

# Customers' Islamic ethical behavior: the case of Malaysian Islamic banks

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## Abstract

**Purpose** – The purpose of this paper is to determine the framework of customers' Islamic ethical behavior in Islamic banks in Malaysia.

**Design/methodology/approach** – This paper used a quantitative approach based on *Maqasid Shariah* (objectives of Islamic law) and by running exploratory factor analysis. A survey questionnaire was created. The data of 530 respondents were collected from the customers of Islamic banks located in Malaysia.

**Findings** – The findings revealed that the theoretical framework consists of four main constructs: Islamic ethical behavior, religious obligation, reputation and profit and investment, in which all constructs are complying with *Maqasid Shariah* and three (i.e. Islamic ethical behavior, religious obligation and reputation) consist of two components for each construct.

**Research limitations/implications** – There are two limitations that require further acknowledgements. First, the study population only focused on Islamic banks' customers. Second, this research highlighted only Malaysia and Malaysian citizens.

**Originality/value** – The paper contributes to the literature on Islamic ethical behavior in Southeast Asian economy. Unlike other Islamic ethical studies where the writing is mainly theoretical in nature, this study used an empirical method to reveal what should constitute for the framework of customers' Islamic ethical behavior which is based on *Maqasid Shariah*.

**Keywords** Islamic banks, Reputation, Islamic ethical behavior, Maqasid Shariah, Profit and investment, Religious obligation

**Paper type** Research paper

## 1. Introduction

From an Islamic perspective, being "human" has a high standing and dualistic nature which combine the body and soul (Ashraf, 2013). Rachida (2006) stated that, in Islam, the human is the creature of Allah (SWT), while human existence is understood as the relationship between Allah (SWT) and humanity. Every Muslim has responsibilities to Allah (SWT), one of which is being His servant. As a servant, the human being should be vigorous in attending to Allah's will on earth.

Humans, as vicegerents of the divine on earth, have the ability to learn, gain knowledge and make rules and policies based on their knowledge to develop further knowledge and to improve practices based on what has been learned (Bunzel, 2015). Humans have the freedom to choose what is best for them and, at the same time, they must follow the rules of Allah (SWT). For example, humans have to work to earn salaries that enable them to live their own lives while helping others. The salaries received could be used for many contingencies, and any excess could be saved in bank accounts. Moreover, Islam encourages Muslims to keep investing their money so that the income from such investments may be used for good causes (Nurrachmi *et al.*, 2012).

Once humans have chosen banks with which they would want to save their money, they need to understand their roles as depositors. According to Bollen (2010), depositors are



defined as people who make others intermediaries, who expect those intermediaries to repay them the amount they have deposited on demand, although the amounts deposited need not have the same real currency value when withdrawn as when initially invested. This establishes debtor and creditor relationships between intermediaries and depositors. In addition, the main sources of money at Islamic banks come from their depositor facilities (Amin, 2013). Depositors have the right to choose to deposit their savings either in conventional banks or in Islamic banks, but Muslims are obliged to choose the sort of intermediaries who will not harm or become a burden to them.

Several studies (Abduh and Raditya, 2011; Essa, 2015; Almejyesh and Rajha, 2014; Awan and Azhar, 2014; Haron and Ahmad, 2011; Kasri and Kassim, 2009; Khadijah and Saleh, 2015; Radiah *et al.*, 2014; Remali and Rodney, 2009; Sayid *et al.*, 2014) have been conducted in relation to issues of ethical behavior. However, only one of them (Awan and Azhar, 2014) has looked at the concept of Islamic ethical behavior and then it only did so briefly. This proves that there is a lack of literature that has attempted to define the concept of Islamic ethical behavior. Therefore, the aim of this study is to find out what should be incorporated in a framework for Islamic ethical behavior for the benefit of Malaysian customers of Islamic banks to ensure sustainability and competitiveness of Islamic banks in relation to their conventional counterparts. This paper is organized into five sections. It starts with an introduction; Section 2 presents a review of previous literature; Section 3 provides a methodology; Section 4 presents results, while the last section concludes the study and provides some limitations and suggestions for further research.

## 2. Theoretical backgrounds

### 2.1 Islamic ethical behavior

Ethics is the moral behavior that underpins every human act. Every human being has behavior traits, and Islam emphasizes the need for good behavior. Religion defines moral behavior. To understand the meaning of Islamic ethical behavior more fully, ethics are related to temperament, and human behavior is found in people's actions. According to Al-Ghazali (505H), ethics are inherent in the nature of human souls and are born from deeds done without hesitation, without thinking of oneself and without prior reflection. Ibn Miskawaih (2010) has stated that ethics are a condition of themselves that guide people to pursue numerous modes of behavior without thought or consideration.

Mawardi (2011) wrote in his book entitled, "*Adab al-Dunya wa al-Din*" that ethics are not only controlled by the Al-Quran and the Sunnah but they are in fact based on thoughts concerned with three behavioral aspects which are religious behavior, world behavior and individual behavior. Religious behavior mostly leads to understanding, knowledge and religion. The second behavioral form focuses on the behavior of the world and individual ethics. Individual behavior refers to human virtues such as humility, good behavior, simplicity, self-control and trust:

Based on an observation of a number of previous studies, only one has defined Islamic ethical behavior, which was that by Awan and Azhar (2014). Their study, based in Pakistan, examined how customers chose Islamic bank products because the banks offered good products and services without interest, which is prohibited in Islam. Most customers preferred their banks because of their religious motives for securing the confidentiality of their customers, which led to there being a crucial ethical distinction drawn that was based on the Al-Quran and the Sunnah. The study focused more on religious obligations since there was a lack of definition on what constituted Islamic ethical behavior.

In this study, the researchers have suggested new elements that may be added as Islamic ethical behavior, which are based on the combined results of observing several aspects of

heart, feelings, thoughts, grooming and treatment habits that are made up of the human behaviors based on the expectations of the Al-Quran and the Sunnah. The combination of these aspects can explain every behavior and are said to lead to the approval of Allah (SWT) following good deeds to the rest of humankind, and intimidation from fear of punishment by Allah (SWT) otherwise. If one is not afraid of Allah (SWT), one will not be honest or just and will perform unethical behaviors that are not approved by Allah (SWT).

### 2.2 Religious obligation

Religious obligation is defined as the role of religion in deciding one's selections and actions (Amin *et al.*, 2011). In this light, Yusoff and Azurah (2014) stated that religion is the most essential element in determining Muslims' behaviors with respect to Islamic banks that provide suitable and traditional services.

Metawa and Almossawi (1998), in their study in Bahrain, found that religion was one of the major factors that determined consumers' banking selections. Their study also supported Bley's and Kuehn's (2003) research in the UAE, where it was found that Muslims mostly preferred Islamic banking because of their religious beliefs and not because of any financial knowledge. Moreover, the stronger their religious belief was, the greater the consumers were inclined to prefer Islamic banking services. In addition, Khan *et al.* (2007) conducted research on the criteria for banking selection in Bangladesh and found that religious preference was the major factor that attracted customers to use Islamic banks. Moreover, Haque *et al.* (2009) analyzed factors that attracted 168 bank respondents in Malaysia to deal with Islamic banks and found that religious factors had a positive impact on banking selections greater than confidentiality, social perspectives, service quality or any other variety of offerings.

Religious factors have become important for determining customers' behavior when they are choosing to subscribe to services offered by Islamic banks. This is because religious factors can provide consumers with a better understanding and awareness of the issues that are current in their communities. These can shape their behaviors and help them make decisions to deposit their money in banks based on Islamic legal principles. This provides a good competitive advantage to Islamic banks, compared with conventional banks, as the overriding requirement of the religious factor is to provide some sense of morality and convenience to customers.

### 2.3 Reputation

Reputation is regarded as the main element of an organization's continuance in business, in conjunction with financial performance and service innovations. Reputation is also related to an organization's identity, performance and others' responses to its behavior. Hence, it is essential to view reputation as a "collective representation" of images and opinions about a business, and not to view it as a "self-promoted message". This includes connections with all shareholders, and it may be gained, preserved and improved or diminished over time (Almahy *et al.*, 2014).

Ahmad *et al.* (2015) studied customers' behaviors toward Islamic banks in Pakistan and they found that reputation was the main factors for customers when selecting a bank. Therefore, reputation itself helps banks gain more customers. This statement was also agreed by Almossawi (2001). In this regard, a bank's reputation is one of the factors that can significantly influence the overall behavior of customers toward Islamic banks. Furthermore, it has been suggested that marketers from Islamic banks must promote their decent reputations to attract new customers (Radiah *et al.*, 2014).

Reputation is a significant and important business asset, but it also one of the most challenging characteristics to safeguard. Reputation has a huge impact on banks, especially Islamic banks, as Islamic banks rely on their reputation to compete with conventional

banks. Furthermore, as customers' opinions are crucial, Islamic banks also need to maintain themselves accordingly so that they can continuously preserve their good reputations to garner decent public perceptions. In this regard, strong business reputations can provide crucial benefits, such as broadening market shares, strengthening market positions and increasing shareholder values (Bashir *et al.*, 2015).

#### 2.4 Profit and investment

According to Kimball (1998), the basic concept underpinning market economies is profit. Profit is an incentive tool for business investment; hence, greater profits allow more incentives for business development. Meanwhile, Legum (2005) defined investment as a monetary asset acquired with the knowledge that the assets will deliver future income or increase in value and be traded at a higher price.

Almejyesh and Rajha (2014) explained that the rates of profit declared by Islamic banks have solid relationships with their deposit amounts. Hence, Islamic banks need to be bound to market rates when declaring their rates of profit to their depositors. An empirical study in Sudan showed that people's beliefs were not the only reason for the success of Islamic banking. Other reasons, such as reasonably high returns on investment and low risks of return, were also among the factors of significance for banks' customers (Bashir, 1984). In addition, it was highlighted that there is a significant dissimilarity in the mean returns of Islamic banks compared with conventional banks in Bangladesh (Kabir *et al.*, 2012).

Profit and investment affect customers' behaviors when they are making decisions. Their choices are not only based on instant current financial returns, however. They also factor in long-term returns in the hereafter. Hence, the decision to use Islamic banking services is not only based on profits but also on obtaining the blessings of Allah (SWT). One way to obtain these blessings is to support programs to improve and expand Muslim communities. In this regard, Islamic banks function on an interest-free basis. Their wealth creation is considered as expanding Muslim communities and Muslims who help these banks are consequently considered as those who should attain salvation.

#### 2.5 Maqasid Shariah

According to Imam Ghazali (505H):

[...] the purposes of law for humankind are five, namely to preserve their religion, their souls, their intellect, their ancestry and their property. Each of which safeguard the preservation of the five principles are *maslahah* (goodness), and each of which ignore the basic things are *mafsadah* (cons) and avoiding it is *maslahah* (goodness).

Imam Ibn Qayyim, (751H) said that:

[...] indeed Islamic law is the essential in the creation above all the wisdom and goodness of the human in the world and the hereafter. Islamic Shariah is everything about justice, mercy, goodness and wisdom. And everything that has come from justice to injustice, from mercy to the contrary, from the pros to the damage, of wisdom, vanity then it is not Islamic law.

From these two definitions stated by Imam Ghazali and Ibn Qayyim, the safeguarding of the *Maqasid Shariah* in life meets the requirements of Islam. Imam Ghazali believes that *Shariah* preserves the five elements of *Maqasid*, which are religion, self, intellect, lineage and property. Consequently, these five elements must be met to preserve morality. This is because when the five elements are closely guarded by the behavior of each individual, it will lead to goodness. Imam Ibn Qayyim also believes that everything contrary to goodness has disadvantages. Therefore, in this study, a good behavior can symbolize *Maqasid*

*Shariah* that is neatly safeguarded and meets the requirements of the *Shariah*. Furthermore, this study of Islamic ethical behaviors amongst Malaysian customers will use the concept of *Maqasid Shariah* as its main theory and will measure the Islamic ethics of Malaysian customers' behavior in terms of depositing in Islamic banks and the factors that affect the customers' behaviors.

This study has adopted the theory of *Maqasid Shariah* which safeguards five elements, which are the perseverance of religion, self, intellect, lineage and property, and it is believed that these five elements need to be pursued to preserve morality (Al-Ghazali, 505H). Consequently, the factors used in this study are religious obligation, which will preserve religion and reputation, profit and investment, which will preserve property. These factors need to be related to each other to preserve morality. As a result, it is expected that customers' behavior toward Islamic banks can be safeguarded.

### 3. Design of research

#### 3.1 Research model and research hypotheses

This study aims to explore what should constitute Islamic ethical behavior amongst Islamic banks' customers in Malaysia. Therefore, a research model for empirical analysis was established, as shown in Figure 1. As a research model, based on the results of previous studies, the dimensions of the Islamic ethical behavior of Malaysian customers were suggested to find out what should constitute the Islamic ethical behavior of Islamic bank customers in Malaysia. The following are the main two hypotheses:

- H1. Islamic ethical behavior for Islamic banks' customers is a complex variable.
- H2. The Islamic ethical behavior variable should constitute at least four constructs.

#### 3.2 Method of research

In this study, a questionnaire survey was distributed to customers between the ages of 18 and 40 years who have had experience using the Islamic banks' services in Malaysia.

To accomplish the purpose of the research, a questionnaire survey was carried out for approximately 17 days from 8 April 2016 to 24 April 2016. In total, 550 questionnaires were answered by the respondents. Of the 550 surveys collected, 530 were deemed as relevant to the research.

### 4. Results

#### 4.1 Demographic profile of respondents

For this study, 530 questionnaires were found to be usable for statistical analysis. Table I presents a breakdown of the respondents' profiles which shows that 49.6 per cent were male, which was equivalent to 263 respondents, while 50.4 per cent were female, which was equivalent to 267 respondents. The majority of the respondents were single

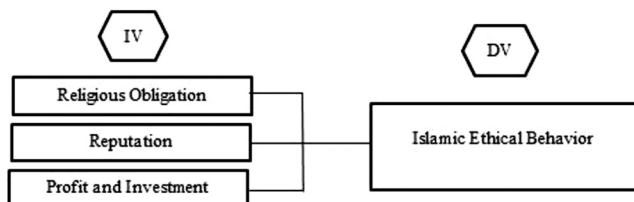


Figure 1. Research model

**Table I.**  
Customers'  
demographic  
information

Variable	Characteristics	No. of respondents $N = 520$	(%)
Gender	Male	263	49.6
	Female	267	50.4
Marital status	Single	306	57.7
	Married	224	42.1
Races	Malay	525	99.1
	Non-Malay	5	0.9
Age (years)	18-27	278	52.5
	28-37	131	24.7
	38-47	90	17.0
	48 and above	31	5.8
Educational level	PHD level	21	4.1
	Master's level	99	19.1
	First degree or equivalent	363	68.5
	SPM or equivalent	47	8.9
Income	Less than RM 2,000	231	43.6
	RM 2,001-3,000	95	17.9
	RM 3,001-5,000	120	22.6
	Above RM 5,000	84	15.8

(306 respondents, equal to 57.7 per cent), whereas 42.1 per cent (i.e. 224 respondents) were married. Almost all respondents were Malay (525 respondents or 99.1 per cent). In terms of their ages, most of the respondents were in the 18- to 27-year range, (i.e. 278 or 52.5 per cent). The second highest group of respondents came from the 28- to 37-year age range, which was equivalent to 24.7 per cent of responses (i.e. 131 respondents). As for their educational levels, 68.5 per cent (i.e. 363 respondents) held at least a first degree or equivalent. Respondents with master's and PhDs numbered 99 and 21 (equivalent to 19.1 and 4.1 per cent), respectively. Most of the respondents (231, equivalent to 43.6 per cent) earned individual incomes of less than RM 2,000. The second highest group of respondents were those who earned RM 3,001-5,000 which was equivalent to 22.6 per cent (i.e. 120 respondents).

#### 4.2 Reliability analysis

To measure reliability, Cronbach's  $\alpha$  coefficient – internal consistency analysis – was used. The reason for adopting the Cronbach's  $\alpha$  coefficient was to enhance variable reliability by sorting out the items affecting reliability and then ruling out those variables when several items were used to measure the same concept (Sekaran, 2003). Normally, it proves to be sufficient when the Cronbach's  $\alpha$  coefficient appears to be at least 0.6. The reliability coefficient on each variable is presented in Table II to show each item's reliability. The results show the Cronbach  $\alpha$  coefficients for each variable. Profit and investment had the highest rate of 0.920. That was followed by Islamic ethical behavior (0.913), religious

**Table II.**  
Result of reliability  
analysis

Variable	Cronbach's $\alpha$ coefficient
Religious obligation	0.902
Reputation	0.890
Profit and investment	0.920
Islamic ethical behavior (IEB)	0.913

obligation (0.902) and reputation (0.890). Overall, those variables demonstrated significance and that there was a relationship between the variables involved.

#### 4.3 Exploratory factor analysis

The exploratory factor analysis (EFA) results indicated that the cumulative percentage of variance described by the components for each construct was acceptable within the range of 0.59 and 0.80. Generally, the result indicated that reliability, communality, anti-image correlations matrix, Bartlett's test of sphericity and the Kaiser–Meyer–Olkin (KMO) index were acceptable for developing a measurement model that could be investigated and confirmed (Al-Aidaros *et al.*, 2011). According to Hair *et al.* (2010), factor loadings for the items greater than 0.50 are only applicable for specifying the measurement model. Table III displays the results of EFA for the first construct, i.e. Islamic ethical behavior which has two components. The first component was labeled “ethical behavior based on Islamic principles” and had six items. The second component represented “Imani and Rabani Islamic ethical behavior” and consisted of five items.

As for the second construct, i.e. religious obligation, EFA showed two components. The first component, “following Islamic law”, consisted of five items, while the second component, “following Al-Quran and the Sunnah” consisted of four items, as shown in Table IV.

Table V presents the EFA results for the third construct, i.e. reputation. The construct consisted of two components. The first component was “the image of Islamic banks according to friends, colleagues and family” and had four items. The second component was

Component	Item no.	Items	Factor loading	
			1	2
Ethical behavior based on Islamic principles	IEB1	Prefer Islamic banks because they follow Islamic principles	0.929	
	IEB2	Choose Islamic saving deposit because it is a wise idea	0.920	
	IEB3	Choose Islamic saving deposit because it is beneficial	0.943	
	IEB4	Trust Islamic banking because they follow Islamic ethics	0.940	
	IEB5	Prefer saving deposit because it is one of the best Islamic banking services	0.942	
	IEB11	Choose Islamic banks because they provide justice in their products and services	0.947	
Imani and Rabani Islamic ethical behavior	IEB6	Follow laws and regulations issued by Shariah experts according to Islamic ethics based on Al-Quran and the Sunnah		0.965
	IEB8	Follow the guide of Islamic ethics in choosing Islamic banks		0.934
	IEB9	Choose Islamic banks because of religious reasons (Imani/Rabani)		0.888
	IEB10	Know Islamic banks are based on “TaquAllah” fearing Allah (SWT)		0.903
	IEB12	Choose Islamic banks because they are recommended by Islamic ethics		0.947

**Table III.**  
EFA for Islamic ethical behavior

**Notes:** KMO measure of sampling adequacy = 0.932; approximate chi-square = 3,781.557; df = 55; significance = 0.000

Component	Item no.	Items A customer is expected to . . .	Factor loading	
			1	2
Following Islamic law	RE1	Choose to deposit in an Islamic bank because it follows the Quran and the Sunnah	0.883	
	RE2	Prefer Islamic banking products and services because they are <i>Shariah</i> -compliant	0.901	
	RE7	Choose Islamic bank products and services because they are free from manipulation	0.890	
	RE8	Know Islamic banks operate in accordance with the provisions of Islamic laws	0.896	
Following	RE10	Maintained physiological comfort increases desires to deal with religious Islamic banks	0.937	
	RE3	Know religion prohibits charging interest ( <i>riba</i> )		0.749
	RE4	Realize religion is an important part of the Muslim's daily life		0.717
Al-Quran and the Sunnah	RE5	Know Islamic banking products and services are based on Shariah principles	0.930	
	RE6	Obligated by religion to deposit in Islamic banks	0.944	

**Table IV.**  
EFA for religious  
obligation

**Notes:** KMO measure of sampling adequacy = 0.884; approximate chi-square = 2,809.554; df = 36; significance = 0.000

Component	Item no.	Items A customer is expected to . . .	Factor loading	
			1	2
The image of Islamic banks according to friends colleagues and family The image of Islamic Banks according to their marketing and promotional tools	REP1	Receive positive advice from friends and family as the catalyst to using Islamic banks	0.889	
	REP2	Talk about distinctive services provided by Islamic banks	0.885	
	REP3	Let colleagues help in the selection of new services from Islamic banks	0.871	
	REP4	Be encouraged by family to have accounts with Islamic banks	0.884	
	REP5	Let the Islamic banks develop their services to keep abreast of local banking needs		0.848
	REP6	Let Islamic banks be committed to laws and regulations issued by the authorities with regards to deposits		0.837
	REP7	Be influenced by Islamic banks to choose their products and services		0.906
	REP8	Choose products and services by Islamic banks because they are safe		0.909

**Table V.**  
EFA for reputation

**Notes:** KMO measure of sampling adequacy = 0.879; approximate chi-square = 2,254.121; df = 28; significance = 0.000

“the image of Islamic banks according to their marketing and promotional tools” and had four items.

The EFA result for the fourth construct, i.e. profits and investments, showed that it had only one component (as seen in [Table VI](#)) and had eight items.



Component	Item no.	Items A customer is expected to . . .	Factor loading 1
Profit and investments	PI1	Be satisfied with the profit given by Islamic banks	0.943
	PI2	See that the Islamic banks give detailed information about investment plans and how much is the given profit	0.900
	PI3	Know that Islamic banks reduce their stakes as speculators to increase the shares of investment account holders who profit	0.908
	PI4	Choose Islamic banks because they provide higher rates of return	0.941
	PI5	See that Islamic banks achieve justice in the distribution of profits to shareholders and depositors	0.925
	PI6	See that a portion of the profits distributed by the bank follows Shariah laws	0.930
	PI7	See that the Islamic banks use profit equalization reserves to raise the proportion of profit distributed to the owners of investment accounts	0.911
	PI8	See that Islamic banks donate a portion of 907 profits to shareholders in favor of the owners of investment accounts to improve the ratio of dividends	0.908

Table VI.

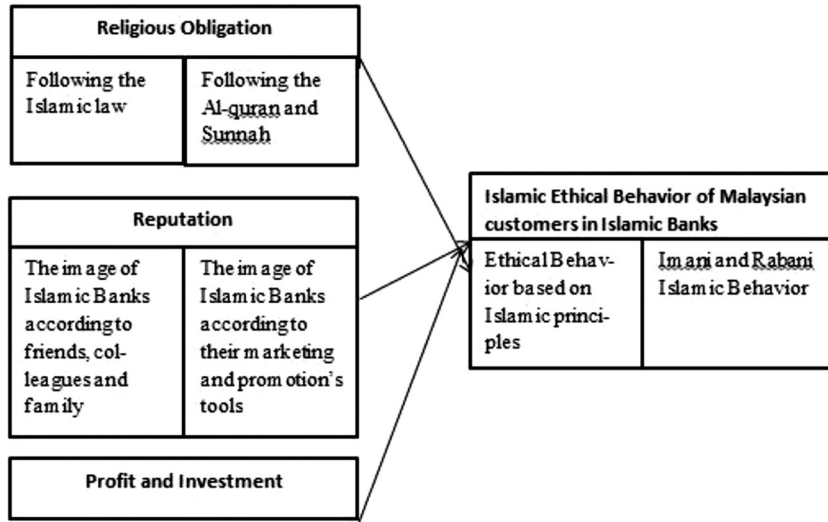
EFA for profit and investment

**Notes:** KMO measure of sampling adequacy = 0.920; approximate chi-square = 2,726.523; df = 28; significance = 0.000

As has been presented in Tables III, IV, V and VI, the results showed that the framework for Islamic ethical behavior consisted of four constructs, i.e. Islamic ethical behavior, religious obligation, reputation and profit and investments, in which all constructs were in line with the *Maqasid Shariah* principle, with every construct consisting of one or more components (as shown in Figure 2). Thus, *H1*, i.e. Islamic ethical behavior is a complex variable, and *H2*, i.e. Islamic ethical behavior is constituted of at least four constructs, were supported.

## 5. Discussion

The results revealed that Islamic ethical behavior is a complex variable because it has notable loadings on two or more factors and the variable itself is hard to measure. Because there are no scholars that define Islamic ethical behavior properly, for this study, the researchers found it was crucial to define Islamic ethical behavior so that further research regarding Islamic ethical behavior could be undertaken. It showed that Islamic ethical behavior consists of four constructs (Islamic ethical behavior, religious obligation, reputation and profit and investments) which had one or two components each. The first component of Islamic ethical behavior was labeled “ethical behavior based on Islamic principles” and the second component was defined as “Imani and Rabani Islamic ethical behavior”. The first component, “ethical behavior based on Islamic principles”, means that customers must act according to the interests of Allah (SWT). In Islam, a customer must behave according to what is *halal* (lawful) and avoid *haram* (unlawful) activities (Arslan, 2008). The second component “Imani and Rabani Islamic ethical behavior” means that customers must believe in Allah, His angels, His books, His messengers and the Last Day, and not mix those beliefs with injustice, as Imani and Rabani are the only marks of a person’s identity that hold any real meaning in Islam.



**Figure 2.**  
The Islamic ethical behaviour framework after running EFA

The second construct, i.e. religious obligation, had two components. The first component, “following Islamic law” means that customers must follow the law according to the Muslim faith as interpreted from the Al-Quran. In Islam, Allah (SWT) has stated that a customer is obliged to follow the rules and conduct made by Him and that will lead to goodness in every activity (Qur’an, 5:3). The second component, labeled “following Al-Quran and the Sunnah”, means that a customer must not take interest (*riba*) even if a society thinks it is the right thing to do, as *riba* is prohibited in Islam (Qur’an, 2:275).

In addition, the construct for reputation consists of two components. The first component (i.e. the image of Islamic banks according to friends, colleagues and family) means that customers choose Islamic banks based on closed references. The Islamic banks need to cater and build good and strong relationships with their customers’ friends and relatives which will create goodness (i.e. *maslahah*) in society and also lead to free marketing opportunities. In Islam, brotherhood and helping each other is a custom of society (Roy, 2014). The second component is “the image of Islamic banks according to their marketing and promotional tools” which means that Islamic banks are responsible for acting virtuously and building good reputations to achieve acceptance from their Muslim customers by advertising more information about Islamic products and services, so that customers become more aware and have better information about Islamic banking products’ features. In addition, Islamic banks need to have their own Islamic banking training forums to develop the knowledge of *Maqasid Shariah* amongst their personnel. This would enhance the personnel’s quality and their customers’ confidence in choosing products from Islamic banks. Moreover, profit and investment are also very crucial to Islamic banks, and it should always be ensured that Islamic systems are in a specific condition to be distinguishable from those of conventional banks, as this will also increase Islamic banks’ reputations amongst consumers. Lastly, the fourth construct which is profit and investments had only one component.

## 6. Limitations and recommendations for further studies

There are two limitations that require acknowledgement. First, the study population focused only on Islamic banks’ customers. Second, this research only concentrated on

Malaysia and Malaysian citizens. These limitations suggest new directions for potential future research. For instance, other researchers might explore the Islamic ethical frameworks of other stakeholders (such as investors/shareholders, employees, regulators and *Shariah* advisory members). Because the research focused on only the customers of Islamic banks, future researchers could conduct other research by extending areas of study by increasing the number of banks examined, including the local and foreign banks. Lastly, as there has been a lack of previous studies that have looked at the ethical issues based on *Maqasid Shariah*, more studies (in Malaysia and other Muslim countries) are needed, as modern Islamic finance requires flexibility so that it can adjust to new economic and technological changes, without compromising the main objectives of Islamic law.

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