ISLAMIC MARKETING ETHICS AND THE MARKETING PRACTICES OF ISLAMIC BANKS

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Abstract

An important aspect of Islamic banks (IBs) is their inherent ethical strength derived from the principles of Sharīʿah. The ethical framework should serve as the true differentiator of their practice from conventional finance. The ethical foundations that purportedly underlie the practice of IBs should also provide an adequate framework for professionals to avoid unethical practices in economic behaviour and financial dealings while achieving the objectives of Sharīʿah. The fundamentals of Islamic finance, such as risk and reward sharing, have been reported to hold universal values because the principles of fairness and justice may be attractive to a larger and diverse investor and depositor base regardless of their religion. By promoting the Islamic ethical principles in their marketing practices, IBs can thus appeal to a larger clientele, both Muslims and non-Muslims. This paper intends to critically analyse the current marketing practices of IBs in light of the ethical criteria set out in the Islamic marketing ethics literature. The objective of this paper is to evaluate the extent to which the ethical ideals espoused by the Islamic marketing ethics literature are reflected in the marketing practices of IBs.

Keywords: Islamic banks, marketing mix, marketing ethics, Sharīʿah.

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I. INTRODUCTION

Islamic banks (IBs) are purportedly built on the ethical foundations dictated by Islamic economic philosophy (Siddiqi, 2001; Chapra, 2000) and therefore designed to avoid unethical practices in economic behaviour and financial dealings while achieving the objectives of Sharīʿah (DiVanna, 2006: 3). The fundamentals of Islamic finance, such as risk and reward sharing, have been reported to hold universal values because the principles of fairness and justice may be attractive to a larger and diverse investor and depositor base regardless of their religion (Al-Suwailem, 2008; Iqbal & Molyneux, 2005; Schoon, 2009: 187). However, the literature suggests that IBs rely heavily on religious appeal to attract the Muslim clientele while systematically ignoring the importance of highlighting the core benefits of Islamic finance to non-Muslim clientele despite the inherent ethical credentials of Islamic finance (Jabaly, 2013; Sayani & Miniaoui, 2013; Okumus & Genc, 2013). This paper, therefore, intends to critically analyse the current marketing practices of IBs in the light of the ethical criteria set out in the Islamic marketing ethics literature. The objective of this paper is to evaluate whether the acclaimed ethical ideals espoused by the Islamic marketing ethics literature are adequately reflected in the marketing practices of IBs.

The paper consists of six sections. In Section II, the concept and structure of IBs are explored along with the perceived ethical basis of IBs. Section III introduces various approaches to marketing ethics before presenting the Islamic perspective. In particular, the Islamic marketing ethics approach presented by Saeed et al. (2001) is introduced as a framework to analyse the marketing practices of IBs. Section IV briefly looks at unethical marketing practices within the marketing mix context before delving deeper into its historical background and justification of its use in the proposed analysis. Section V briefly outlines the methodology of this paper before presenting a critical view of IB practices using the marketing mix and ethical criteria suggested by Saeed et al. (2001). Section VI concludes the discussion, arguing that IBs and Islamic marketing ethics derive their fundamental premises from a singular source namely, the Sharīʿah (Islamic law) drawn from the Qurʾān and Sunnah (Prophetic teachings); however, when IB practices are judged against the

Islamic marketing ethics criteria, they appear to fall somewhat short of idealised ethical standards.

II. THE ETHICAL BASIS OF ISLAMIC BANKS

Since the establishment of the first Islamic bank in the 1970s, the Islamic banking and finance industry has continued to stage remarkable growth. Today, the industry has achieved critical mass with total assets of IBs reaching around USD 2.0 trillion, recording double-digit growth since 2000 and with the industry expecting to be worth USD 3.0 trillion within the next decade (Damak, 2015).

Many scholars believe that IBs are established as a practical manifestation of the Islamic economic philosophy, which is derived from the primary sources of Islamic law. The purpose of IBs is to offer the same intermediary functions as conventional banks but engaging in permissible activities as defined by these principles (Lewis & Al-Gaud, 2001; Hakim, 2007: 161). Haniffa & Hudaib (2007: 99) recount five distinctive features that differentiate IBs from their competitors (conventional banks): (a) underlying philosophy and values; (b) provision of interest-free products and services; (c) restriction to Islamically acceptable financial transactions; (d) focus on developmental and social goals; and (e) subjection to additional reviews by Sharīʿah supervisory boards. These unique characteristics set IBs apart from conventional banks. As such, IBs are prohibited from dealing in *ribā*-based (interest-based) transactions and are instead required to operate on a profit-and-loss sharing (PLS) basis with depositors (Hearn et al., 2012; Brown et al., 2007). As a logical corollary to the prohibition of *ribā*, the Sharīʿah has prohibited all benefits accruing to a person without any labour, risk or expertise (Ayub, 2007: 70). Apart from the prohibition of *ribā*, IBs are also prohibited from dealing in *maysir* (games of chance, gambling) and *gharar* (uncertainty, speculation) (Duran & Garcia-Lopez, 2012: 51).

According to Dusuki & Abdullah (2007: 145), the Islamic banking system has an in-built dimension that promotes ethics and social responsibility. It is submitted that the ethical values of IBs are enshrined within the above-mentioned foundational principles of Islamic finance and that, to a larger extent, the ethical framework of

IBs is dictated by the underlying prohibitions involving the financial transactions of IBs. Prohibitions such as trading in alcohol, tobacco, armaments and gambling stem from the concern to protect health and life, so products and services that put these at risk are prohibited (William & Zinkin, 2010: 523).

Furthermore, only products that are permissible (*ḥalāl*) can be traded whereas any forbidden (*ḥarām*) transactions are to be avoided. According to Hejase et al. (2013), forbidden transactions include any that involves cheating, injustice, exorbitant profits or the promotion of something that is prohibited in Islam. Such an emphasis on the moral core of business conduct is considered to be an act of faith by Beekun & Badawi (2005: 133) and is hence seen as a form of protection rather than a threat to the free market system. In that sense, Islamic ethical injunctions do not stand as hurdles for IBs in pursuing economic goals; instead, they provide a competitive advantage while ensuring that the economic goals are met along with the moral obligations towards the market and society.

In the marketing context, the prohibitions mentioned above serve as the "moral filter" envisaged by Chapra (1993) for all private and public sector economic decisions to pass through before they are made subject to the discipline of the market (Rice, 1999: 349). In other words, ethical judgements are not left entirely to market forces but have an added layer of oversight to enhance the ethical credentials of IBs. Thus, marketing from an Islamic perspective would be aimed at fulfilling both spiritual and physical well-being (Gibbs & Ilkan, 2008: 166). A marketer of IB would, therefore, be expected to observe Islamic obligations in all business transactions in the process of satisfying customer needs (Williams & Zinkin, 2010: 526).

To gain a deeper understanding of Islamic marketing ethics, we will now review marketing ethics from both a philosophical and an Islamic perspective.

III. APPROACHES TO MARKETING ETHICS

Abela & Murphy (2007: 39) define marketing ethics as a systematic study of how moral standards are applied to marketing decisions, behaviours and institutions. According to Williams &

Aitken (2011: 445), ethics refer to the formalised social norms (codes and rules) that are concerned with notions of right and wrong. Ethical norms are broadly divided into two categories: things that you should (or should not) do because they will have desirable (or undesirable) consequences; and things you should do for some other reason, usually expressed as 'duty' (Abela & Murphy, 2007). Hunt & Vitell (1986) distinguish the former as 'teleological' (usually known in the general ethics literature as 'consequentialist') and the latter as 'deontological' (Williams & Aitken, 2011: 446). Similarly, normative and descriptive approaches to ethics represent teleological and deontological perspectives on marketing ethics respectively. As such, normative approaches to marketing ethics involve developing guidelines or rules to assist marketers in their effort to behave in an ethical fashion (Hunt & Vitell 1986: 6) whereas in descriptive approaches to marketing ethics, marketers deal with ethical issues through a multi-stage reasoning process which involves recognising the presence of an ethical issue and invoking an ethical evaluation (Abela & Murphy, 2007: 40). In that sense, the overall good or bad effects of the consequences are the major factors in teleological theories whereas the main factor to consider in one's deontological evaluation is the righteousness of a specific act (Vitell & Patwardhan, 2008: 197).

a. Islamic Marketing Ethics

Religion has always been an important part of the social fabric. A basic precept of all the major religions has been the consistent teachings pertaining to the individual and collective behaviour of human beings (Williams & Aitken, 2011). Islam is no exception.

In Islam, ethics dominates economics (and not the other way around)—something that leads to a greater emphasis on duties rather than rights in Islamic ethics (Rice, 1999: 346). The wisdom behind this is that if duties (relating to justice and trusteeship) are fulfilled by everyone, then self-interest is automatically held within bounds and the rights of all are undoubtedly safeguarded (Rice, 1999: 349). Elaborating on Sharīʿah duties from a marketing perspective, Ayub (2007) describes fair dealing, honesty, straightforwardness, free consent and the negation of misstatement, misrepresentation and exaggerated product descriptions as important pillars of marketing ethics from an Islamic perspective. He further contends that false swearing, lying and hiding facts must be avoided in transactions. This shows that the Islamic approach to ethics can be considered teleological or consequentialist—based on definitions by Hunt & Vitell (1986; 1993)—although there are also traces of the deontological approach, particularly when it comes to the emphasis on individual responsibility towards the society. In that sense, Islamic ethics combine both teleological and deontological ethical considerations due to their emphasis on duties as well as their concern for the consequences of fulfilment or non-fulfilment of these duties.

Beekun & Badawi (2005) and Saeed et al. (2001) have in particular discussed marketing ethics from an Islamic perspective, which can be equally applicable to IBs alongside other businesses. Saeed et al. (2001: 137) propose a new ethical marketing model based on Islamic principles characterised by "value-maximisation" as opposed to "profit-maximisation" and argue that the application of the Islamic perspective to the field of international marketing is relevant and effective in developing and maintaining a strong culture of ethical behaviour. The authors believe that shifting the thrust of marketing away from profit-maximisation towards value-maximisation will create a collaborative and value-laden global order that does not harm the competitive advantage of an organisation.

The general thrust of Saeed et al. (2001: 129) is that the existing marketing ethics theories have not dealt with the concepts of justice and utility adequately. They contend that these theories have ignored the transcendental aspects which render them incomplete, of limited application, and open to interpretation according to the whims of businessmen. They argue that the emergence of a trans-societal global moral order, despite the dominance of ethical relativism, may be a result of a natural universal desire for a more stringent moral and ethical value system (Saeed et al., 2001: 129). They believe that this is because there are innate universal moral values at our very core irrespective of time, religion, culture, economic status, race or creed. Hence, Saeed et al. (2001: 130) argue that the desire for a global moral order could be better explained and facilitated by an ethics system based on Islamic principles, which are not relative but absolute and hence leave no room for misinterpretation by marketers. In that vein, they explain that the commercial activities from an Islamic perspective are governed by two principles. The first is submission to the moral order of God, and the second is empathy and mercy to God's creation, which essentially means refraining from doing harm to others and thus preventing the spread of unethical practices (Niazi, 1996). Therefore, they believe that a global ethical business framework (including marketing) based on the Islamic principles of value-maximisation will be applicable for all times and across all cultures as the human desire for a global moral code is enshrined within the natural inclination in Islam to achieve higher ideals (Saeed et al., 2001: 129, 137).

With this background in mind, we will now explore the major unethical practices in marketing that the above marketing ethics theories attempt to address.

IV. UNETHICAL PRACTICES IN MARKETING

The marketing literature suggests that a large number of unethical marketing practices (particularly on the promotional and communication side) relate to the marketing mix (price, product, place, promotion and people). They may involve false advertising, pressure selling (Landler, 1991), unsafe or harmful products (Schlegelmilch & Öberseder, 2009), deceptive or questionable pricing, deceptive communication (Farmer, 1977), bribery, discriminatory distribution, and promotion of materialism (Brinkmann, 2002: 159). Although most of these unethical practices remain unchanged, technological advancement has added further problems such as stealth marketing, predatory lending, promotion of off-label uses of pharmaceuticals, and online privacy intrusion (Abela & Murphy, 2007: 40).

Despite the scepticism and debate on the use of marketing mix in the marketing literature, Saeed et al. (2001) relied on its simplicity to present a model of Islamic ethical marketing. Therefore, due to the relevance of the marketing mix to unethical marketing practices and the current analysis, we will take a closer look at the marketing mix (4Ps) and its origins.

a. The Marketing Mix and Its Relevance to the Current Analysis

The marketing mix, commonly known as 4Ps, was originally introduced by Borden (1964) as a 12-point strategy to approaching key aspects of marketing management. However, McCarthy (1971) simplified these 12 categories into the more identifiable 4Ps, namely, product, price, promotion and place (Magrath, 1986: 44). The validity and usefulness of the traditional marketing mix—i.e. 4Ps concept—have been questioned by many scholars such as Gronroos, (1994, 1997), Day & Montgomery (1999) and Gummesson (1999, 2000). However, the scepticism about the concept of 4Ps is not new. Shostack (1977: 73), in her ground-breaking study, questioned the dominant marketing construct and argued that the classical marketing mix (4Ps) literature and the language of marketing were derived from a manufactured goods perspective and suggested marketing should "break free" from a product-oriented practice and vocabulary.

As the marketing discipline evolved, its emerging strands and sub-disciplines have found it convenient to propose alternatives to the 4Ps of marketing. For instance, Booms & Bitner (1982) suggested three additional Ps (people, physical evidence and processes) to address service marketing related issues (cited in Zineldin & Philipson, 2007: 229). Among the major contenders to the marketing mix were Kotler's "ten players" (Kotler, 1992), the "six markets" model (Christopher et al., 1991), 'four partnerships' (Buttle, 1996), 'four partnerships and ten relationships' (Morgan & Hunt, 1994), and '30Rs' (Gummesson, 1999) all of which emphasised the partnerships within and across marketing actors, something which was seen as missing from the 4Ps model (Egan, 2003: 351).

However, despite criticism, convenient additions (more Ps) and various competing propositions, the marketing mix continue to remain valid in practice to this day with the majority of the industry consistently relying on the marketing mix to drive their marketing strategy. This might partly be because the majority of marketing research scholars and practitioners grew up learning about the marketing mix and therefore, would have found it hard to switch to various other alternatives which were considered to be too cumbersome and complex as opposed to the simple 4Ps framework. Gronroos (1994: 333) puts it down to the "pedagogical virtues" of the 4Ps that make teaching marketing so easy and straightforward and acknowledges the simplicity of this model even if decrying its lack of emphasis on marketing as a social process. Some of the recent research suggests that the practitioners continue to be attracted to the Mix's simplicity and applicability and will not endorse a new framework unless they are persuaded that this can meet their management and planning needs better than the 4Ps (Constantinides, 2006: 432). Therefore, the marketing mix approach is applied in the following critical analysis.

V. ISLAMIC MARKETING ETHICS AND ISLAMIC BANKS: A CRITICAL ANALYSIS

Before the analysis, it is important to outline the research methodology for this paper. From a methodological perspective, this is a conceptual paper which critically appraises the existing literature in order to synthesise a more robust framework for the discussion of marketing ethics of IBs. This research is primarily library-based and examines existing literature on the marketing practices of IBs. A consistent effort has been made to include secondary data on the practice of IBs in the form of research published within the last five years. However, where required, relevant research articles of critical importance prior to 2011 have also been included.

A theoretical framework for Islamic marketing ethics suggested by Saeed et al. (2001) and Islamic business ethics proposed by Beekun & Badawi (2005) have been applied in this critical analysis. In addition, to maintain consistency with Saeed et al. (2001), the marketing mix approach has been employed to analyse the extent to which the ethical foundations of IBs and Islamic marketing ethics translate to IB marketing practices. However, instead of the 4Ps, a 5Ps model suggested by Saeed et al. (2001), which includes an additional P for "People", has been used. The addition reflects the fundamental importance of marketing and finance personnel in the operations of IBs.

a. Price

According to Saeed et al. (2001: 138), "Islam encourages the self-operating mechanism of price adjustments because any unethical lapses in pricing are tantamount to injustice (and are a sin) and all profits that accrue as a result are unethical and unjust." They further elaborate that:

> [the] price adjustment mechanism is subject to prohibitions that include changing the price without altering the quality and/or quantity of the product; overcharging the customer for illicit gain; practicing price discrimination; charging excessive prices as a result of scarcity of supply of a given commodity; hoarding; restriction on trade; unjustified price manipulation; black marketing; and concealment of essential foodstuffs. (Saeed et al., 2001: 138)

The ethical dimension of pricing is not an issue unique to IBs—most marketing managers are faced with this dilemma (Amine et al., 2012: 72). However, many studies show that the ethical dimension in the pricing of IBs is not consistent with the price adjustment mechanism as introduced by Saeed et al. (2001).

A majority of the studies spanning the last three decades have consistently highlighted IB prices as being higher than conventional products. Housby (2005: 230) noted that Muslim customers find Islamic mortgages to be more expensive than conventional mortgages and only see it as exploitation on behalf of the IBs. This situation has remained largely unchanged in terms of the price of Islamic mortgages as Wilson (2010: 218) many years later echoed. Price sensitivity (Wahyuni, 2013: 169) and higher commissions (Okumus & Genc, 2013) are cited as two factors exacerbating the low take-up of IB services and the level of customer satisfaction among potential customers. More recently, Ltifi et al. (2016: 723) have reported that conventional banking products continue to be better positioned in terms of price and services. A major reason for the higher prices for IB products cited by Ghoul (2012: 10) is a "Sharīʿah" premium which is a result of the additional cost of acquiring Sharīʿah compliance certification, fees for product engineering or legal fees. Notwithstanding the reasons for the higher prices, the fact remains that prospective clients consistently find the prices to be prohibitive to engage with IBs.

The global growth and performance of the IB sector show (see GIFR, 2016) a consistent upward trend with impressive growth figures and forecast, in many cases above average growth. It can thus be argued that a growing Islamic finance industry means a sufficiently built up capacity in the system to develop economies of scale that should be reflected in the pricing structure. On the contrary, IB products remain out of reach of many Muslims due to the pricing factor. Therefore, it can be said that a higher than market price would not match with the "justice and balance" criterion suggested by Beekun & Badawi (2005: 134) as part of the Islamic ethical system. In addition, while a Muslim consumer may be able to bear the additional "Sharīʿah premium" as the "price to go to heaven" (Ghoul, 2012: 10), the only way to attract and retain a non-Muslim ethically-minded consumer would be to offer a competitive price. Higher prices in the form of a "Sharīʿah premium" would not be attractive to—or an encouraging factor for—a non-Muslim ethically-minded consumer.

The pricing issue becomes even more critical if the limited range of ethical investment options available to a potential non-Muslim client of IBs is taken into account. For example, the prohibition related to dealing in interest, sale of alcohol and pork-based products may not be high on the ethical agenda of a non-Muslim client although these are highly ethical concerns for a Muslim customer. It follows that the single key criterion considered by such a client would be the price when other ethically identical options are available in the market. This is not to suggest that IBs should consider dealing in prohibited trade for the sake of being ethically inclusive; rather, it is to point out the pricing issues which pose major ethical challenges for IBs from the marketing perspective, both for a Muslim and non-Muslim clientele.

b. Product

According to Saeed et al. (2001: 138), "Islamic principles dictate that the production process (in the case of IBs, product development process) must be innocent and pure from beginning to end". They further state, "The production process must be guided by the criteria of the value and the impact of the product upon the whole society which is to prevent conflict, unjustified profits, fraud, uncertainty and harm to society" (2001: 138).

There are two aspects of IB "product" which can be discussed in the light of the above ethical criteria. These relate to the prominence of cost-plus methods in product development and the reliance of IBs on re-packaging the existing conventional products to make them Sharīʿah-compliant.

Currently, almost 80% of financial transactions undertaken by IBs are based on debt-based contracts whereas equity-based financing comprises merely 20% of overall transactions (Lewis & Algaud, 2001; Iqbal & Molyneux, 2005; Iqbal & Mirakhor, 2007; Asutay, 2007; Akbar et al. 2012). Hanif & Iqbal (2011: 205) contend that the share of PLS in financing and investment portfolios of IFIs in Pakistan is negligible. They reported that the share of *mushārakah* and *muḍārabah* financing in the portfolios of IFIs operating in Pakistan was less than 2% at the end of September 2010. It is highly unlikely for this ratio to have risen significantly since. Many writers, such as Dar & Presley (2001), Ahmad (2000), Khan & Ahmed (2001), Siddiqui (2002) and Asutay (2007) contend that the debt-based contracts practiced by IBs have undermined the true essence of the foundational principles of Islamic finance. According to Asutay (2007: 173), a persistent usage of the short-term mode of (debt-based) financing is evidence that the Islamic finance industry is not particularly interested in social welfare as equity financing with its longer-term nature has a greater potential to contribute to economic development than debt-financing. Al-Zumai & Al-Wasmi (2016: 458) believe the shift towards debt structures versus equity, PLS and investment continue to be a persistent trend in the liability side of the balance sheets of IFIs which, they believe, undermines the classical Islamic finance definition.

The focus and emphasis of IBs on product development and innovation have resulted in ever more sophisticated financial instruments mostly in the mark-up credit sale category as opposed to the PLS system which underlies the IBs' ethical foundation. Several studies (Chapra, 1985; El-Gamal, 2006; Farooq, 2007; and Ahmed, 2011) have argued that Islamic values and the key principle of Islamic finance "sharing the risk" (as part of PLS) are not given priority in the product development process although IBs claim to hold Sharīʿah compliance in high regard. Ahmed (2011) has empirically proven that the two major sources of ideas for the new product development process in IBs are the products of other IBs (53%) and the products of conventional banks (46%.). As such, practices in product development that relate to either creating or endorsing "Islamised" conventional products with Arabic sounding names such as "Amana" are usually aimed at making more profit by offering costly Islamic alternatives. Such tactics generate scepticism about the ethical dimension of IBs and not only cause controversy among the Muslim clientele but also fail to win over the ethically-minded non-Muslim customer. Therefore, product-related issues are compounded by the ethical challenges posed by pricing as discussed earlier. The product development process, which involves several layers of professionals such as Sharīʿah scholars, product engineers, and legal experts, has led to unjustifiable additional costs that add to the prices of these products as Ghoul (2012) has indicated, making them more expensive and hence less competitive.

c. Promotion

Quoting the Islamic sources and juristic opinions of scholars such as Al Ukhuwa (1938) and Niazi (1996), Saeed et al. (2001) have outlined the principles of promotion from an Islamic perspective as follows:

> There is no room in Islam to justify any cover up in promotional behaviour. In terms of Islamic marketing ethics, it is unethical to attribute the qualities to the products which they do not possess. Giving false impression of any kind to sell a product is completely prohibited in Islam. In addition, it is obligatory for the sellers to reveal all available and known information of defects to the purchaser which cannot be seen on the surface and cannot be found out by a cursory glance. Islamic principles dictate that promotional techniques must not use sexual, emotional, fear or false research appeal to attract customer and should not encourage extravagance (Saeed, 2001: 133).

Some of the practices described in the "product" section are equally applicable to the "promotion" of IBs and raise ethical questions. For example, we may recall that IB products are largely a replication of existing conventional products in essence and "Islamised" by merely adjusting the technical differences. Housby (2005: 29) does not see any sign that the ethical concerns which lie behind the Qurʾānic prohibition of *ribā* are being considered adequately in the product development process while companies deem it sufficient to advertise the fact that they have teams of experts working on ways of producing *ḥalāl* versions of conventional products. Housby (2005: 29) further notes that the promotional material produced by banks is not transparent enough for the customer to make a clear judgment about the product; instead, it encourages customers to place total reliance on the Sharīʿah scholars who vet the products.

A survey of Islamic banks by Khan (2011; 2015) in the Middle East, Pakistan, Malaysia and the United Kingdom (UK) has also highlighted ethical concerns about marketing practices of IBs. The survey indicated that customers of IBs in Malaysia and the United Arab Emirates (UAE) are not convinced that the promotional advertising of their banks is sufficiently ethical (Khan, 2011: 300; 2015: 149-50). Khan (2011; 2015) also conducted a content analysis of various IB websites to detect unethical practices in their promotional and advertising campaigns. The author noted that Bank Islam (Malaysia) tried to "lure" customers by offering them a chance to win a large amount of money, a practice that is highly unethical in Islam (it falls under gambling, which is prohibited). Various other banks offered incentives such as discounts, reward points, and travel miles but very little attention was paid to providing Sharīʿah compliancy information which should form a key basis for a customer to make a purchase decision (Khan, 2011: 304; 2015: 149). Incidentally, such practices are not permissible under the Shariah Governance Framework (2011) in Malaysia; however, the evidence suggests that IBs failed to uphold the highest ethical standards in their promotional activities. It can, therefore, be argued that promotion of such products without clear information on their structure can be construed as unethical as it would be in breach of the "information disclosure" clause mentioned by Saeed et al. (2001: 134).

d. People (Personnel)

With regards to “people”, Saeed et al. (2001: 139) contend that:

> Islamic ethics demand protection to enable free and independent judgment on the part of the customer. A marketer should not resort to any form of coercion and must make available all known information on a product or service to enable the customer to make an informed decision.

They further stress that:

> Any transaction concluded under constraints or coercion is prohibited since Islamic marketing ethics dictate that society at large must have access to honest information free from coercion (Saeed et al., 2001: 139).

In light of the above, it is vital that IBs employ marketers with strong professional and ethical background with an in-depth understanding of the Islamic approach to ethics. This is because information asymmetry and the service-based nature of IBs’ operations increase the risk of unethical behaviour amongst IBs’ marketing managers. Banks, as providers of financial services, always have better information and knowledge than customers about the products and services that they offer (Sayani & Miniaoui, 2013: 208). This information asymmetry, coupled with the inherent characteristics of services (Shostack, 1970; Gummesson, 2004) and the limited knowledge base of the consumer, makes it difficult for them to realistically evaluate the value of the exchange, creating an incentive for the manager to behave unethically (Rao & Singhapakdi, 1997).

However, the literature suggests that the adoption of a conventional organisational format in the early stages of its development led Islamic finance to rely heavily on banking and finance professionals having a conventional background who were not familiar with the risks of equity-based instruments (Ahmed, 2011: 5; Al-Zumai & Al-Wasmi, 2016: 458). In Ahmed’s (2011) view, such reliance may have contributed to IBs’ divergence from the PLS structure as exhorted by Islamic legal sources. It can be assumed that it would be natural for such professionals to resort to the tried and tested methods for the remaining external and internal organisational functions, including marketing.

The availability of suitably trained Islamic banking professionals has been a consistent issue faced by IBs (Karbhari et al., 2004; Hanif & Iqbal, 2011; Djebbar, 2016; Desai, 2016). As far back as 2004, Karbhari et al. (2004: 538) found that the executives in IBs give preference to candidates with technical skills, banking knowledge and financial analysis over those with knowledge of Sharīʿah or Islamic principles of banking. Such attributes among senior IB management still persist as many contemporary studies continue to stress the need for professionals with both banking and Sharīʿah knowledge (Ahmed, 2011; Hanif & Iqbal; 2011. Djebbar, 2016; Desai, 2016; Shabbir et al., 2016)

Furthermore, several studies (Jones 1991; Siu et al. 2000; Conroy & Emerson 2004; Cottone et al. 2007; Walker et al., 2011; Singhapakdi et al. 2012) have provided evidence for the linkage between religiosity and ethical decision-making capabilities among the managers. This evidence analysed under Allport's (1950) classification of intrinsic and extrinsic religiosity clearly shows that a higher level of intrinsic religiosity would have a positive relationship with sensitivity towards ethical issues, while a higher level of extrinsic religiosity will tend to be associated with less ethical actions. A higher level of ethical understanding by IB managers can also enhance customer loyalty (Mostafa & ElShan, 2016: 955).

This evidence means that continued reliance by IBs on professionals from a conventional background with a lack of ethical training, while not unethical in itself, can raise ethical dilemmas. It may, for example, have an impact on the provision of access to transparent information on products and the absence of coercion, as Saeed et al. (2001) suggested. In the absence of adequate ethical awareness and training of marketing managers, economic imperatives, meeting financial targets and goals can easily come into conflict with the ethical treatment of the client. The longstanding issue of a lack of appropriately trained IB professionals well-versed with technical, Sharīʿah and ethical requirements, makes it evident that ethical issues related to financial and marketing professionals have not been fully addressed (Al-Omar & Abdl-Haq, 1996, Karbhari et al., 2004; Iqbal & Molyneux, 2005; Ahmed, 2011; Hanif & Iqbal, 2011; Djebbar, 2016; Desai, 2016).

e. Place (Distribution Channels)

With regards to the "place", the focus of Saeed et al. (2001: 134) has been the distribution, transportation and packaging of physical goods. Citing the Exxon Valdes oil spill disaster in 1989, the authors argue that unethical decision making instigated by profit maximisation motives compromises the society's welfare and hence is to be considered unethical by implication. The authors contend that, according to Islamic principles, distribution channels are not supposed to create a burden for the final customer in terms of price hikes or delays in product/service delivery (2001: 134). They further state that such burdens, resulting in unnecessary visits to the distribution centre and inconvenience to the customer, would be considered unethical.

Based on that, it can be said that "place" in this context is not only a delivery and distribution centre but also a venue for the interaction between the customer and the organisation. Such a venue (place) is integral to the exchange of services or sales for the ultimate value of the marketing process to be delivered. Within the financial services context, a branch of an IB would be considered as "place/ distribution channel"; therefore, we will look at the branch aspect of IBs to contextualise this point. There are two main issues with regards to place as a component of the marketing mix of IBs—a lack of IB branches and delivery of Islamic financial services through window operations. It must be noted that these two issues are linked more with accessibility rather than having any direct impact on marketing ethics of IBs. Nonetheless, the points are being raised as they may indirectly hinder the ethical projection of IBs if they remained unaddressed.

Furthermore, in countries like Malaysia, Pakistan and the Middle East, "place" may not be of much consequence from the ethics perspective, but in countries where Muslims live as a minority yet constitute a sizeable market, it could be a relevant ethical consideration. For example in the UK, a skeletal network of IBs is not able to fulfil the financial needs of a growing Muslim population, which according to the recent census (2011) stands at 2.7 million. Al Rayyan Bank (formerly known as Islamic Bank of Britain), the only Islamic bank with high street presence, has only 10 branches in England to date. Another ethical concern from the "place" perspective is conventional banks selling Islamic finance products and services through window operations. While their high street presence and large branch network may provide ease of access, many Muslim customers would be very reluctant to deal with such establishments due to their primary business being rooted in interest-based lending and borrowing. As a result, a Muslim customer may not see these institutions as providers of valid Islamic financial solutions.

VI. CONCLUSION

In conclusion, IBs' foundational principles and ethical basis demonstrate ethical strengths inherent to IBs in providing synergies between positive and normative marketing ethics theories. A marketing ethics theory based on Islamic principles can arguably play an important role in bridging the gap between normative and descriptive marketing ethics frameworks as it projects the strengths of both of these theories. Secondly, although Islamic finance has proven to be resilient during the recent financial crisis with its ability to reconnect financial transactions to real operations, IBs run the risk of loss of ethical identity if they do not adhere to the principles of Sharīʿah (Moisseron et al., 2016: 758). This is because the strength of the foundational principles of IBs and their ethical merits has yet to be translated fully into a practical manifestation of justice and equality in the practice of IBs—both from the operational and marketing perspective. This is evident from the current state of marketing ethics in IBs where theory appears to be at odds with the practice.

This critical review points out a lack of consistency in the implementation of ethical ideals of IBs in their practice. The ethical dilemma of IBs is highlighted by the above analysis in light of the Islamic perspective on marketing ethics, the literature on product and human resources development, and prevalent marketing ethics concerns in IBs (Saeed et al., 2001; El-Gamal, 2006; Ahmed, 2011; Khan, 2015). There is sufficient evidence to suggest that IBs need to strengthen their ethical promotional culture and bring it in line with Islamic ethics principles. These conclusions should be seen with a caveat that the analysis provides a synopsis of the current ethical concerns within IBs through a specific lens of marketing mix and is based on limited literature, predominantly related to marketing and communication aspects. As such, this analysis may not depict the whole range of ethical issues within IBs spanning other areas of concern.

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