoption of Islamic banking in Pakistan. *Journal of Islamic Marketing*, 2(3), 259-273.
- Chaudhuri, A., & Holbrook, M. B. (2001). The chain of effects from brand trust and brand affect to brand performance: The role of brand loyalty. *Journal of Marketing*, 65(2), 81-93.
- Delafrooz, N., Paim, L. H. J., & Khatibi, A. (2011). A Research Modeling to Understand Online Shopping Intention. *Australian Journal of Basic and Applied Sciences*, 5(5), 70-77.
- Dickey, M. H., McKnight, D. H., & George, J. F. (2007). The Role of Trust in Franchise Organizations. *International Journal of Organizational Analysis*, 15(3), 251-282.
- Doney, P. M., & Cannon, J. P. (1997). An Examination of the Nature of Trust in Buyer-Seller Relationships. *Journal of Marketing*, 61(2), 35-51.
- Doney, P. M., Cannon, J. P., & Mullen, M. R. (1998). Understanding the Influence of National Culture on the Development of Trust. *Academy of Management Review*, 23(3), 601-621.
- Dusuki, A. W., & Abdullah, N. I. (2007). Why Do Malaysian Customers Patronize Islamic Banks? *International Journal of Bank Marketing*, 25(3), 142-160.
- Dwyer, F., Schurr, P., & Oh, S. (1987). Developing Buyer-Seller Relationships. *Journal of Marketing*, 51(2), 11-27.
- Erol, C., Kaynak, E., & El-Bdour, R. (1990). Conventional and Islamic Banks: Patronage Behaviour of Jordanian Customers. *International Journal of Bank Marketing*, 8(5), 25-35.
- Erol, C., & El-Bdour, R. (1989). Attitudes, behaviour and patronage factors of bank customers towards Islamic banks. *International Journal of Bank Marketing*, 7(6), 31 - 37.
- Flavian, C., & Guinaliu, M. (2006). Consumer trust, perceived security and privacy policy Three basic elements of loyalty to a web site. *Industrial Management and Data Systems*, 106(5), 601-620.
- Ganesan, S. (1994). Determinants of long-term orientation in buyer-seller relationships. *Journal of Marketing*, 58(2), 1-19.
- Ganesan, S., & Hess, R. (1997). Dimensions and Levels of Trust: Implications for Commitment to a Relationship. *Marketing Letters*, 8(4), 439-448.
- Garbarino, E., & Johnson, M. S. (1999). The Different Roles of Satisfaction, Trust, and Commitment in Customer Relationships. *Journal of Marketing*, 63(2), 70-87.
- Gefen, D., & Straub, D. (2003). Managing user trust in B2C e-services. *E-Service Journal*, 2(2), 7-24.
- Gerrard, P., & Cunningham, J. B. (1997). Islamic banking: a study in Singapore. *International Journal of Bank Marketing*, 15(6), 204 - 216.
- Gudlaugsson, T., & Eysteinnsson, F. (2013). What is the Effect of a Change in Customers' Trust, Following a Bank Collapse, on Their Loyalty towards Their Own Bank? *International Journal of Business and Social Science*, 4 (10), 49-56.
- Harris, L. C., & Goode, M. M. H. (2004). The four levels of loyalty and the pivotal role of trust: A study of online service dynamics. *Journal of Retailing*, 80(2), 139-58.
- Hanafi, A. A., & Sallam, H. (1997). Business Ethics: An Islamic Perspective. In F. R. Faridi (Ed.), *Islamic Principles of Business Organisation and Management*, Kuala Lumpur: S. Abdul Majeed & Co.
- Haron, S., Ahmad, N., & Planisek, S. L. (1994). Bank Patronage Factors of Muslim and Non-Muslim Customers.

- International Journal of Bank Marketing*, 12(1), 32-40.
- Haron, S. (1997). *Islamic Banking Rules and Regulations*, Kuala Lumpur, Malaysia: Pelanduk Publications (M) Sdn Bhd.
- Hassan, A., Chachi, A., & Latiff, S. A. (2008). Islamic Marketing Ethics and Its Impact on Customer Satisfaction in the Islamic Banking Industry. *J.KAU: Islamic Economics*, 21(1), 23-40.
- Hawes, J. M., Kenneth, E. M., & Swan, J. E. (1989). Trust Earning Perceptions of Sellers and Buyers. *Journal of Personal Selling and Sales Management*, 9, 1-8.
- Hosmer, L.T. (1995). Trust: the connecting link between organizational theory and philosophical ethics. *Academy of Management Review*, 20(2), 379-403.
- Hoy, W. K., & Tarter, C. J. (2004). Organizational justice in schools: no justice without trust. *International Journal of Educational Management*, 18(4), 250-259.
- Idris, A. R., Naziman, N. M., & Januri, S. S. (2011), Religious Value as the Main Influencing Factor to Customers Patronizing Islamic Bank. *World Applied Sciences Journal*, 12 (Special Issue on Bolstering Economic Sustainability), 8-13.
- Iqbal, Z., & Mirakhor, A. (2007). *An Introduction to Islamic Finance: Theory and Practice*, Singapore, Singapore: John Wiley and Sons (Asia) Pte Ltd.
- Jones, S., Wilkens, M., Morris, P., & Maser, M. (2000). Trust Requirements in e-business. *Communication of the ACM*, 43(2), 81-87.
- Kader, R. A. (1993). Performance and market implications of Islamic banking: a case study of Bank Islam Malaysia Berhad. Durham, UK: Thesis for Doctorate in Durham University.
- Khoirunissa, D. (2003). Consumers' Preference toward Islamic Banking (Case Study in Bank Muamalat Indonesia and Bank BNI Syariah). *IQTISAD Journal of Islamic Economics*, 4(2), 145-168.
- Koeszeig, S. T. (2004). Trust-building strategies in inter-organizational negotiations. *Journal of Managerial Psychology*, 19 (6), 640-660.
- Lewicki, R. J., & Bunker, B. (1995). Trust in Relationships: A Model of Trust Development and Decline. In B. Bunker and Rubin, J. (Eds.), *Conflict, Cooperation and Justice* (pp.133-173). San Fransisco, USA: Jossey-Bass.
- Lewis, J. D., & Weigert, A. (1985). Trust as a social reality. *Social Forces*, 63, 967-985.
- Lin, F. R., Sung, Y. W., & Lo, Y. P. (2005). Effects of Trust Mechanisms on Supply-Chain Performance: A Multi-Agent Simulation Study. *International Journal of Electronic Commerce*, 9(4), 91-112.
- Luhmann, N. (1988). Familiarity, Confidence, Trust: Problems and Alternatives. In D. G. Gambetta (Ed.), *Trust* (pp. 94-107). New York, USA: Basil Blackwell.
- Manzoor, M. M., Aqeel, M., & Sattar, A. (2010). Factors Paving the Way towards Islamic Banking in Pakistan. *World Academy of Science, Engineering and Technology*, 66, 1677-1683.
- Marimuthu, M., Jing, C. W., Gie, L.P., Mun, L. P., & Ping, T. Y. (2010). Islamic Banking: Selection Criteria and Implications. *Global journal of Human Social Science*, 10(4), 52-62.
- Mayer, R. C., Davis J. H., & Schoorman, F. D. (1995). An Integrative Model of Organizational Trust. *Academy of Management Review*, 20(3), 709-734.
- McKnight, D. H., & Chervany, N. L. (2002). What Trust means in e-Commerce Customer Relationship: an Interdisciplinary conceptual Typology. *International of Electronic Commerce*, 6(2), 35-59.
- Metawa, S. A., & Almossawi, M. (1998). Banking behaviour of Islamic bank customers: perspectives and implications, *International Journal of Bank Marketing*, 16(7), 299-313.
- Moorman, C., Deshpande, R., & Zaltman, G. (1993). Factors Affecting Trust in Market Research Relationships. *Journal of Marketing*, 57(1), 81-101.
- Moorman, C., Zaltman, G., & Deshpande, R. (1992). Relationships between Providers and Users of Market Research: the Dynamics of Trust Within and Between Organizations. *Journal of Marketing Research*, 29(3), 314-328.
- Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3), 20-38.
- Mukherjee, A., & Nath, P. (2003). A model of trust in online relationship banking. *The International Journal of Bank Marketing*, 21(1), 5-16.
- Pavlou, P., & Gefen, D. (2004). Building Effective Online Marketplaces with Institution-based Trust. *Information Systems Research*, 15(1), 37-59.
- Rousseau, D. M., Sitkin, S. B., Burt, R. S., & Camerer, C. (1998). Not so Different After All: A Cross-discipline View of Trust. *Academy of Management Review*, 23(3), 393-404.
- Saleh, M. S., Rosman, M. R. M., & Nani, N. K. (2013). Bank Selection Criteria in a Customers' Perspective. *IOSR Journal of Business and Management (IOSR-JBM)*, 7(6), 15-20.
- Schurr, P. H., & Ozanne, J. L. (1985). Influences on Exchange Process: Buyers' Preconceptions of a Seller's Trustworthiness and Bargaining Toughness. *Journal of Consumer Research* 11(2), 939-953.
- Selamat, Z., & Abdul-Kadir, H. (2012). Attitude and Patronage Factors of Bank Customers in Malaysia: Muslim and non-Muslim Views. *Journal of Islamic Economics, Banking and Finance*, 8(4), 87-100.
- Sirdeshmukh, D., Singh, J., & Sabol, B. (2002). Consumer Trust, Value and Loyalty in Relational Exchanges. *Journal of Marketing*, 66(1), 15-37.
- Van, S. L. M., & Sniezek, J. A. (2005). Factors Affecting the Acceptance of Expert Advice. *British Journal of Social Psychology*, 44(3), 443-461.
- Voona, J. P., Nguib, K. S., & Agrawal, A. (2011). Determinants of Willingness to Purchase Organic Food: An Exploratory Study Using Structural Equation Modeling. *International Food and Agribusiness Management Review*, 14(2),

103-120.

- Wahab, S., Noor, N. A. M., & Ali, J. (2009). Technology Trust and E-Banking Adoption: The Mediating Effect of Customer Relationship Management Performance. *The Asian Journal of Technology Management*, 2(2), 40-49.
- Wakefield, R. L., Stocks, M. H., & Wilder, W. M. (2004). The Role of Web Site Characteristics in Initial Trust Formation. *Journal of Computer Information Systems*, 45(1), 94-103.
- Warde, I. (2000). *Islamic Finance in the Global Economy*, Edinburgh: UK: Edinburgh University Press.
- Whitener, E. M., Brodt, S. E, Korsgaard, M. A., & Werner, J. M. (1998). Managers as Initiators of Trust: An Exchange Relationship Framework for Understanding Managerial Trustworthy Behavior. *Academy of Management Review*, 23(3), 513-530.
- Wilson, R. (1995). *Marketing Strategies for Islamic Financial Products*. New Horizon 39, 7-9.
- Yoon, S. (2000). The antecedents and consequences of trust in online purchase decisions. *Journal of Interactive Marketing*, 16(2), 47-63.
- Zainuddin, Y., Jahyd, N., & Ramayah, T. (2004). Perception of Islamic Banking: Does It Differ among Users and Non Users. *Journal Management and Business*, 6(3), 221-232.