Islamic Banking Marketing (An Applied Study on Jordanian Islamic Bank)

Saleh. A.S. Tarabsheh

Department of Syariah, Faculty of Islamic Studies, University Kebangsaan Malaysia, 43600 Bangi, Selangor, Malaysia

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ABSTRACT

The concept of marketing is considered to be modern to the Islamic banking industry, for it relied on the Muslims’ Islamic sentiments in dealing with it. As to the present time, the competition enforced it to take much concern in that field. The Islamic Banking Marketing is regarded as one of the crucial factors for developing and success of these banks in the far-scope time. The Jordanian Islamic Bank succeeded to offer modern banking services which have been professionally marketed. Although the conventional banks have preceded it in that filed, it succeeded in expressing the Islamic banking in Jordan honorifically.

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Definition of Marketing:

The concept of marketing has passed many major and essential developments during the past century in parallel to the economical growths that the local and global economies experienced, so that it develops and coins the modern concept of marketing.

Moreover, marketing is considered to be the vital, interesting, reality-based and daily-life field, because it represents one of the contemporary challenges for business. Marketing is no more confined to merely selling and publicity, and it becomes an complete activity characterized with complexity requiring scientific foundations and principles to make the efficient strategies and take decisions built on deep and analytical vision for available marketing chances, and the environmental power influencing and available resources, particularly in the recent years, where marketing has become basic and judgmental element in growing and success of business institutions under the strong rivalry requiring qualification and efficiency and builds marketing, competitive strategy and stand still before all challenges [6].

Perhaps, the first definition has enjoyed the acceptance for marketing by people of knowledge and commercial business, proposed by the American Marketing Association (AMA) in 1960 where it defined marketing as “all business activities which directs the flow of commodities and services from the producer to the final consumer or the industrial user.”

However, after a short time, as a result of the big development in the field of the commercial businesses, this definition has met huge and wide criticisms, because it limits the concept of marketing to be a job starting after producing the commodity and ending after merely selling it to the consumers. The marketing principles aim at dealing with the product before and after industrializing and producing it. That pushed the American Marketing Association to make other studies responding to the development and corresponding with the renaissance. Thus, the definition of 1985 which was as follows: “Marketing is planning and executing operations of developing, pricing, promoting and distributing the commodities and services for creating alternative operations which realizes the goals of individuals and institutions”. [12]

As to Abu Qahf, he defines marketing as “a social operation directing the economical flow of products and services from the producer to the consumer in a way which guarantees the correspondence between supply and demand, and leads to realizing the society’s aims.” [3]

Kotler defines marketing as follows: “the social and economical mechanism by which needs and desires of the individuals and groups will be realized and satisfied through the way of producing and substituting the products and other things which has a value with the other.”

Kotler added an important dimension to marketing which is the social dimension that clarifies the aim of the marketing operation which is to meet the needs of the individuals and groups through creating and substituting products and values with the others. However, his definition has not included the basic dimensions that comprise the economical, legal and cultural aspects; its relation to the other functions that occurs in the
business institutions such as purchasing and producing and the financial function and so on; and no indication to
the environmental conditions which have influence on the marketing operations in the production units.” [9]

From those definitions of marketing and different inferences, we notice the following:
1- Marketing is a modern science whose emergence in the beginning of the 19th century may have made it pass
through many stages of evolution, leading to a big scope for innovation and renovation, and
2- Some writers adopted the holistic viewpoint in defining marketing, whereas others partial viewpoint for
marketing.

The writers with the partial viewpoint look at marketing as a group of activities and technologies in the
administrative framework that lead to satisfying the consumers’ needs and realize the aims of the project
through planning, pricing, promoting and distributing the product, and that contribute in the needed satisfaction.
For that reason, their analysis centers on the project and all that related to it.

The writers with the partial viewpoint consider marketing as a social and economical operation aiming at
realizing the society’s goals through homogenizing between the heterogeneous supplies of commodities offered
by the producers, and the heterogeneous demand for commodities by the consumers. For that, the analysis of the
holistic viewpoint centers on the marketing functions performed on the society level to block the gap between
supplies and demands (that is they view marketing as creating a better level of living). [6]

Defining the Banking Marketing:

When talking about banking marketing, we have to differentiate between a commodity and a service. The
commodity is a material thing which is not dealt with in the bank. However, bank offer services which the client
can not see or hear about unless he gets it. The aim is to meet the client’s need and desire. So, marketing banking
services which the bank does but it depends on good exhibition to the client. [11]

Marketing services are distinguished from marketing commodities in the following:
1. It is a contact process to convince and attract clients with specific behaviors based on their different
   backgrounds,
2. It is designed and quiet process to fulfill the clients’ desires with the easiest and simplest means.
3. This kind of marketing has intellectual and psychological influence to intellectually and psychologically
   prepare the client to respond to the institution or bank’s service.
4. From this point, the view about the marketing activity has changed in the field of banking services, from
   merely announcing the bank’s name and services to the necessity of studying the markets that banks serve,
   whether they are individuals or institutions, the concern about the clients’ desires and aspirations when planning.
   For this, banking marketing represents one of the pillars of the banking industry in the present time because
   it gives the conventional banks

From this point, there are numerous definitions for banking marketing. Ali Murad defined it as “the process
through which bank services are directed to the client sufficiently and appropriately with realizing the maximum
profit for the bank” [10]

Wayar, the British ex-president of Barclays bank, defined banking marketing as “the administrative activity
majored in delivering the banking services to the present clients and those targeted in the future.” [14]

Ammary sees that banking marketing is “a group of specialized and integrated activities through which
bank resources and potentialities can be directed in moral frames targeting the realization of the highest levels
of meeting the present and future needs and desires of the client, and that always create successfully marketing
chances for both the bank and the consumer of the banking service, equally. » [4]

From those definitions it becomes clear to us that
1- banking marketing is an administrative activity for the bank or fiscal institution for delivering financially
distinctive services to the maximum number of clients, in a way that guarantees the bank growth, profit,
emergence and continuity.
2- It represents a contact process to persuade and attract clients with specific code of conduct.
3- It is an operation designed to achieve the clients’ desires.
4- It depends on intellectual influence to mentally equip the client to respond to the service.

Banking marketing gives much concern to discover new tools to gain new clients for the bank. It is not
sufficient for the bank to have more financial resources, unless it finds various channels for investment. Also,
the banking marketing in banks simultaneously produces and consumes in general. Thus, it is necessary for the
client to attend and participate in the production because he is the main source of the recent and future sources
of ideas in the banks and the financial banking institutions. All suggestions and opinions the clients provide lead
to the formation of clear and appropriate ideas for future work, development of banking operation, and
facilitation of the staff tasks. Therefore, the client is regarded as the essential element of the banking marketing
process; and meeting his needs and desires is considered to be one of the most important factors banks look at
considerably because he is the main reason for establishing banks. [1]

Thus, it becomes evident for us that pleasing the client is the aim the financial institutions and banks
consider through the process of marketing their services.
Aims of the Banking Marketing
1. Achieving profits from the process of selling
2. Beautifying the bank’s reputation through
   a. Improving the level of banking services
   b. Enlarging the banking service base
   c. Enhancing the banking awareness for the bank personnel
   d. Developing financial and banking performance methods in the bank
3. Encouraging the bank to innovate, create and grow through studying the market’s demands and caring for
   the clients’ desires and needs. [13]
4. Having the bank remain and its operations continue through research, development and labour
5. Training the staff in the bank to enhance their capabilities in dealing properly with the clients
6. Preserving the bank’s competitive level and growing its share in the banking market. [15]

Banking Marketing in the Islamic Banks:
In its initial stage of adopting the Islamic banking, the Islamic Banks depended on the Muslims’ great
Islamic sense and their support for everything in compliance with the Islamic Sharia in all aspects of life, which
has a great and efficient role in their success and spread. Muslims’ strong feelings which support Islamic
banking were the essential and first source in the Islamic investment and finance.

The Islamic fiscal institutions consistently and constantly continued developing, until a group of internal
and external challenges emerged in the Islamic banking. A lot of questions, inquiries and suspicions were raised
about the Islamic banking, which received criticisms from different perspectives. A strong competition from the
conventional fiscal institutions has occurred so it became incumbent on the Islamic banking authorities to
establish marketing strategies through which these banks present the Islamic products and services they offer
under a marketing plan based on a group of policies, principles and sharia settings, and using a group of modern
methods and mechanisms in the different technological fields. [1]

As long as the Islamic bank offers services, it must make sure that these services are known by the clients,
particularly when we know that people’s needs require innovation and diversification from time to time. The
Islamic bank must respond to this innovation and diversification, unless it contradicts the teachings of the
Islamic Sharia.

It is necessary for the Islamic banks to promote the Islamic thoughts relating to its field and the
commodities they produce. It is obligatory for the Islamic banks to adopt a comprehensive marketing
methodology so that it can be the alternative for the conventional banks in the modern banking practices in
compliance with the Islamic Sharia.

Marketing in the Jordanian Islamic Bank:
The Jordanian Islamic Bank has conducted marketing process for its works and services since it was
founded. That was based on the client’s perspective, corresponding to its activity and deal facility, to fully
accomplish a distinguished service.

The eligibility of marketing in the Islamic Sharia is stemmed from the Prophet’s statement: “May Allah
have mercy on a person who is tolerant to sell, to buy and to borrow.” Tolerance here means treatment in its
comprehensive meaning which the bank must care for when dealing with clients, and their needs and aspirations,
and ensuring contacting and continually working with them.

In addition, marketing represents the relation with the society, so it is the way to introduce the service
benefits to the clients and persuade them to have them. Success of the service, distributing it and pricing it
cannot appear except if the clients use it. [7]

The annual plan of the Jordanian Islamic Bank in 2010 indicated the policy of the bank in the process of
marketing its services by forming a network of branches and banking marketing, then it entrusted these branches
to a lot of marketing operations, among which are improving the banking services under the existent rivalry
whereby the Jordanian Islamic Bank’s strategy does not only care about what it offers to the client and
achieving them, but also going to the client and supply the services, particularly those newly found in the
banking arena by adopting the best marketing ways of fulfilling the client’s desires and meeting his needs,
which do not contradict the teachings of the Islamic Sharia.

In addition to the known services in the Jordanian Islamic Bank and the other banks such as ATM, money
transfer, money exchange, and deposit cards such as ATM, local and international VISA cards. The bank has
introduced many modern electronic services like the service of businessmen and investors named private
banking, where the client is provided with a place to do his dealings. Also, there is the home banking by which
the client can directly do any banking operation such as withdrawing and transferring money from his home.
The Jordanian Islamic Bank focused on developing marketing methods as follows:
Advertisement:
Advertisement includes the activity types that lead to spread advertising visual messages through the TV and internet, auditory through radio, for the purpose of introducing new services and making the clients on continual contact with the service advertised. Collecting the ads the Jordanian Islamic Bank did agrees with the Islamic Sharia, and the services of the Jordanian Islamic Bank are offered in a simple style which is.

The Jordanian Islamic Bank has done many ads, among which are:

Visual Ads:
This is like the ad of “Our partnership extends from a generation to a generation” in which the Jordanian Islamic Bank presents its services having been offered to all of its clients since it was founded, and how the bank contemporizes the fiscal and technological development to offer more advanced services to the coming generations. Moreover, many ads have been directed to a specific group such as the ads of financing the craftsmen in which the bank presents a model of financing services offered to its clients.

The Read Ads:
The Jordanian Islamic Bank offered a lot of read ads, which had a great impact in introducing its services and accomplishments. Among those ads is this ad, “For the third year, the Jordanian Islamic Bank is the best Islamic bank in retail services in the world in 2011.”

This is one of the achievements that the Jordanian Islamic Bank is proud of, and that expresses its sound end and means, by offering the best banking services, and meeting the clients' needs who consider the Islamic financial industry based on the Islamic law. In addition, the bank has presented the clients who won in the campaigns of publicity and marketing the bank did.

Publicity:
It represents the activity the Jordanian Islamic bank offers to its clients, for instilling positive beliefs towards the bank’s services. Many people see that publicity is stronger than ads because it centers on the desires of the clients straightaway, and its means are the conferences, symposiums, seminars and stories. The Jordanian Islamic Bank has executed many symposiums and conferences which presented the banking industry to the clients. That gained the Islamic bank a big resonance through its participation in the conferences organized by the Islamic Bank for Development, Al-Barakah Group for Exchange, The General Council for Banks, the Islamic Financial Institutions, the Council of the Islamic Financial Services, and the Authority of the Audit and Accounting for the Islamic Financial Institutions. [2]

Promise:
The Islamic bank offers incentives to attract deposits, such as

Promise by an Award:
These awards differ and diversify. They are offered as a type of good repay, for the prophet (salla Allah alaih was sallam) said: “The Best of you is the best in repaying,” narrated by Al-Bukhari.

That is implemented in an Islamic frame without prior promise or condition. Otherwise, it will be usury (Riba).

Promise by a Gift:
The bank offers a gift to everyone deposited a prominent deposit, for example the bank may pay all the expenses of the Hajj or Omrah once only.

Personal Sale:
Personal Sale is considered the most important type of marketing that it deals with clients verbally for the sake of convincing them towards the presented services, and it is the most important means to establish direct relations with the clients. Also, through personal sale, complaints and opinions of the clients can be checked and investigated. For this, the bank has sent most of its staff to take specialized courses in the banking marketing locally and externally, by the agreement with Al-barakah Group for Exchange in Bahrain, and Abu-Ghazalah Institution for Employment Development in Jordan and Saudi Arabia.

In addition to that, the bank has developed it banking system depending on ICBS in all its branches in 2010.Also, it introduced many improvements on the old services, by developing the services of technology such as On-line Arabi Banking Service (on-line banking service in Arabic Language) where the bank can transfer the clients’ money from their accounts to pay their subscriptions and bills.

Conclusion:
Despite the novelty of the concept of Islamic banking marketing in, Islamic banks, but these banks have
Succeeded in providing excellent banking services and has worked to market effectively. And Jordan Islamic Bank is one of the first Islamic banks that have succeeded in providing marketing services and Islamic banking in a modern and high quality and in many ways. This proves to us the success of Islamic banks in the marketing of its services, and the ability of Islamic banks to compete with conventional banks in this area.

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