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How Customer-Centricity Approach Creates a Win-win Situation: An Analysis of Murabaha Product[1]

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Abstract

Financial inclusion to the Low Income Group (LIG) of society is based on understanding how value to their life is added through the accessibility of financial products and services. This study investigates how customer-centric Murabaha product created a win-win situation for all stakeholders.

A case study approach is used for analysis. Personal interviews were conducted with bank officials, the beneficiary organization's management, and the product's actual beneficiary. Key product documents were also analysed. The study's main research questions are: how the customer-centricity approach leads to a win-win situation for an Islamic Financial Institution (IFI) and the beneficiary LIG employees and their employer? And how operational and default risks can be minimized by modifying the existing product?

The results suggest that IFIs can benefit from modifying the existing products according to the needs of the customers. The benefits for the bank are minimized risk, reduced operational cost, improved profitability, and a sound banker-customer relationship. The employees are happy with social up-gradation, time-saving, and owned transportation facility. Organizational productivity is improved because of employees' loyalty and satisfaction. More demand for the product from other organizations is also found.

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Disclaimer: Names of individuals have been camouflaged to maintain anonymity

The in-depth investigation of a modified product through a case study research based on the personal interviews from bank officials, employer, and the beneficiary of the products (employees) is a unique feature of the research.

Keywords: Islamic Finance; Murabaha; Financial Inclusion; Low Income Group; Customer Centricity

Introduction

Financial Service Providers (FSPs) generally claim to offer customer-centric financial services to their customers. But their core focus has been on delivering the products and services to the bankable customers instead of providing solutions to the needs of the non-bankable segment of the population known as Low Income Group (LIG). Islamic Banks are no exception to this behaviour. According to Heckl and Moormann (2007), financial institutions offer their customers products and services for solving the isolated problems covering liquidity shortage, financing needs, and investment opportunities. They generally fail to cater for the fundamental and inherent needs of the customers. Shah et al., (2006) suggested the firms develop customer-centric products driven by a strong commitment from the leadership, organizational re-alignment, supportive systems and processes, and improved financial metrics.

To provide customer-centric products and services, FSPs have to rethink and invest significantly to change the organizational mindsets and business operations to effectively put the needs and customers' aspirations through tailored-made business strategies and decisions. Customer-centric financial inclusion to the LIG is based on understanding how customer value is created through the provision of financial products and services. Customised services help clients meet their daily needs, achieve business goals, and fight against vulnerability (Kilara & Rhyne, 2014). While this debate continues, we have an exceptional initiative by the Bank of Khyber (BOK) to ensure effective financial inclusion by developing a customer-centric Murabaha product for LIG to reap Islamic banking benefits in the Khyber Pakhtunkhwa (KP) province of Pakistan.

Islamic Financial Institutions (IFIs) provide financial facilities through multiple modes of financing based on Sharia rulings. Murabaha is a trade based Islamic financial product generally applied in retail finance, working capital, and trade financing in which an IFI sells the asset to the customer against a deferred payment, usually on instalments. The operationalization of contemporary Murabaha is a lengthy process and involves multiple contracts. The operational risk remained with IFI until the final transaction for the transfer of ownership occurs (Habib, 2018; Khan et al, 2018).

Keeping in view the lengthy process and risks associated with Murabaha, LIG customers are generally unable to avail the financing facility from IFIs. BOK came up with an innovative and customer-centric approach and modified the Murabaha product for LIG employees of General Post Office (GPO) – a public sector organization. The process is simplified by eliminating some of the steps by introducing the employer (GPO) acting as guarantor for BOK and LIG employees of GPO, making a win-win situation for all three parties. By doing so, the risk associated with operations and default is minimized. The desired product's availability has become easy with fewer efforts and documentation for both BOK and employees. The benefits for employers include satisfied, loyal, and motivated employees. The other objectives of the product are banking the unbanked, uplifting the social status of LIG, and; alleviating poverty.

This research applied a case study approach to investigate the factors behind the success story of a modified Murabaha product developed and launched by BOK for LIG employees. The key research questions of the study are:

1. How customer-centric approach leads to a win-win situation for an Islamic Bank and the beneficiary LIG employees and their employer?
2. How can operational and default risks be minimized through customer-centric product modification?

The following sections discuss the literature on LIG and Financial Inclusion, Customer-centricity, and research methodology, followed by a discussion on research findings and conclusion sections.

Literature Review

Low Income Group (LIG) and Financial Exclusion / Inclusion

LIG people usually fulfil their financial needs through informal sources such as family, relatives, neighbours, credit suppliers etc. To attract them to avail of formal financial services, LIG customers must be provided greater value than informal services. Existing formal financial services include multi-facets costs in term of money, time, and emotional stress on LIG customers. Another reason for not availing the financial services is the lack of trust in FSPs by LIG (Stahl et al., 2017). Research on LIG and other financially excluded segments confirms the state of financial exclusion because of many factors, including non-availability of credit, absence of savings and bank account, non-availability of assets, and non-accessibility to monetary advice and insurance services (Jones, 2008). According to Collard & Kempson, 2003, LIG prefer local funding organizations because of easy access and due to miss-trust in mainstream financial institutions although they want the availability of financial services by well-established and professionally trained staff.

According to Delvin (2005), there are several potential precursors for financial exclusion. These include demographic, socio-cultural, and economic conditions. Because of these factors, LIG left behind in economic development, resulting in income inequality and low-income mobility. Financial exclusion is referred to the unavailability of basic financial services mainly due to the lack of access to these services by vulnerable people (Devlin, 2005). Kempson & Whyley (1999) and S. Collard & E. Kempson (2003) found that non-availability of financial services may be due to "Access Exclusion", "Condition Exclusion", "Price Exclusion", and "Marketing Exclusion". Access exclusion may be due to the closures of a branch or unfavourable assessment of risks. The exclusion of individuals from availing of financial services because of some specific conditions attached with the products or services is termed condition exclusion. Under price exclusion situations, individuals are left excluded due to the un-affordability of the price of the products. Marketing exclusion happens when the firms overlook certain groups of people for marketing activities relating to the offering of financial services. Moreover, the households who have disengaged or never been engaged in financial services also come under the financial exclusion.

To address the issue of financial exclusions, FSPs design and implement financial inclusion products, services, and processes for generating profits and facilitating the economic uplift of LIG. According to Demirguc-Kunt et al. (2018) "financial inclusion is a key lever to reduce poverty and achieve inclusive economic growth". Dev (2006), defined financial inclusion as the "delivery of banking services at an affordable cost to the vast sections of disadvantaged and low-income groups". He viewed credit facility as one of the most important elements of financial inclusion. Other components include savings, payments, insurance, and remittance facilities. For improving the living conditions of the vulnerable groups, financial inclusion plays an important role. Access to financial services involves benefits e.g., savings and interest, credit, and costs such as bank fees and commissions etc. (Ouechtati, 2020). According to Sarma & Pais (2011), financial inclusion is the process that ensures all members of an economy, the easy accessibility and the availability, and usability of the financial system in a formal way. Financial inclusion, therefore, efficiently facilitates the allocation of productive resources, reduces the cost of capital, and significantly improves the day-to-day management of financial services. More than 50 countries have set their national targets for expanding financial inclusion with innovative models. Financial inclusion and access have generated a buzz among the transformational business models (Pearce, 2014).

Financial inclusion may cater to LIG customers' needs through innovative models and out of box thinking to develop new and modify the existing products. As a commercial venture, it is difficult for a banker to extend boundaries beyond the acceptable margin of risk. However, there are always some remarkable professionals who take initiatives with the conviction to succeed. One such individual (the name is excluded for anonymity) got motivation from the World Bank metadata report about the unbanked population of Pakistan and started to develop a product for LIG employees of GPO. The World Bank report (Demirguc-Kunt et al., 2018) report states that economic growth and poverty reduction are restricted by financial exclusion. According to the report, around 2.5 billion adult people cannot avail any formal financial services such as the availability of a bank account. Among these, LIG has been the most affected segment causing the slowdown of poverty reduction and the economic growth process. However, the updated report (Demirgüç-Kunt et al., 2020) states that between 2011 and 2017, about 1.2 billion adults worldwide opened an account at a financial institution or through a mobile money provider. The numbers are considerably improved during this period showing 69 per cent of adults account, up from 62 per cent in 2014 and 51 per cent in 2011. The percentage in high-income economies is 94 per cent of adults while 63 per cent in developing economies. This shows that the importance of financial inclusion is on the global economic forefront agenda with increasing prominence.

Islam encourages the balanced distribution of wealth. Qurʾanic principle in this regard is very clear as stated in the following verse:

> *"Whatever God restored to His Messenger from the inhabitants of the villages belongs to God, and to the Messenger, and to the relatives, and to the orphans, and to the poor, and to the wayfarer; so that it may not circulate solely between the wealthy among you (Qur'an, 59:7)"*

Therefore, Islamic Finance can play a significant role in enhancing financial inclusion, particularly in Muslim dominant countries by adapting conventional banks' mechanism by applying Sharia principles (Jouti, 2018).

Customer Centricity

Customer-centric approach has been widely considered as the important factor for a long-term organizational success. Many firms are struggling to build such an approach (Shah et al., 2006). To be successful, viable, and competitive, a firm must have customer-centric capabilities. The profitability lies in the customer relationships, and to have strong relationships, the firms need to be able to do business according to the wishes of the customers (Galbraith, 2005). Customers increasingly evaluate the firms based on their long-term accumulated experience rather than their perception based on one transaction only. Therefore, an organizational ability to continuously generate excellent customer experience has become the driving lever for a truly customer-centric organization. This status can be achieved by the strategic transition of an organization from its traditional approach to a focused one. Doing so, organizations perform their activities to leverage resources and competencies for achieving customer-centric business performance (Jaworski, 2018; Ulaga, 2018).

Although FSPs claim to be customer-centric, their focus is generally on product delivery instead of solving the customers' needs. For example, banks provide their customers with services that solve their problems related to the needs of liquidity crunch, financing shortage, and investment opportunities. They must consistently align their financial services to customer needs to achieve a competitive advantage through customer satisfaction (Heckl & Moormann, 2007). The factors that prevent an organization from becoming customer-centric include organizational culture; organizational structure; processes; and financial metrics. Therefore, FSPs are required to follow the path of customer-centricity driven by a strong commitment of leadership, organizational alignment, systems and processes support, and improved financial metrics (Shah et al., 2006).

Customer centricity is to understand the preferences, behaviours and limitations of the target customers. According to Kilara & Rhyne (2014), FSPs are supposed to invest in knowing LIG customers' needs so that suitable products could be developed. This focus on customers' needs should be the centre of business strategies and decision-making. For this to achieve, FSPs should re-engineer their operations, investment efforts, resources mix, and organizational mindsets. Well-tailored products and services can help customers fulfilling their daily needs, and achieving their personal and business goals. This will make them capable to resist vulnerability (Demirguc-Kunt & Klapper, 2012; Stahl et al., 2017). Overcoming these challenges, FSPs are required to modify their existing products or develop new and innovative products focusing on the specific group of society. This requires incremental progress over time for creating significant value for both customers and FSPs.

There are common building blocks for customer-centric organizations. These organizations understand the customers' needs and demands and design their business model around the customer to generate profit sustainably. For this purpose, the financial behaviour of LIG customers needs to be understood and modelled by creating an insightful mechanism for systematically generating a deep understanding of the customers for making their operational designs for making implementation practical. The top management's intention to provide value to customers should be the corporate culture in a customer-centricity approach. This should be reflected in the strategy-performance relationship. This model should assume the questions such as: "does the mission statement reflect customer-centricity?" "Is customer focus reflected in performance goals?" An important component of the customer-centric approach is to shift the focus from profitability analysis to total customer profitability and customer value over a longer period (Kilara & Rhyne, 2014).

Murabaha Financing

Islamic Financing modes are based on the principles of assets or commodity-backed facilities resulting in real economic activities. Islamic Financing products can be broadly classified into three categories: Participatory Modes of Financing (Musharakah, Mudarabah, Diminishing Musharakah); Trade-based Modes of Financing (Murabaha, Salam, and Istisna); and Rental based financing (e.g. Ijarah).

Murabaha is the Trade based mode of financing that is mainly used for retail, working capital, and trade financing. Here, the financier sells the asset to the client against a deferred lump-sum payment or on instalments (Habib, 2018). It is a "cost-plus" sale transaction or contract, where the seller expressly mentions the purchase price (i.e. cost of acquisition) of the asset and adds up his overhead share of the profit against a lump sum payment or payments through instalments in future. Murabaha has two distinct features. First, the seller in this case must express his purchase price of the asset along with the profit (or profit rate) that will be charged over and above the purchase price. Second, the financier (the bank) is selling a commodity. It is not a loan transaction where the bank credits money in the customer's account, and the customer has to repay it periodically along with interest (Khan et al., 2018).

Rules Governing Different Aspects of Murabaha

Being a sale transaction, the rules related to the subject matter, the buyer's options, avoiding Gharar, and interest etc. are applied to Murabaha transaction. Based on contemporary literature on Islamic Banking and Finance (Ansari, 2007; Ayub, 2011; Habib, 2018; Khan et al., 2018; M. I. A. Usmani, 2002; M. T. Usmani, 2005). Some of the important rules are briefly presented below:

Rules of the Subject Matter in Murabaha

1. The subject of sale (asset) must exist at the time of the sale because the non-existence of the subject matter makes the contract void.
2. The subject matter should be in the ownership of the seller at the time of sale.
3. The sale subject must be in physical or constructive possession of the seller at the time of sale.
4. The subject matter should be a valuable asset as an asset without a value cannot be sold or purchased.
5. The price of the assets must be certain, which is a necessary condition for a valid sale

Rules related to delayed & early payment

The Murabaha sale gives rise to liability on the part of the customer, which is to be paid in a deferred lump sum or instalment payments. To safeguard the risks, the bank asks for providing security or guarantee against such payments. The rules regarding securing the risk are:

1. The status of security in Islamic transactions prevents the client from exploiting or committing fraud with the institution. As per Islamic exchange law, a debt/liability has to be paid except in the case of insolvency

2. Security can be in the form of a mortgage, hypothecation or some kind of lien or charge.
3. In the case of a third-party guarantee, it should be ensured that the guarantor is not allowed to charge the customer for any fee against providing his guarantee as it would be tantamount to charging interest and would invalidate the guarantee and the whole Murabaha transaction. However, the guarantor may charge the client for any documentation expenses incurred in registering the guarantee.

Rules relating to a penalty on defaults and rebates on earlier payments

There are specific Sharia injunctions regarding the penalty for delayed payment and rebates on early payments. In conventional banking, an additional amount is automatically charged once the instalment is delayed from its due date, including Riba. Similarly, conventional banks usually cover rebates on the early payment of the instalment. The ruling of Sharia is different in both cases. However, since the bank is the custodian of the depositors and to deal with dishonesty and wilful default, such customers should be made liable to pay compensation for the loss incurred on account of default. To avoid the wilful default, the following conditions are imposed (Khan et al., 2018):

1. The debtor or borrower may be given a grace period.
2. If the client found as a willful defaulter and proved as such, then compensation can be demanded from the client
3. The proceeds of this penalty for wilful default must not be part of the profit. Such income must be deposited in a charity account maintained by the Islamic bank.
4. An unconditional rebate can be given at the discretion of the bank. For earlier payment on case to case basis, significantly to help the client if he needs it. However, third-party should not be involved as the case in discounting the bills.

Methodology

Qualitative research methods were developed in the social sciences to enable researchers to study people and the social and cultural contexts within which they live. According to Patton (1991), data sources of qualitative methods include personal and professional observation, fieldwork (participants' observation), interviews, questionnaires, documents, texts, and the researcher's impressions and reactions. Qualitative methods allow the researcher to study issues in depth to expand and generalize the theories. The understanding level in qualitative research is based on a detailed knowledge of the particular (Cepeda & Martin, 2005).

The case study method is one of the essential techniques for in-depth analysis of a phenomenon. The case study method is used to investigate a phenomenon within its real-life context. The research paradigm based on case study can be positivist, interpretive, or critical analysis depending upon the researcher's philosophical foundation and the underlying assumptions (Cepeda & Martin, 2005). Hyde (2000) posits that if studied with sufficient rigour, even a single case can provide the basis for a theoretical explanation of a general phenomenon.

The case study method is applied for this study, where the sources of information include interviews, documents, and personal observations. Interviews were conducted with bank employees involved in product development, operations, Sharia advisor; top management of employer (GPO); and the end-users of the product (LIG employees of GPO). Interviews were recorded using smartphones and transcribed by the three members of the researcher team separately. All members of the research team also took the notes. The transcription and notes' findings were discussed and agreed upon by the research team after going through a series of meetings. The documents (product design, operational processes, and the contract of agreements) were also studied in detail.

Interviews with the Bank Officials, Management of GPO, and GPO Employees

We interviewed the bank officials, GPO Officials, and the LIG employees to analyse the product features, benefits, risks, and future directions. The respondents from the bank were the head of product development, Sharia advisor, branch manager, and operational manager. Postmaster general and accounts officer (the focal person for the whole process) were interviewed on behalf of the employer while three employees who availed this facility represented the LIG employees were also interviewed. Most of the questions are similar but were asked separately from the respondents to highlight their perspective. The findings of the interviews are summarized in the subsequent sections.

The respondent-wise questions are presented in **Table 1**.

Table 1: Research Question Matrix

Questions	Respondents		
	Bank	**Employer (Agent /Guarantor**	**Employees (Customers)**
1. Why existing product was modified?	√	-	-
2. What are the salient features of the product? Are you satisfied with the product features?	√	√	√
3. What is the payment Mechanism?	√	√	√
4. What are the benefits of the product? Or	√	√	√

	how you define the success of the product?			
5.	Tell us some of the shortcomings or issues related to the product?	√	√	√

Source: Authors

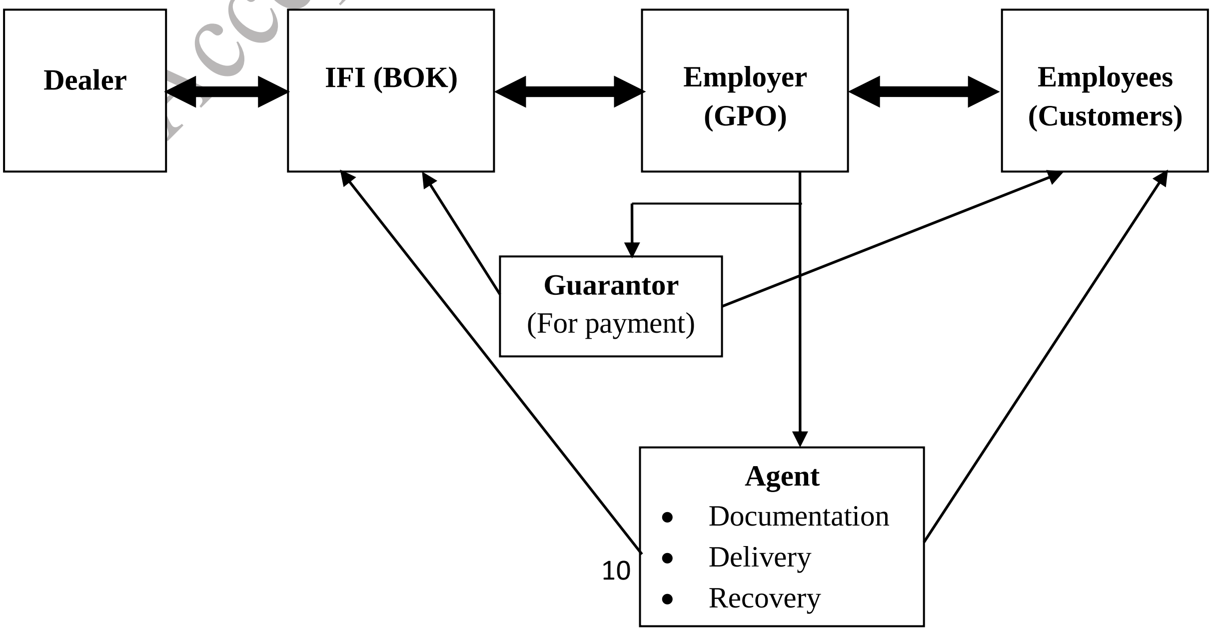
Results and Discussion

Customer-centricity and Product Modification

To fulfil the LIG needs, organizations are required to create value and trust (S. Collard, E. Kempson, 2003; Stahl et al., 2017) and develop and extend customer-centric financial services (Delvin, 2005; Jones, 2008). Among these services, credit needs are the most important factor for uplifting the LIG (Dev, 2006). Keeping in view these observations, the BoK staff explored the possibility to serve LIG employees because of their financial constraints and non-accessibility to financial services. Accordingly, BoK modified the Murabaha product and made it more customer-centric for LIG employees of GPO, Peshawar KPK, one of the oldest government departments in Pakistan. The design of the product is depicted in the **Figure 1**. When we asked the in charge product development team, the question “why the product was modified?” He elaborated that keeping in view the lengthy process and risks associated with conventional Murabaha product, LIG employees were unable to avail this facility.

In case of default, the process of recovery is very lengthy, and sometimes the cost is more than the benefits. Besides this, the bank and the GPO also wanted to uplift the LIG employees by transferring Islamic banking's actual benefits to the otherwise un-bankable segment.

Figure 1: Process Diagram for Modified Murabaha



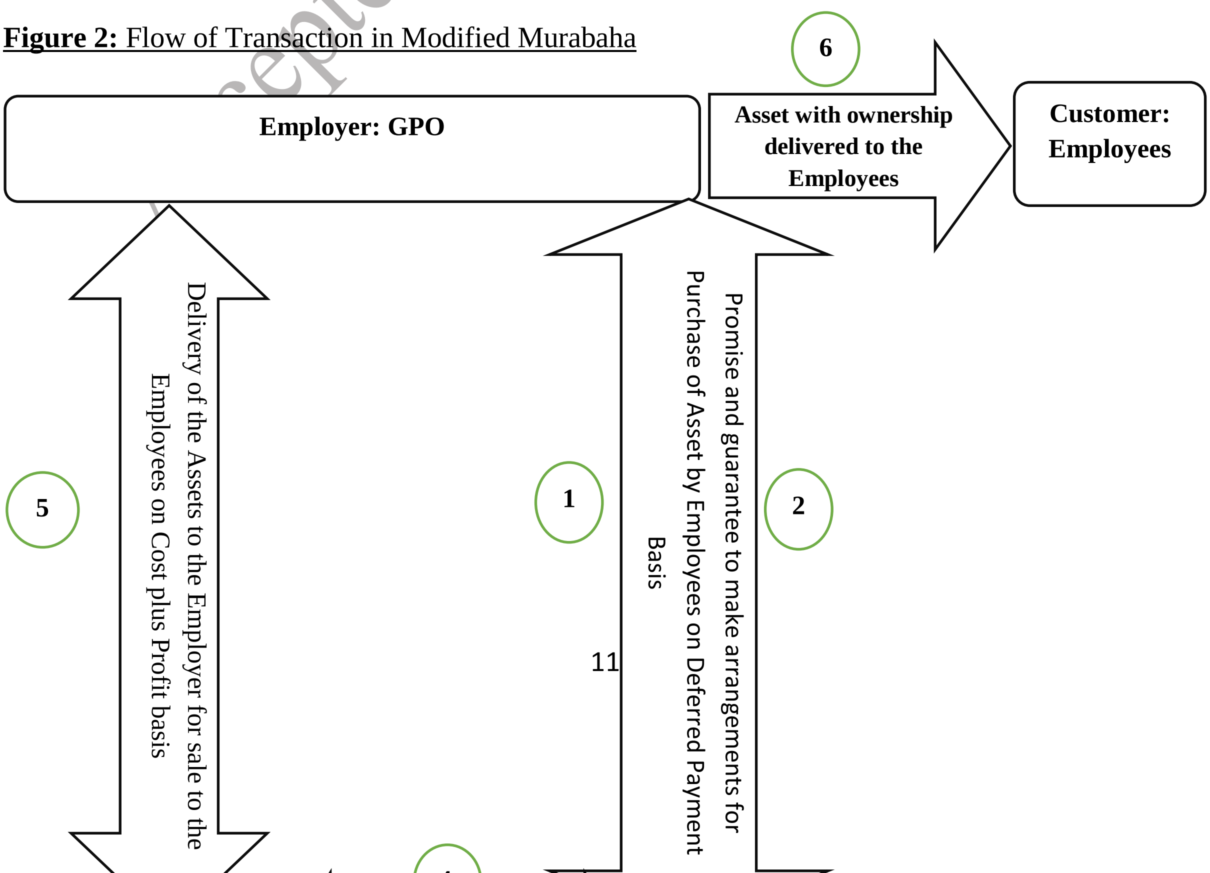
Source: Authors

Keeping in view the LIG characteristics, the conventional Murabaha product was modified by eliminating some of the steps by introducing the employer acting as guarantor for BOK and employees. The modification created a win-win situation for all three parties: minimization of operational and default risks for BOK; access to a financing facility for LIG employees with less effort and documentation; and satisfied, loyal, and motivated GPO employees. Because of this modification in the existing product, the transaction flow for the Murabaha product is also modified (**Figure 2**). In a modified form of Murabaha, Bank makes direct payment to the supplier against the asset's delivery to the bank or the employer directly. Also, the bank deals with the employer who plays the role of agent for both bank and employees. The employer also acts as the guarantor for both banks and employees.

The key points of the flow of modified Murabaha transaction are listed below:

1. Bank initiates the process and approaches to the Employer for availing the Murabaha facility for LIG employees
2. The employer asks for the employees' options to avail the facility on the terms and conditions mentioned by the bank. Employer, on behalf of the employees' options, promises to purchase the asset from the bank on deferred payment and provides the guarantee in case of default
3. Bank makes the payments in cash to the supplier/manufacturer of the asset
4. Supplier/manufacturer delivers the asset to the bank
5. If the number of items is larger, the supplier deliver directly to the employer in the presence of the bank and the employees
6. the actual sale of the asset is materialized as the asset is transferred to the employees with ownership and risks

Figure 2: Flow of Transaction in Modified Murabaha



<u>*Source: Authors*</u>

Payment Mechanism

BOK's payment mechanism was two-fold: one, for making payment to the dealer while the other is receiving payment from the customer. The payment to the manufacturer or dealer of a motorcycle is made in cash on the motorcycle's day of delivery. While the beneficiary (employees) have authorized the bank through an authorization letter to deduct the instalment amount from their bank account with BOK. All the stakeholders are aware of the payment mechanism. Provision is also made for recovery of the outstanding amount in case of the death of an employee.

Key features of the product

The key features of the product are summarized in **Table 2.**

Table 2: Salient Features of the Modified Murabaha

Salient Features	Details
Product Name:	BOK Motorcycle Murabaha Scheme
Financing Type:	Murabaha Finance
Financing Category:	Consumer
Customers:	Employees of the GPO, Peshawar
Eligibility Criteria:	Employees recommended by GPO Peshawar if he/she: • is not a defaulter of any other financial institution • is a permanent employee of GPO, Peshawar • has take-home salary equivalent to three times of monthly instalment of motorcycle Murabaha • has not more than 57 years of age • has remaining service more than the facility period • has served for more than 02 years in GPO

Maximum Tenor:	**03 Years** (**36 months**).
Maximum Limit	**Rs.150,000/-** (Rupees One Hundred & Fifty Thousand)
Profit Rate:	Applicable profit rate to be added to the cost to the bank at the time of Mu execution shall be as per the bank's monthly circular[2]
Security:	The Motorcycle Murabaha Finance cases under the scheme will be secured against: • Institutional Guarantee of GPO, (through MOU) that in case of default/ death of the customer, GPO, Peshawar will adjust the outstanding bank liabilities of the concerned employee from his/her terminal benefits. • Personal Guarantee of the employee

Source: BOK document on modified Murabaha product

We asked the question regarding the salient features of the product from the employer and the employees. They availed this facility to ascertain the awareness about the structure and features of the product. The responses of the respondents were compared with the document of the product obtained from BOK. It was found that both the employers and the employees were well aware of the product's features and structure. For a customer-centric approach, communication and understanding the product or service are key for the successful banker-customer relationship.

Benefits of the Product

The customer-centric approach is considered the driver of long-term success for organizations (Shah et al., 2006). The success and profitability lie in developing customer relationships (Galbraith, 2005). Organizations are advised to design the strategies for developing and/or modifying the products (Jaworski, 2018; Ulaga, 2018) along with the commitment from top leadership, organizational alignment, and supportive systems (Shah et al, 2006) in a way to create a win-win situation for all stakeholders.

In this context, the response to the question regarding the product's potential benefits was analyzed to make a list of these benefits. The bank's benefits are minimized cost and time, minimized operationally and default risk; and satisfied customer. The employer is happy with customer loyalty, punctuality, and more work productivity. Employees benefit from easy and competitive instalments, quick process, social status up-gradation, time-saving, easy and comfortable commutation, etc. Overall, all parties have a win-win situation: employees, the bank, the supplier, and the employer. The overall benefits are listed below:

[2] 16% to 20% pa at the time of agreement

- The documentation process is easy, quick, and cost-effective. No requirement for employees to visit the bank time and again
- Employers play the role of the promisor, guarantor, and agent for bank and employees
- The risk of default is almost eliminated
- The recovery process is easy, quick, and cost-effective
- The employer-employee relationship strengthened
- Employee efficiency increased because of the saving of time wasted on public transport
- Employee loyalty and social status is increased
- The agency agreement arrangement usually with the client is eliminated, making Murabaha transaction more reliable and authentic as the chances of buy-back transaction is eliminated, which was one of the major criticism on Murabaha.
- The benefit of discount provided by the supplier, because of bulk purchase, was transferred to the client
- The convenience of delivery for bank, dealer, and employees
- Due to Islamic Banking's asset-based financing nature, the actual asset with all its benefits is transferred to the end-user, making this facility a real contribution to uplift the LIG employees.
- Win-Win situation for all parties: Employees, Bank, Supplier, and the Employer

Issues related to the Product

Although the overall satisfaction level was high and despite the number of benefits listed above, some issues are related to the products. All the stakeholders well recognize these issues and BOK has already made improvements in the subsequent arrangements with other institutions. Some of the important issues highlighted during the study are listed below:

- In the case of an employee's death, payment is recovered from his/her pensions and other claims over the employer. The recovery mechanism is unfriendly and non-sympathetic.
- In case of an employee's dismissal, the system is not clear how the settlement will be done?
- Lack of communication on some of the latest developments on the product
- Contractual employees can not avail of this facility
- Non-existence of some sort of risk covering plan (e.g. Takaful arrangement) in case of accidental death or employee termination.

Conclusion

The purpose of the case study was to highlight the success story of financing the LIG of BOK through product modification and a customer-centric approach. For this purpose, an in-depth analysis was done based on the documents, personal interviews, and relevant literature review answering the research questions: how customer-centric approach leads to a win-win situation; and how operational and default risks can be minimized through product and process modification? The benefits for the bank include: minimized operational and default risks; reduced administrative cost; improved profitability, and a sound banker-customer relationship. The employees are happy with social up-gradation, time-saving, and ownership of a real asset. Employer's productivity improved because of employees' loyalty, punctuality, and satisfaction. Overall, the true benefits of the asset-backed financing nature of Islamic banking were transferred to the society's LIG segment. The product's success created more demand from other institutions such as Universities, TMA, Peshawar, and other public sector organizations for their LIG employees. The product is being replicated in other cities and by other banks as well. Some issues are also highlighted, such as the recovery procedure in case of death and employee termination need improvement. Takaful arrangements in such cases are also recommended.

There are some implications for managers and researchers as well. Building on prior knowledge about the relevance and role of customer-centricity and its success, FSPs must understand how customer centricity can create a win-win situation for all stakeholders. Managers and researchers can explore how to design and implement the strategies for the development and/or modification of other Islamic finance products to make them customer-centric. For this purpose, managers must encourage and facilitate the emergence of new behaviours, help employees grow competencies and skills in new areas, change existing management processes, systems, and performance metrics, and transform organizational cultures to address the LIG segment of society sustainable development.

More specific studies on other modes of financing should be done to unearth Islamic banking and finance's practical application and implications. Products for financing the corporate sector can be another area for future research. Besides success stories, the cases for problematic happening can be investigated to highlight the issues for IFIs, Shariah boards, and regulators for promoting and developing Islamic finance.

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