

The Citizens satisfaction level on the Islamic banking system of Libya

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Abstract: One of the unique characteristics of Islamic banking is the strategy of the profit and loss account and is applied in the form of Mudaraba (profit sharing) and Musharaka (joint venture) concepts of the Islamic authorities. This research paper reviews pivotal relevant literatures. The review of the related literature assisted the researcher in formulating the research objectives, questions, aims and frameworks. The present study explains the instruments used to choose pertinent and the latest information, containing executing testing techniques to preserve the instrument's validity and reliability. In addition, the quantitative research method was employed to develop the relationship between the variables of the study which was in the form of a questionnaire structured on connected affective aspects of attitudinal dissimilarities of Libyan consumers and were distributed among a sample of 500 applicants to respond. The findings of the current research reveals that the entire applicants deem that for evading difficulties that are encountering the commercial banks in Libya; the position of state ought to be to direct and to adjust the industry. The entire applicants deem that Islamic banking services ought to be offered both by the private division and by the overseas sponsors.

Keywords: Citizens' Satisfaction, Banking System

I. Introduction

Islamic banking system cannot be considered as a beginning move in a process adopted by a specific organization rather it has a historical background dating back to the early days of Islam. Islamic banking system was established by Legislative rules originated from Islamic laws, which form the implementation of banking in Islam. The focus of this banking system was a declaration that prevented Muslims from trading with Riba (usury). Moreover to these disclosures, the Prophet (peace be upon him) denounced the 'taker and giver' of Riba (usury) on many occasions [Haron, 1997]. In following studies, it was revealed that the public in Islamic world, more specifically those with low income and the younger generation, and those of marriageable age that applied to own houses were frustrated in doing so because of the usurious loans that were offered. In this condition, the urgent desire for the Islamic banks emerged and other investment instruments tried to launch private, interest-free loans (Qard AL-Hasan). Every Muslim tends to have interest-free loans pursuing the precious verse as follows:

"those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for God (to judge); but those who repeat (the offence) are companions of the fire: they will abide therein forever" al Bagara (275)

{فمن جاءه موعظة من ربه فانتهى فله ما سلف وأمره إلى الله ومن عاد فأولئك أصحاب النار هم فيها خالدون}

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Islamic government implemented AL-Qard Al Hassan loan for all citizens who wish to take advantage of the facilities of Qard Al Hassan. Moreover, researchers agree that most of Muslim people have been familiar with Qard Al Hassan. In regard to this, the new government of Libya, after the revolution of November 17th, declared that the Islamic approach will be introduced and it will cope with Islamic banks depending on the granting of interest-free loans (Qard AL Hassan). This fact also indicates that Libyan people are aware of the concept of a good loan (Qard AL Hassan) which respectively could develop the concept of a good loan to be used as a criterion and powerful tool that its strength originates from the verses in the Qur'an. Anyway, it is whether banking customers acknowledge the regulation of the Qard Al Hassan deposit system as a substitute to the interest earning deposit system used in conventional banks. In addition, the public banking system in Muslim countries has become adapted to interest (Riba) and it has become a part of financial activities in the society. The practice of interest-based principle has created a considerable gap between the Islamic financial principles and its implementation.

The gap has now appointed the Muslims, as the majority of the Islamic society, at the intersection of the present financial system. To state the matter differently, the citizens now do not have any alternatives that can assist them appropriately in establishing the favorite change of tools, with the purpose of making behavioral changes which would finally lead to the implementation of a powerful Islamic financial system. The holy

Quran refers to "Qard Al Hassan" has alongside prayer and zakat, however the country does not care about this very crucial criterion in its present financing system. Thus, this issue must be according to greater attention since it is an essential instrument in the Islamic financial system. The practice of this new financing system is with the purpose of providing an Islamic financial instrument, including al Qard al Hassan for the Islamic societies. However, this practice goes beyond this crucial issue with many other useful dimensions for Muslims, non-Muslims and generally for the whole society. Thus, the issue of practicing an appropriate Islamic financing tool requires to be prioritized in the government's financial schedule. Essentially, the study attempts to recognize the real and genuine banking customers. The Muslim people are very acquainted with the regulations of accepting loans in terms of Qard Al Hassan and they are in fond of them, nevertheless it is not obvious whether they will have an organized perception and appreciation for the regulations of the Qard Al Hassan deposit system. If the researcher could establish this perception, then it can be concluded that the banking customers in Libya are fully prepared for the introduction of the full fledged Qard Al Hassan banking system.

Research Objectives

The purpose of this research is to focus on several investigative research questions in regard to all questions that were previously asked by Libyan researchers in this field. To fulfill the aim of the study, this paper attempts to find an answer for the following research question:

To what extent will the practice of Qard Al Hassan regulation affect on customer satisfaction level?

II. Review of Related Literature

Islamic Banking System

Islamic finance is not the same as traditional finance and banks that implemented Riba. Fixed rate of return on assets are forbidden in Islam and as a result, Islamic banks cannot charge interest on loans. One of the unique characteristics of Islamic banking is the strategy of the profit and loss account and is applied in the form of Mudaraba (profit sharing) and Musharaka (joint venture) concepts of the Islamic authorities. As a portion of the PLS paradigm, properties and debts of Islamic banks integrated in a way that borrowers share profits and losses with banks and the banks share profits and losses with customers. Supporters of Islamic banking believe that Islamic banks are speculatively better than conventional banks in a sense that conventional banks should be prepared for external shocks, because financial losses of banks will be somehow balanced by the applicants [Khan, 1986, Iqbal, 1997].

Projects at higher risk can promote economic development [Chapra, 1992, Mills and Presley, 1999]. Strong contracts in the Islamic world can be utilized in order to continue the development and progress of Islamic Financial Institutions (IFIs). The religious and legal sets of principles and ideas in the Middle East can be applied in different situations. Specific Shariah substituted and businesses have been utilized in the Islamic East for centuries and accepted by the legal structure of tribunals. This act of imposing a standard of contracts was impossible for Muslims to invest in major projects and international businesses without intermediary banks. As a replacement, western financial institutions were introduced in many Arab countries [Ibrahim, 2000]. Islamic financial institutions did not have the chance to progress until the mid 1970s. Archer states that Islamic financial institution could develop because of the following reasons:

First, Political independence was fulfilled in Arab countries in the 1950s and 1960s. The second reason is the attentiveness of Islamic identity. Thirdly, the wealth has increased in the Middle East due to their oil production and brought a strong credit and insurance for the industries. Conventional financial institutions were specifically dealt outside the area of the Middle East and Islamic countries with the fund of so-called petro-dollars [Archer, 2002].

Today, more than 300 Islamic financial institutions exist all over the world managing assets beyond US\$250 billion [El Qorchi, M,2005]. Islamic banking is persistently penetrating into the growing number of conventional financial systems. It is developing not only in Muslim countries, but also in other countries where Muslims are considered to be a minority, for instance the United Kingdom and Japan. Likewise, countries such as India, the Kyrgyz Republic, and Syria have recently issued, or are about to issue, licenses for Islamic banking activities. Over the last decade, growth rates of 10-15 percent is tangible annually, which indicates that this development is expected to progress. Despite this quick expansion, Islamic finance does not have an appropriate framework for most applicants and policy-makers in the context of conventional banking systems. Since current tendencies indicate that Islamic banking is about to speed up its penetration of conventional systems, applicants and policy makers require to become familiar with this procedure and its suggestions for financial supervision [Iqbal & Mirakhor, 2007 and Ayub, 2002].

The first and main purpose of the Islamic bank is to be at the service of God. "Employees and customers of Islamic banks are largely responsible. Islamic banks should be amended and act in accordance to the Islamic regulations so that each Person who approaches an Islamic bank feels that he is in a sacred place and is following a religious ritual" [Janahi, 1995].

Thus, Islamic bank is connected with religion. Another fundamental goal of Islamic banking in the modern world is to develop the regulations and Islamic law (Shariah) regarding financial transactions in the domain of banking and business. Moreover, it is obligatory to supervise the involvement of investment companies' activities that are able to prevent activities which are incompatible with the Shariah and are generally prohibited by Islam. The banking system must help to fulfill the aims of the socio-economic challenges of Islam. Although conventional banks pay attention exclusively to economic transactions and markets, Islamic banks focus on the creation of ethical, social and moral wealth in order to pave the way for the equality and justice in the society. Islamic Finance sector focuses on the concepts such as economic justice, wealth distribution, social and ethical behavior that are considered as the pillars of this sector. For instance, the prohibition of interest and the revelation of a Profit-sharing program may speed up the amount of investment losses, which respectively creates more jobs and as a result reduces unemployment in the context of society. This schedule can also focus on the social responsibility of an Islamic bank or an Islamic financial institution while it is maintaining a Social Fund for the low income members of the society. Islamic banks are needed to collect Zakat. Zakat is 2.5% of the applicants' assets that were not utilized during the period of one year. Moreover, fair social justice from an Islamic view is that Muslims should also help financially whenever they can afford. This deed is called Sadaqah and is not an obligatory action like Zakat, however it is preferred. As a result, an Islamic bank or financial institution is responsible to receive funds from the Social sources in order to contribute to the poor and needy people financially.

2.4.4 Customer Behavior in Islamic Banking

Attitude and treatment is an essential aspect of understanding the behaviors of customers in different situations [Jahng, 2007]. General attitudes can fully predict general behaviours [Eagly and Chaiken, 1993]. In addition, the customer's opinions about a product or service is affected when the product or service is matched with the applicant's self-concept [Ekinci, 2003; Sirgy et al., 1992; Wang and Heitmeyer, 2006]. The outcomes of the current study may contribute to the providers of Islamic banking service in order to find potential customers for developing the banking services in Libya. Thus, it seems significantly important that how the customers understand the concept of Islamic banking. It is believed that despite the fact that in most of industries, customers are interested in different products and in most conditions they have more options based on selection; they have increasingly become demanding and treated differently. Concerning the Islamic Banking which is the main focus of this study, a survey will be conducted on the relationship between Islamic Banking and the behavior of customers. Reviewing the literature indicates that a number of studies have been conducted by prominent researchers all over the world which shows the significance of this subject.

What was found about consumer's behaviors is significantly dependent on empirical studies that scrutinize the relationship between the applicants and the Islamic banking system. As a result, based on the literature related to the Islamic banks and consumer behavior, it was indicated that most researchers focused on different factors that encourages consumers to choose Islamic banks as well as the treatment towards it. Afterwards, it was recommended that authorities of Islamic banks should have more branches in each country so that they can provide the services and in order to increase customer satisfaction.

Customers, who play a significant role in the industry have different attitudes towards Islamic Banking. Ansari & Rehman believe that it is really important to recognize whether customers of the Islamic banks behave in a condescending manner in terms of beliefs or not. The other issue relating to this banking system is whether they act according to the customers' beliefs or not. Other studies indicate the different criteria that Muslims and non-Muslims consider in selecting the banks. Twenty five percent of respondents pointed out to Islamic banking. In addition, literature has also indicated that the priority for the banking and financial issues indicate the deep understanding of the factors that influence these selections which certainly would benefit the progress of the apposite plans and methods to expand such products and services [Gerrard & Cunningham, 1997].

Fornell (1992) states that a survey on Swedish customers of different industries such as banks, insurance companies, mail order, and automobile factories the focus should be on customers satisfaction and quality of the service so that the loyalty of the customer can be achieved in future. In addition, understanding the needs of customers in banks will prove to strengthen the financial services industry. [Rose & Marquis, 2006]. Stafford (1994), in another study, referred to requirements, sociability, consideration, and expediency of the customers from USA as vital factors that require to be considered well. Customers also pay attention to "reasonable prices, apprehensive management and institutional strength as essential components of the service procedure" [Kennington, Hill, & Rakowska, 1996]

Taking the significance of contentment and satisfaction into account, Dusuki and Abdullah (2007) have paid attention to customer service as the most important issue in these banking systems. Customers are considered to be capable and well-informed employees besides interesting courteous and welcoming values. Consequently, in terms of the level of the consumers' satisfaction, the personnel play an important role in the development of this sector. Staff training is an appropriate technique by which morality can be amplified and

finally will fulfill the goal of customer satisfaction.

Ansari and Rehman studied customers' behavior in terms of the level of Islamic banking services and believe that some of the respondents were fully pleased with the Islamic Banking Services. In the meantime, others were frustrated because of the aforementioned reasons. A substantial amount of literature has been available on consumer behavior. These studies explain a variety of proportions of customers of Islamic banks which are the researchers' most important concern.

The four main proportions are as follows; customers' criteria for the selection of the bank, the function of the customers' demographic issues in the formation of customers' attentiveness, practice of Islamic bank services and consideration of customer satisfaction are some related examples.

[Dusuki& Abdullah,2007; Metawa&Almossawi,1998; Wilson,1995]. Concerning a comprehensive research in order to verify the use of Islamic financial products in a mainstream of the Muslim countries, the Indonesians utilize a great deal of conventional banking industry via the Islamic financial products [Pepinsky, 2010].

Consequently, according to customer behavior and its effects on the banking sector, it was revealed that personal issues and the effect of other people play a significant role [Karjaluto et al., 2002]. In addition, previous experiences of individuals concerning service are the basis of positive mind-set towards the system [Fishbein and Ajzen, 1975].

A great deal of customer behavior studies have been conducted concerning socio-demographics, viewpoint, and feelings. The demographic features do have a great effect on the behaviors of the customers. [Jayawardhena and Foley,2000; Mattila, 2001; Karjaluto et al.,2002]. Furthermore, perspectives and non-attitudinal reasons can have an effect on behaviors [Eagly and Chaiken, 1993]. Comparable studies were regarded by Jordanian customers utilizing 206 survey instruments, to recognize the perceived levels of confidential quality [Nasser Jamal, and Al-Khatib, 1999 in Haron et al, 1994]. A considerable number of researchers think that consumer demographic features can be recognized as a main reason for market segmentation in order to recognize target customers and the necessities. Noman Khan, Kabir Hassan and IbneyyShahid in Bangladesh revealed different features affecting customers' behavior. These results consist of six categories as playing the significant role. Firstly, the customers who are between 25-35 years old and are highly educated and have permanent affairs with these banking systems in Bangladesh.

Secondly, it was revealed that the attentiveness of the customers concerning the different existing recruitment instruments was not paid attention along with the usage of the facilities established in the Islamic banking systems. Thirdly, it was revealed that two other main reasons had a substantial role in customer behavior concerning the utilization of these systems of banking services as a foundation of education and earnings. Fourthly, it seems that numerous customers were content with the services in these banking systems. Fifth, in order to develop customer satisfaction, the Islamic banks ought to give more due consideration to service delivery essentials by the "employees". Finally, the decisive factor for the selection of Islamic banks was dependent on the customers' "religious ideology". In the meantime, other important criteria and the demographic variables verified the significant factors that are influential in selection of Islamic banks.

Wan, Luk, and Chow (2005) conducted some studies concerning demographic variables and it was revealed that the demographic variables are as essential as the customers' embracing behavior in banking system that consist of age, gender, education, profession, and family incomes. In addition, Mathur and Moschis (1994) revealed that age is essential and is associated with using the credit card. In other words, comparing with the elderly customers, younger customers use credit cards more frequently [Stafford, 1996]. However, in another study by Owusu-Frimpong (1999), age, gender, and profession were considered as the three important variables in the customers' demography which affects the supportive behavior of the customers in the Ghanaian bank.

Other researchers came across the fact that a crucial segment of the customers fit into customers who are between of 30-50 years old. The research of the customers' behavior relating to Islamic banking systems in Bahrain by Metwa and Almossawi (1998), regarded age, education level, revenue, and ethnicity as important features among the other socio-demographic variables related with customer behavior. Furthermore, other researchers practiced other variables and features in the studies regarding costumers' behavior in Islamic banking. Osman et al, (2009) believe that the main factors relating to the Islamic banking values for customers have two main issues; religious doctrine and morality. It is also obvious that different outlooks of international banks present better services to the developed Islamic banking segment so that they can keep going for a long time in the positioning of the market section. Consequently, to attain the rationale and approval of the customers, it is important to guarantee that the service quality that develops the customers' outlooks with positive awareness and satisfaction will increase customer loyalty. Thus, these institutes have to supply service of quality rather than only relying on Islamic depiction and status. These features and explanations will assist to enhance customer's behavior in Islamic banking.

Hamid and Nordin (2001) conducted an investigation on the commercial bank customers in Malaysia, and discovered that an attentiveness of this sort of banking and the self-reported information of the products,

including a poor perception, existing between Islamic and conventional banking became an impediment to the progress of the Islamic banking segment.

One of the main factors measured by researchers was to recognize the motivation of the customers and the requirements, which can be regarded as better service/products for the customers [Haque et al., 2007]. On the other hand, different studies, for example, “product associated features” and “situational factors” [Emmelhainz et al., 1991]; “retail rivalry” and “shopping models” (Verbeke et al., 1998); “customer, situational and apparent store characteristics” [Zinn and Liu, 2001]; “product, customer and situational attributes” [Campo et al., 2000] clarify the needs of the consumers and comes back with the question concerning the reasons that consumers brought about to justify their behavior in certain situations. These are parts of the consumers' perspectives concerning Islamic banking.

2.10.1 Commercial Banking division in Libya

It is deemed that the economic service industry in Libya is a fast progressing industry. The banking division in the industry has a small size and it contains of just the local banks, with no foreign banks involvement. Nevertheless, the Libyan commercial banking division contains of two kinds, that is the state-possessed and the private commercial banks.

Besides, the Central Bank of Libya (CBL) is the controller and regulator of the division. Though, the commercial banking industry in Libya hires around 15,000 persons (On Line). (Retrieved from: www.libyaninvestment.com).

2.10.4 The Libyan Commercial Banks

According to Investor Guide (2006), the commercial banks are state-possessed banks, national banks possessed by stockholders, or enterprises possessed by firms called bank holding firms that could be described as associations which prepare commerce loans, receive deposits and propose associated services. Nonetheless, the duties of the commercial banks as associations are bringing benefit and preparing banks' services to and businesses. These banks' apparently chief duties are getting deposits and lending them to firms and entities. Accordingly, they are commercial since they concentrate on giving loans to firms with all capacities.

According to Banking Law (2005) No. 1 in Libya, any corporation which normally receives deposits in present demand accounts or time deposits, gives loans and credit facilities and involves in the same banking tasks is described as a commercial bank. Consistent with this law, a commercial bank has to have the shape of a Libyan joint-stock corporation with a paid-up wealth of a minimum 10 million LD, parted into shares. The worth of every share must be under 10 LD and shares may be held by common people, state and private official individuals.

Though, the private banks can obtain shares of the state-possessed commercial banks wealth as well. The commercial banks common meeting is also open to the shareholders. Every stockholder can vote along with his share proportion of the capital of the bank which should not go beyond the 4 percent. Regarding management, a commercial bank is controlled by a board of managers including five or seven members. The payments of the managerial board are determined by decision taken by the yearly common meeting of the bank. The charter bank specifies the permanent status of the leader and the members of the managerial board. Though, the members of the managerial board choose the chairman from themselves. Two members of the managerial board choose the bank general manager. The managerial board of the bank decide how much to pay to the staffs in any commercial bank. Law No. 15 of 1981 determined the incomes received by the employees of the state-possessed commercial banks. The commercial banks in Libya are belonged to the different local banking associations such as the Arab Banks Union and the Magreb Banks Union. Nationally, they are members of the Libyan Banks Society as well. Nevertheless, none of the applicant stated that any international association possesses any Libyan commercial bank. Concerning the banks number, some bankers believe that the Libyan commercial banks number is outsized comparing with the number and stage of services they offer. Conversely, others assume that the Libyan banks number is not large, and does not accord with the Libyan market necessities. Because of the earlier Law, it is banned to found private banks or opening branches of foreign banks in Libya, therefore, there is small number of banks. As aforementioned, nevertheless, Libyan commercial banks have two kinds, state-possessed and private.

The growth of loans granted by the commercial banks in Libya

Libyan Islamic banks, like other countries have been discovering the causes mentioned in the authorities and experts report based on their analysis of the monetary predicament in the East and West which was rooted in the dissimilarities in race, religion, and sex. Most of them agreed that the reasons which brought about the fiscal collapse in the world were caused by the abnormalities that appeared from the denial of the Islamic system of banking legality.

According to Ghariani, (2000), one of the chief causal reasons for the fiscal crisis is the mortgage

obligation predicament, since property credit is rooted in lending based on interest for house possession. The trading quantity in the business markets during the 2008 fiscal crisis was approximately 250 trillion dollars whereas the gross national product of the countries in the world in general, was about 48 trillion dollars merely. Accordingly, the volume of dishonesty has come to debt trading i.e. buying and selling.

Therefore, Islamic banks and their investment means are increasingly needed, those like private loan free of interest i.e. Qard Al Hasan. According to prior researches, the common people in Libya, particularly those people with low salary and the young people who desire to begin their lives look for interest-free loans. Every Muslim wants a loan free of interest in agreement with the verses which say, "those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for God (to judge); but those who repeat (the offence) are companions of the fire: they will abide therein forever" Al Bagara (275)

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From 2008 now, Libyan banks have used the Islamic rules for giving loans to the borrowers for buying a car or furniture, in agreement with the Islamic notion of Murabaha that varied from 3,000 LD to 5,000 LD.

Accordingly, Rural Banks and Agricultural Banks wrote a plain letter to the landlords, planters and sheep breeders. The Savings Bank and the property investment organizations have given mortgage loans with the value of 50.000 LD, and they have given apartments as well with the price to be paid rooted in the cost of the installments for long-term loans free of interest. In the 2010 fourth quarter, the Libyan Government freed all loans from interest for the entire housing loans, in which the price of the interest varied from 15% to 20% of the original loan value. Table (2.3) confirms the increase of the Libyan commercial banks given loans.

Consequently, the noble government, after the 17th November revolution, declared that it will follow the Islamic way and will manage Islamic banks by giving loans free of interest i.e. Qard AL Hassan. It verifies that there is good news for the Libyan common public about the receiving interest-free loans (Qard AL Hassan). However, this sequentially can increase the notion of an interest-free loan to turn into a standard and influential device that gets its power from the verses in the Qur'an.

2.13 Banks operating in Libya between acceptance and rejection

According to Amin (2009), the propositions of the Libyan banks function on the society have been overlooked by the entire preceding researches on the banks in Libya. The Libyan economy has been influenced by this, however, nearly all of the researches explained the negative facets of commercial banks working in Libya, and the follower of these negative facets will get the society's reply while the bank interest collided with the values of the Muslim community of Libya. If you follow the findings of the researches, which have been done on the satisfaction of customer and staff at Libyan banks, you may find no problem understanding it.

The findings are:

- a) Customer dissatisfaction is from commercial banking services for interest-based loans.
- b) Landlords do not accept to work with banks owing to interests, therefore, it brings about shortage of cash in the system of banking.
- c) People just work with Libyan banks since they are forced to do that. For example, staffs incomes are straightforwardly moved to a specific bank.
- d) When there is no other choice for the public, they may ask for the interest-based loans. While they are in need of building a house, for instance, they are obliged to agree with the interest-based loan proposals.
- e) Several bank staffs are curious about the legality of the banks that hire them.

According to Nasr (2008), furthermore, some staffs instantly quit their jobs because of some Islamic attitudes about the legitimacies of banks that receive interests. These reasons lead to discontent with banks in Libya, regardless of the existence of several commercial banks and their specific branches placed all through the country, the next table presents the number of Libyan banks and their branches.

Numerous Islamic and Arabic countries have comprehended the significance of financial organizations and Islamic fiscal transactions since they deal with financial and communal improvements. In the middle of the previous century, some researches have been done on the levels of entities and organizations. They centered on presenting versions of Islamic system of banking, regardless of the truth that it has been depicted to be disjointed, and have short-term life, but resulted in the creation of Islamic banking on a large level in Arabic and Islamic countries now. Consequently, thanks to God, banks with the Islamic system have turned into an actuality in lots of Muslim countries. Following an extended dispute regarding the likelihood of its founding, doing its activities the central banks accepted the positive function of the Islamic banks in various countries with the aim of reaching the wanted economy.

III. Method

The present study explains the instruments used to choose pertinent and the latest information, containing executing testing techniques to preserve the instrument's validity and reliability. Besides, the section explains the methods employed for collection and analysis of the data. For guaranteeing accuracy of the data, the present researcher explains the quantitative method employed in this study that was a questionnaire given to a selected sample.

3.1 Population and Sampling

Kumar (2005) states that population is the entire members of the sample group of researcher. Besides, sampling is the procedure of choosing a group out of the population to have a basis for guesstimating, analyzing and forecasting actualities, thoughts or results concerning the population on the whole. The sample is typically selected to comprise and embody the entire population, to get the aim of the research (Burgess, 2001). According to Lee (2005), before being a technical issue sampling is constantly a hypothetical issue. For data collection from the applicants, a stratified random sampling method is used in this research. The questionnaires that are structured on connected affective aspects of attitudinal dissimilarities of Libyan consumers were distributed among a sample of 500 applicants to respond.

3.2 Research Instrument

According to Creswell (2009), the current study is quantitative and it tries to derive the connection between the variables of the research. Quantitative study through testing the connection among variables examines objective theories. These variables are usually evaluated by instruments, and the collected data can be studied by means of statistical processes.

Furthermore, for easing the estimation of the research variables, and preparing a confirmation instrument for the research hypotheses, the quantitative data is used. According to the quantitative data outcomes, a group of novel hypotheses is obtained from the data collection outcomes on diverse variables.

Consequently, a questionnaire has been used and fairly adjusted to deal with this study investigations and the Libyan society. Questionnaires are mostly used for data collection in the research (Stone, 1978). Principally, a questionnaire is a tool for the data gathering, which is typically in written form, including questions which are open and/or closed and other surveys needing a respond from the samples (Nunan, 1992). The questionnaires employed in the present research have been chosen owing to their objective character, usage simplicity, high constancy and sincerity, and proper potentiality to the theme of the current research. According to Creswell (2002), the questionnaire supplies consistent evaluations among the entire applicants, which can guarantee that the comparability of the gathered data from the applicants. Moreover, questionnaires allow the researcher to collect data from the sample of the research.

In the present research reliability of the test-retest was applied to create reliability of the questionnaire. An overall figure of 20–30 applicants chosen for the pilot research participated in the pilot test and retest. Test-retest reliability method was employed to set up the constancy of the instrument: when the scores are more alike during the time, the test scores are more stable or constant (Gay and Airasian, 2003). The outcomes of the tests showed that the reliability of the instrument because it gets the accepted level of reliability.

IV. Results and Discussion

The present research chief purpose was surveying the amount of citizens' approval and satisfaction of the Islamic economical system instruments particularly the present study engaged in Qard AL-Hasan as the instrument of research. Furthermore, this study tries to increase the extent of the Islamic economical system and permitting professionals to reach to this significant instrument that could encourage the Islamic economy; it could efficiently help the Islamic economical system in substituting conventional forms. Besides, this chapter explains and discusses the results gained from applicants answers to the given questionnaires. The findings indicated in this section have been previously studied and analyzed, the results demonstrates the possibility of combining theory and practice as well. On the whole, descriptive statistical analysis was employed to recognize frequencies and percentages of the responses of the entire questionnaire questions in and to verify or reject its hypothesis. The correlation among chosen variables was with the significance of 0.05.

Generally, Table 1 beneath show the applicants' purpose to get Qard al Hassan loans from Islamic banks in the future if such is on hand. 68.8% of the sample groups stated their eagerness to receive Qard al Hassan loans offered by Islamic banks and another 31.2% of the sample groups stated their disinclination to receive Qard al Hassan loans from an Islamic bank. Table 1 below shows the number of respondents who chose the service Qard AL- Hassan Moreover, table 2 beneath illustrates that; the majority of applicants (100) or 29% would get the loan for trading a house. Another 89 applicants or 25.9% would use it to get a new-brand car. Another 16% or 55 applicants desire to use it to establish a trade. 39 applicants had a goal of buying furniture and electrical utensils

(11.3%). While another 22 applicants desired to restore their house (6.4%). 20 applicants desired to pay school costs (5.8%) and the remaining 19 desired to use it to prepare their life necessities (5.5%).

Reliability & Validity

The present study used Cronbach alpha to assess the inner reliability of the present research instrument before its implementation on the research sample. An evaluation instrument is deemed reliable once the calculated Cronbach alpha is upper than Cronbach alpha table (0.6). Reliability evaluations from 500 applicants for the computations of variables were calculated via the software package SPSS version 16.

Table 3 below highlights the Reliability of the employed Instrument.

Table 4 below, shows that the rate of calculated Cronbach alpha gets the rate of reliability and that goes for the variable “The level of citizens satisfaction” since the calculated Cronbach alpha coefficients were 0.6 showing that the measuring research variables scales were consistent and consequently reliable. Normally, the validity of the 500 respondents' replies to the questionnaire (q30—q63) in table 4.12 shows that the entire r-counted are between 0.3603– 0.6553 or upper than r-table (0.120). Accordingly, all questions (q30—q63) positioned in the questionnaire about The Citizens Satisfaction Level are regarded valid.

Overall, to make adequate reliability estimations the entire present study instrument items that came out were verified, and facts supported its validity as well. According to preceding investigation done in second chapter, an experimentally validated model, i.e. the research model, for evaluating staff opinions towards Islamic economical system Qard AL-Hassan is offered (refer to Fig. 4.1 beneath).

The execution of Qard Al Hassan could be supposed to undeniably affect the citizens' satisfaction level. Outcomes of the test could be seen in table 5 beneath:

The present hypothesis deals with the execution of Qard Al Hassan and its effect on the citizens' satisfaction level in the banking system of Libya. The findings of the present research that showed that the execution of Qard Al Hassan will certainly affect the citizens' satisfaction level. Generally, table 4.17 illustrated that the t-counted for execution of Al-Qard Al-Hassan (X) is 10.986 with *P*-value 0.000 lesser or “<” than 0.05 which show that the studied influence is major statistically. Accordingly, the fifth hypothesis affirming that “The execution of Al-Qard Al-Hassan could be supposed to positively affect the citizens' satisfaction level” is verified. Together, the unstandardized coefficients B for the independent variable relevant to the Execution of Al-Qard Al-Hassan (X) were realized to be 0.400 as showed in the above table 4.16. The coefficient is employed to establish how eye-catching Execution of Al-Qard Al-Hassan (X) positively affects against the dependent variable of the citizens' satisfaction level (Y).

In the present chapter, the study drew the method of testing the hypotheses to contrast what has been expected and what has been reached in the real study. The outcome of hypotheses testing shows that the entire hypotheses were practically suitable. The outcomes of the present research confirmed the study hypothesis that clients of the banking system do not understand that the entire Libyan banks are still performing the usual fiscal system and this is in agreement with the results of other associated researches. Outcomes of this research shows that most of the people in Libya do not have sufficient information about the Islamic banks and cannot distinguish between Islamic and conventional banks. Approximately the entire clients of the banking system do not comprehend that all Libyan banks are still performing the usual fiscal system. It is essential to make the process of the clients' understanding of the conventional and Islamic banking system in Libya better. Various investigators stated that, Islamic banking system turned into one of the most notorious subjects throughout the world. The Islamic banking system is a significant part with exceptional characteristics since it was based on the standards and regulations of Islamic law (sharia), which affirms that everything is in possession of Allah and human has merely been allowed to employ it. In general, most of the chosen applicants are the conventional banks clients.

From the findings, people in Libya are in fact obliged to open accounts in conventional bank rather than Islamic one although they do not like the interest rate and that AL-Quran prohibits it as well. Lack of good introducing of the Islamic banks in the country is one of the chief difficulties. This condition may be as a result of the revolution of the 1st. September 1969 which obliged banking system in Libya to follow the conventional rules and therefore is too behind in getting closer to the Islamic bank establishment globally.

The reason for that is the increased national stockholding in foreign banks to 51%. The entire foreign banks ran in the country and became completely state-owned. In addition, every one of them was received another Arabic name which brings about puzzlement, as well, among the people of Libya considering the banking method.

Accordingly, there was a noteworthy positive effect of depositors' support (X) on the dependent variable of Introducing Islamic banking system in Libya (Y). The brawny indications of people support of the Libyan Islamic banking system will completely increase a sturdy Islamic banking industry in Libya which it reveals intensification of the organizational fiscal infrastructure and the Sharia and lawful infrastructure in

addition to improving rational funds growth and customer learning.

The thriving use of AL-Qard al- Hassan needs a brawny support from the pertinent shareholders in making a more helpful surroundings to improve the productivity of the banking division. Researchers had claimed that, the opening of novel banking system cannot thrive if its structure was not merged with a enough support from the clients and the nearby surroundings, which it needs original plans to be made to augment the clients support and increase a favorable surroundings (Bikker and Bos, 2005).

This outcome confirmed the preceding study done by Hasan (2009) who realized that there was no efficient system of Islamic banking and it was disjointed in significant section of Libyans who had an Islamic life, which led to fiscal prohibiting. The assessed literature showed that people were displeased with the services offered by conventional banking, therefore, people are looking for a banking system which follows Islamic policies and ethical standards to find a novel Islamic personality.

The present outcome confirmed the preceding study conducted in Jordan by Erol and El-Bdour (1989) as well. Introducing the Islamic banking to local citizens was its purpose. The outcomes recommended that religious inspiration did not look to play a chief task in choosing bank. Escalating the employment of fiscal services of Islamic banks has not been affected by the increasing new branches. If an Islamic bank did not bring them adequate profit in one year 39.4 % of applicants would pull out their deposits and 30.4 % would keep their deposits if the Islamic bank could allocate a more dividend in a year.

This outcome confirms, as well, preceding study performed by Ebrahim (1999) who declared that the financial techniques ought to both evade Riba, Gharar and Mays and be economically resourceful. In investigating the economy, Islamic banks at the present funding from selling goods according to Sharia to extremely multifaceted organized investment and loans for major projects. Credit cards are available for Muslims (and non-Muslims). They can chase online Islamic finances invested in their Islamic investment and maybe even received a credit from an American Sharia-based corporation. Islamic banks are now in their heyday. They take part in funding big corporations, and more complex projects like syndication and securitization as well.

This outcome confirms likewise the research done by Hassan and Bashir (2003) which studies how the Islamic banks function is influenced by bank features and the general fiscal surroundings. To narrowly study the Islamic banks function markers; they exploit the bank data of the country from Islam-based banks in 21 countries from 1994 to 2001. Overall, they realized that the study of Islamic bank prosperity factors were in agreement with the preceding results. The research shows that organizing the macroeconomic surroundings, fiscal marketplace framework, and taxes, the high funds and loan-to-asset proportions will bring about more success. Considering everything alike, the regression outcome of the research exposes that there is a negative effect of implicit and explicit taxes on the bank function capacities. There is a positive impact of favorable macroeconomic conditions on bank performance measurements.

That is, a positive macroeconomic surroundings looks to encourage more income scopes. An astoundingly brawny positive correlation between profitability and overhead has been shown by the outcomes of the study. In the Islamic banking marketplace, expenditure preference manners come out to hold. They also discover in their study that the banking system size has a negative effect on the profitability excluding on the net on interest scope.

The difficulty of the research has been resolved itself as the exploration for a substitute for the people except from the conventional banking services. Studying the present Libyan Islamic banks, it was realized that these banks were resistant to interest profits and then were considered negatively.

For resolving this trouble, the government started to change the Libyan fiscal system according to Islam. On January 2011, prime minister order to found an absolute Islamic tools as a proposal to improve the version of Libyan Islamic banking industry. The law underlines different methods with adequate information for removing interest from the fiscal system in Libya. This law moved forward the Islamizing the Libyan banking system.

Because of not having the adequate information about Islamic banking services, the influence of this unexpected Islamization of the process may not create the necessary outcomes. Some major difficulties are separating Islamic and conventional banking fixed possessions and increasing Islamic banking infrastructure and Islamic tools such as AL-Qard AL-Hassam.

According to Ahmad (1997) and Rosley (2003), it can be claimed, though, from the results, that crucial potentials will be getting from the introduction of Islamic banking in the country as the present research stated during the reviewed literature that Islamic banks in most situations contended with conventional banks and in some situations presented a superior alternate for conventional banking system. Presently, two major confronts can encounter introducing Libyan Islamic banking services. The first confront is the howness of introducing Islamic banking to all Libyans. The second confront, is the howness of making interest-free Islamic banking services comparable with the conventional interest-based banking services. The private division has initiated Islamic banking worldwide. Lots of states have been persuaded by the fast growth of Islamic banking to

maintain that they desire to pursue the model and present Islamic banking as a primary part of their banking division and operates as the center for the banking industry. The results of the study showed that the entire applicants deem that for evading difficulties that are encountering the commercial banks in Libya; the position of state ought to be to direct and to adjust the industry. The entire applicants deem that Islamic banking services ought to be offered both by the private division and by the overseas sponsors. As said by the applicants, one planed research would permit the stipulation of windows in one or two non-governmental banks. This would not bring any broad disturbance to the commercial banking division in Libya.

On the contrary, the results of the study showed that 79 percent of the applicants desired the government prepared services. They asserted this may evade the rigid and solid control that the state forced on the private division and the preceding gloomy experiences of the private division with the state throughout the 1970s and 1980s. In view of the conditions of the baking division in Libya concerning privatization and restructuring, it appears that the private division in company with foreign banks gentle the control of the CBL shall be an appropriate supplier of Islamic banking. It would actually offer vast benefits to banking division privatization and restructuring.

Table 1. The Number of Respondents Who Chose the Service Qard AL Hassan

Would you take Qard al Hassan facilities from an Islamic bank in the future if there is any available?	Frequency	Percent
Yes	344	68,8
No	156	31,2
	500	100

Source: data processed, 2012

Table 2. The Purpose of Respondents Who Chose the Service Qard al Hassan

What will be the objective of obtaining the Qard al Hassan facilities from the Islamic banks?	Frequency	Percent
To take care of basic living expenses	19	5,5
House renovation	22	6,4
Car purchase	89	25,9
School expenses	20	5,8
Furniture Purchases of/electrical appliances	39	11,3
starting a Business	55	16
purchase a house	100	29
	344	100

Source: data processed, 2012

Table 3. Reliability of Instrument

Variable	Crombach Alpha Counted	Crombach Alpha Table	Status*
The citizens' level of satisfaction	0.6434	0.6	Reliable

* if Crombach Alpha Counted > Crombach Alpha Table the instrument will be reliable, if Crombach Alpha Counted < Crombach Alpha Table the instrument will not be reliable

Source: data processed, 2012.

Table 4. Validity Instrument of the Citizens' Level of Satisfaction

Indicator	Corrected Item- Total Correlation (r-counted)	Correlation Table (r-table)	Status*
q30	0.6553	0.120	Valid
q55	0.3759	0.120	Valid
q56	0.3603	0.120	Valid
q63	0.3721	0.120	Valid

*if r-counted > r-table the instrument will be valid, if r-counted < r-table the instrument will not be valid/

Source: data processed, 2012

Table 5. Results of the Hypothesis Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.730	0.149		18.334	0.000
	(X) H4-H5 Implementatation of Al-Qard Al-Hassan	0.400	0.036	0.442	10.986	0.000

a Dependent Variable The citizens' level of satisfaction

Source : data processed, 2012

V. Manageral Implecation

The present study offered the existing fiscal system in Libya with obvious considerate of essential instruments like AL-Qard AL-Hasan which is planned to advance client approval. Precise studies dedicated to AL-Qard AL-Hasan and its position in growing the fiscal system in Libya.

The present study offered the related ones with complete considerate of the functionality of the Qard Al Hassan's standard in the fiscal division. Which sequentially removed the substantial gap in literature relating to the relationship between Qard Al Hassan and its impact on the country fiscal system growth.

Implecation

Results of the research suggested several recommendations that are important to educators and legislators, in addition to investigators.

According to the results, recommendations and suggestions are as follows:

Employ strategies to assist banks to preserve competent managers, despite their nationality and education, who can organize and promote training courses, prepare standards for offering services and set staff and directors self-improvement arrangements.

Improve their services by introducing new services and using new technologies in delivering their services.

Since banking expanding is a vital aim for its financial progress, the country requires to operate right now.

Citizens' negative thoughts towards fiscal traditions ought to be lessen by these Islamic banks as they are in a good situation to inform and persuade public since people have faith in Islamic organizations.

Islamic banks can found business corporations which could sponsor the credit trade of possessions.

Direction for Further Research

According to the results of the present study, additional research is essential to explore the effect of AL-Qard AL-Hasan on the growth of fiscal system. To promote the Islamic banking communication level countrywide, other regions associated with the issues influencing the appropriate use of diverse Islamic instruments can be further examined.

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