

Testing the Model of Success Experience in Converting Into Islamic Banks in Libya Structural Equation Modeling

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Abstract

The current study aims to test the validity and success of the Libyan model in converting the traditional banks into Islamic banks and the factors affecting such experience. The model of the study consists of four external factors as the independent variables (the availability of the qualified human resources in Islamic banks, the availability of the Islamic capital market, the employees' willingness to convert into Islamic banks and the success of the Islamic banking experience) and the internal factor as the dependent variable (the success of the experience in converting into Islamic banks in Libya). To achieve the research aim, quantitative approach has been employed for data collection. Structural equation modeling (SEM) technique was carried out by Amos software to test the validity of the research model. The results obtained in the study showed that all the tested factors had positive effect on the experience of converting into Islamic banks in Libya. The four factors explained 74% of this impact. Among these factors, the qualified human resources showed the greatest impact (55%), which was followed by the success of the Islamic banking experience (41%), while the availability of the Islamic capital market and the employees' willingness to convert into Islamic banks had the lowest impact (31% and 28%), respectively.

Keywords: The availability of the qualified human resources, the availability of the Islamic capital market, Employees' Willingness for conversion, the success of the Islamic banking experience, the successful experience in converting into Islamic banks in Libya.

1. Introduction

The conversion of traditional banks into Islamic banks is not only about obtaining models of contracts which are approved to be legitimate, that is the easiest part of the task, but it is also about how to apply or execute such contracts properly and in accordance with the nature of the new activity and how to maintain the pursuit of this without any violations and breaches. This represents the most difficult and heaviest part of the task. It also requires strenuous efforts from the management of a given bank especially in the initial stage of conversion.

Whatever the causes behind such conversion are, conversion of traditional banks into Islamic banks is a matter of thankfulness and appreciation for every Muslim. However, what may not be pleasing is that when this conversion appears to be only superficial appearance manifested by signs on the buildings or windows of banks or even in models of contracts to whose titles the word (Islamic) is added without any real Islamization in the content itself. It may also be conflicting with the legitimate transaction controls or laws (Alghryana, 2010).

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The Islamic banking system has its own privacy and foundations which differ from those of the traditional banking system. The basis for the success of the Islamic banking converting experience is the clear vision of the management of the traditional bank and its employees. Therefore, the individuals' thoughts and conviction of the idea of Islamic finance application without any pressure or force from outside the business environment represent the starting point towards such conversion (Drbala, 2013). In addition, the success of the application of the Islamic alternative primarily depends on searching for the factors that support and contribute to its success considering this conversion as a matter of fact rather than an option.

The idea of Islamic banking application depends on identifying or discovering the factors that influence or affect its success and those factors that should be available in the Libyan environment as prerequisites for effective and desired application. These conditions are the availability of the capital market that is supportive and compatible with the nature of the banking activity, the management and the availability of appropriate staff as well as strong motivation to reach and achieve the required aim (Almrtan, 2005:38). Therefore, it is necessary to identify the factors that affect the experience in converting the conventional banks into Islamic banks. To achieve the aim of this research, the present study attempts to answer the following research main and sub-questions:

1.1. What are the factors that affect the success of the experience in converting into Islamic banks in the Libyan business environment?

1.1.1. What is the effect of the availability of the qualified human resources on the success of the experience in converting into Islamic banks in Libya?

1.1.2. What is the effect of the availability of the Islamic capital market on the success of the experience in converting into Islamic banks in Libya?

1.1.3. What is the effect of the employees' willingness to convert into Islamic banks on the success of the experience in converting into Islamic banks in Libya?

1.1.4. Does the success of the Islamic banking experience in other previous countries have any effective influence on the success of Libyan experience in converting into Islamic banks in Libya?

2. Research Objectives

The general objective of the current study is to test the validity and success of the Libyan model in converting the traditional banks into Islamic banks by testing the relationship between the factors affecting the success of the experience (the availability of the qualified human resources in Islamic banks, the availability of the Islamic capital market, the employees' willingness to convert into Islamic banks, and the success of the Islamic banking experience) and the success of the experience in converting into Islamic banks. Such objectives are summarized in the following points:

2.1. Testing the validity and success of the Libyan experience model in converting the traditional banks into Islamic banks by test the following relations:

2.1.1 The effect of the availability of the qualified human resources in Islamic banks on the successful experience in converting into Islamic banks in Libya.

2.1.2 The impact of the availability of the Islamic capital market on the successful experience in converting into Islamic banks in Libya.

2.1.3 The effect of the employees' willingness to convert into Islamic banks on the successful experience in converting into Islamic banks in Libya.

2.1.4 The effect of the success of the Islamic banking experience in other previous countries on the Libyan experience in Libya.

3. Research Hypotheses

Based on the previous research objectives, the study aims to test the following research hypotheses:

3.1. The availability of the qualified human resources in Islamic banks will affect the successful experience in converting into Islamic banks in Libya.

3.2. The availability of the Islamic capital market will affect the successful experience in converting into Islamic banks in Libya.

3.3. The employees' willingness to convert into Islamic banks will affect the successful experience in converting into Islamic banks in Libya.

3.4. The success of the Islamic banking experience in other previous countries will affect the successful experience in converting into Islamic banks in Libya.

4. Method

4.1 Respondents

The respondents of this study consist of all employees in prime commercial banks in Libya (N=15 commercial banks). The participants represent the board management, directors and heads of departments (N=338) and the sampling was comprehensive for the population. The number of the valid questionnaires for analysis are (286) questionnaires. But 84.5% questionnaires are usable for this study.

4.2 Research Instruments

The researcher used a questionnaire developed by Al-Atyat, (2007). The questionnaire comprises two main sections: the first section provides questions concerning participants' demographic information, and the second section offers questions or items measuring the independent variables (the qualified human resources in Islamic banks, the availability of the Islamic capital market, the employees' willingness to convert into Islamic banks and the success of the Islamic banking experience) and the dependent variable (the success of the experience in converting into Islamic banks). The items were constructed based on the five-Likert Scale to measure the responses of the respondents to the questionnaire that ranged from (1) Strongly Agree to (5) strongly Disagree.

4.3 Confirmatory Factor Analysis

In order to test the validity constructs and the research hypotheses the Structural Equation Modeling (AMOS) model-fitting program is used. The model fit is evaluated by using four indices of the model goodness-of-fit: (1) the comparative fit index (CFI) (2) the chi-square statistics McDonald and Marsh (1990); (3) (RMSEA) between (0.08) to (0.10) indicates a mediocre fit Browne and Cudeck (1993) and would not employ a model a RMSEA greater than 0.1 (>0.1) (MacCallum et al., 1996). (4) the minimum value of the discrepancy between the observed data and the hypothesised model divided by degrees of freedom (CMIN/DF) or normed chi-square. Marsh and Hocevar (1985);

4.4. Construct Validity

According to Hair, Black, Babin, Anderson and Tatham (2006) the employment of factor loading composite reliability (CR) and average variance extracted (AVE) to determine the convergent validity if it equals to or greater than 0.5 (≥ 0.5) and the composite reliability equals to or greater than 0.7 (≥ 0.7) if were recommended by Hair et al. (2006). Also, (AVE) reading values should be greater than 0.5 (≥ 0.5) (Fornell and Larcker, 1981).

4.5. Testing the Theoretically Hypothesized Research Model Using Integral Structural Equation Modeling.

For testing the research hypotheses and objectives the structural equation modeling (SEM-AMOS) is used in the present study.

5. Results

5.1. (CFA) The availability of the qualified human resources in Islamic banks

The results of the goodness-of-fit of the final revised of the qualified Human resources model showed that normed chi-square (CMIN/DF) was (2.825) the CFI was (.984) and RMSEA was (.080). Figure (1) shows the adequacy of the final revised of the qualified Human resources model.

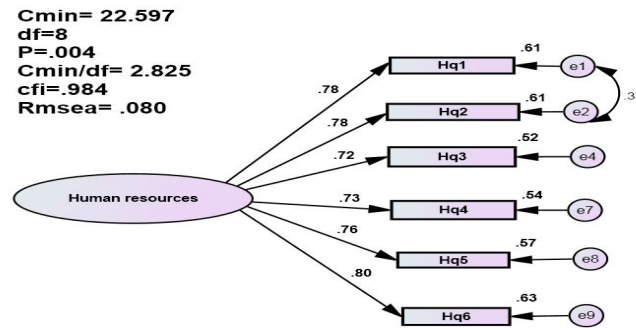


Figure 1: The final revised of the availability of the qualified Human resources model with six- items

5.1.1 Construct Validity and Reliability.

In the present study, loading for the parameters factor ranged from 0.720 to 0.80, with all parameters were above 0.5 (≥ 0.5). The reliability was greater than 0.7 (≥ 0.7), it ranged from 0.901 to 0.904. In addition, the AVE reading was 0.58 where the value was greater than 0.5 (≥ 0.5). Consequently, all results fulfilled the AVE, and the reliability discriminant validity of the model. In general, the measurement model of the qualified Human resources model was fit and fulfilled the construct as depicted in Table (1).

Table 1. Construct Validity The availability of the qualified human resources model

No	Items	Reliability	estimate	S. E.	C. R.	P	Loading	R	AVE
Hq1	Personnel have the skills required to complete the work after converting into Islamic banks.	0.901	1.000	-	-	-	0.78	0.61	0.58
Hq2	Personnel have the ability to deal with the requirements of the Islamic banking after converting into Islamic banks.	0.901	1.043	.0633	16.48	0.00	0.78	0.61	-
Hq3	Personnel have the necessary legitimate knowledge to complete the work after converting into Islamic banks.	0.902	.931	.0762	12.20	0.00	0.72	0.52	-
Hq4	The lack of the qualified human recourses in the field of Islamic banking will not impede the success of the experience in converting into Islamic banks.	0.904	1.06	.0845	12.52	0.00	0.73	0.54	-
Hq5	The educational institutions in Libya are capable of supplying banks with qualified personnel to operate the bank after converting into Islamic banks.	0.903	.930	.0728	12.91	0.00	0.76	0.57	-
Hq6	The current human resources' skills will enable them to complete the work after converting into Islamic banks.	0.902	1.07	.0782	13.65	0.00	0.80	0.63	-

5.2. (CFA) of the availability of the Islamic capital market.

The results of the goodness-of-fit of the final revised of the Islamic Capital Market model showed that normed chi- square (CMIN/DF) was (1.392) the CFI was too high (.999) and RMSEA was (.037). Figure (2) shows the adequacy of the final revised of the Islamic Capital Market model.

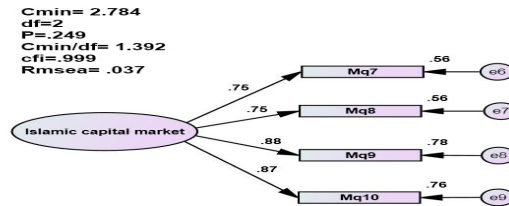


Figure 2: The final revised of the availability of the Islamic capital market model with four- Items

5.2.1 Construct Validity and Reliability.

In the current study, the loading for the parameters factor ranged from 0.750 to 0.88, with all parameters were above 0.5 (≥ 0.5). And the reliability was greater than 0.7 (≥ 0.7), it ranged from 0.743 to 0.756. In addition, the AVE reading was 0.67 where the value was greater than 0.5 (≥ 0.5). Consequently, all results fulfilled the AVE, and the reliability discriminant validity of the model. In general, the measurement model of the Islamic capital market model was fit and fulfilled the construct as depicted in Table (2).

Table 2: Construct Validity of the Islamic capital market model

Item code	Items	Reliability	estimate	S. E.	C. R.	P	Loading	R	AVE
Mq7	The presence of the Islamic capital market represents a better alternative for making a good use of capital after converting into Islamic banks.	0.748	1.000	-	-	-	.75	.56	0.67
Mq8	The experience in converting traditional banks into Islamic banks will give an indication of the need for the existence of an Islamic capital market.	0.743	1.283	.210	6.10	***	.75	.56	-
Mq9	The availability of the Islamic capital market provides an integration of the role of banks after converting into Islamic banks.	0.756	1.055	.177	5.95	***	.88	.78	-
Mq10	The presence of the Islamic capital market will contribute to the good use of funding resources after converting into Islamic banks.	0.755	.908	.158	5.76	***	.87	.76	-

5. 3. (CFA) of the Employees’ Willingness to Convert into Islamic Banks

The results of the goodness-of-fit of the final revised of the Employees’ Willingness to Convert into Islamic Banks model showed that normed chi- square (CMIN/DF) was (1.408) the CFI was (.998) and RMSEA was(.038). Figure (3) shows the adequacy of the final revised of the Employees’ Willingness to Convert into Islamic Banks.

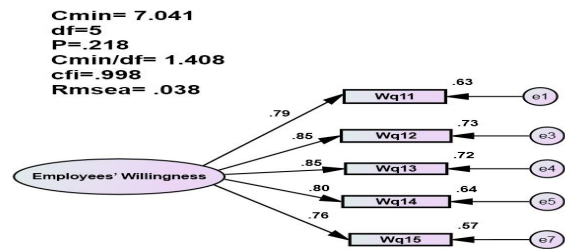


Figure 3. The final revised of the employees’ willingness to convert into Islamic banks model with five – Items

5.3.1 Construct Validity and Reliability.

In this study, the loading for the parameters factor ranged from 0.760 to 0.850, with all parameters were above 0.5 (≥ 0.5). The reliability was greater than 0.7 (≥ 0.7), it ranged from 0.894 to 0.901. In addition, the AVE reading was 0.66 where the value was greater than 0.5 (≥ 0.5). Consequently, all results fulfilled the AVE, and the reliability discriminant validity of the model. In general, the measurement model of the employees’ willingness to convert into Islamic banks model was fit and fulfilled the construct as depicted in Table (3).

Table 3: Construct Validity of the employees’ willingness to convert into Islamic banks model

Item code	Items	Reliability	estimate	S. E.	C. R.	P	Loading	R	Ave
Wq11	Personnel are fully ready to carry out any tasks assigned to them that would contribute to the success of the experience in converting into Islamic banks.	0.895	1.000	-	-	-	.79	.63	0.66
Wq12	Workers are more willing to make additional efforts to make the process of Islamic bank conversion successful.	0.894	1.059	.067	15.89	***	.85	.73	-
Wq13	Personnel are convinced of or satisfied to convert into Islamic banks for its added merit.	0.894	1.003	.063	15.83	***	.85	.72	-
Wq14	Personnel make sufficient effort to accomplish the tasks on time.	0.895	.904	.062	14.68	***	.80	.64	-
Wq15	Personnel have the willingness to make the process of Islamic bank conversion successful...	0.901	.922	.067	13.66	***	.76	.57	-

5. 4. (CFA) of the success of the Islamic banking experience

The results of the goodness-of-fit of the final revised of the success of the Islamic banking experience model showed that normed chi- square (CMIN/DF) was (2.121) the CFI was (.986) and RMSEA was(.063). Figure (4) shows the adequacy of the final revised of the success of the Islamic banking experience.

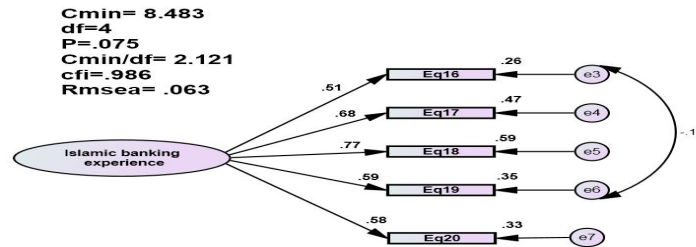


Figure 4: The final revised of the success of the Islamic banking experience model with five- Items

5.4.1 Construct Validity and Reliability.

In the present study, the loading for the parameters factor ranged from 0.510 to 0.770, with all parameters were above 0.5 (≥ 0.5). The reliability was greater than 0.7 (≥ 0.7), it ranged from 0.756 to 0.771. In addition, the AVE readings was 0.40 where the value was less than 0.5 (< 0.5). But can rely on the result of the presence of strong theoretical framework for study, Al-Atyat (2007). In general, the measurement model of the success of the Islamic banking experience was fit and fulfilled the construct as depicted in Table (4).

Table 4. Construct Validity of the success of the Islamic banking experience model

Item code	Items	Reliability	estimate	S. E.	C. R.	P	Loading	R	Ave
Eq16	It is possible that the success of the Islamic banking experience in previous states will provide the appropriate environment in Libya to the desire of the customer when such Islamic banks are present.	0.771	1.000	-	-	-	.51	.26	0.40
Eq17	It is possible for the Libyan experience in converting to Islamic banks to succeed within the success of such experience in previous countries through the possibility of providing funding legitimate alternatives.	0.768	1.5555	.2201	7.068	***	.68	.47	-
Eq18	It is possible for the Libyan experience in converting to Islamic banks to succeed within the success of such experience in previous countries through its attraction of saved funds of savers.	0.764	1.6647	.2285	7.285	***	.77	.59	-
Eq19	It is possible for the Libyan experience in converting to Islamic banks to succeed within the success of such experience in previous countries through its achieving additional profits higher than the traditional counterpart.	0.756	1.3139	.2090	6.288	***	.59	.35	-
Eq20	It is possible for the Libyan experience in converting to Islamic banks to succeed within the success of such experience in previous countries through its advantages to its clients by providing them with meaningful economic investment.	0.745	1.3320	.2044	6.517	***	.58	.33	-

5. 5. (CFA) of the Success of the Experience in Converting into Islamic Banks

The results of the goodness-of-fit of the final revised of the Success of the Experience in Converting into Islamic Banks model showed that normed chi- square (CMIN/DF) was (2.804) the CFI was (.987) and RMSEA was (.080). Figure (5) shows the adequacy of the final revised of the Success of the Experience in Converting into Islamic Banks model.

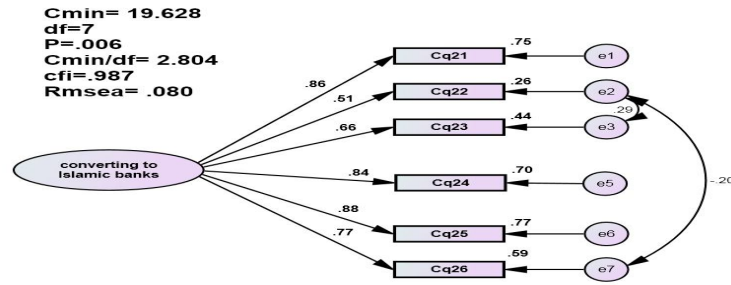


Figure 5: The final of the success of the experience in converting into Islamic banks model with six- Items

5.5.1 Construct Validity and Reliability.

In the present study, the loading for the parameters factor ranged from 0.510 to 0.880, with all parameters were above 0.5 (≥ 0.5). The reliability was greater than 0.7 (≥ 0.7), it ranged from 0.839 to 0.850. In addition, the AVE reading was 0.59 where the value was greater than 0.5 (≥ 0.5). Consequently, all results fulfilled the AVE, and the reliability discriminant validity of the model. In general, the measurement model of the success of the experience in converting into Islamic banks model was fit and fulfilled the construct as depicted in Table (5).

Table 5: Construct Validity of the success of the experience in converting into Islamic banks model

Item code	Items	Reliability	estimate	S. E.	C. R.	P	Loading	R	Ave
Cq21	Converting into Islamic banking is a complex process which is more time-demanding.	0.839	1.0000	-	-	-	.86	.25	0.59
Cq22	The law of such conversion imposed by the outside world bank will be resisted and rejected by employees.	0.849	.6030	.0676	8.916	***	.51	.26	-
Cq23	The banking laws and legislation which are being currently applied do not contribute to the success of such conversion.	0.842	.6834	.0544	12.56	***	.66	.44	-
Cq24	The abolition of the Libyan banks' interest is made in a rush way and not well studied.	0.836	.9993	.0560	17.85	***	.84	.70	-
Cq25	The current human resources are unable to carry out the work of the bank after conversion.	0.841	.9324	.0486	19.20	***	.88	.77	-
Cq26	The Libyan capital market is not suitable for the nature of Islamic banks.	0.850	.7060	.0454	15.54	***	.77	.59	-

6. Testing the Theoretically Hypothesized Research Model Using Integral Structural Equation Modelling (SEM-AMOS).

6.1. Testing the Standard Theoretical Research Model Using a CFA.

6.1.1. The main measurement model of the success of the experience in converting into Islamic banks and factors affecting it.

Figure (6) is an illustration of the theoretically hypothesized research model through the measurement model. The five tested factors are correlated and such correlations were obtained using the AMOS as shown in the bidirectional arrow (\longleftrightarrow). The five factors in the measurement models did not take into account identifying the independent and dependent factors which were identified later as discussed in the second section.

It is evident from the same figure that the model of the success of the experience in converting into Islamic banks and factors affecting it are free of illogical correlation reaching or exceeding the integer (1). Such results indicate that there is no problem with the measurement model that includes the independent factors (which are the qualified human resources in Islamic banks, the availability of the Islamic capital market, the employees' willingness to convert into Islamic banks and the success of the Islamic banking experience) and the dependent factor or variable (the success of the experience in converting into Islamic banks) since they are proved to be correlated. As seen in Table (6), indicators of agreement between the model of the success of the experience in converting into Islamic banks and the factors affecting it did not exceed the T-value. It suggests that there is an agreement between the model of the success of the experience in converting into Islamic banks and the factors affecting it as well as agreements among the sample data used in the study. In addition, the value of the Chi-Square was (528.542) and the degree of freedom was equal to (289), and the level of significance was (P=.000).

The normative Chi-Square (CMIN/DF) was (1.829) which did not exceed the T-value (5) and the value of the relative strength index CFI was (.941), which is higher than the T value (.90). Such values are evident that there are correlations between the model of the success of the experience in converting into Islamic banks and the factors affecting it as well as among correlations among the five factors in the model. The analysis also showed that the value of the index RMSEA was (.054), which is less than (.080). Such value is indicative of the widespread of the model of the success of the experience in converting into Islamic banks and the factors affecting it in the overall population. In brief, the values of such above indicators underlie the agreement and correlations between theoretically hypothesized model of the success of the experience in converting into Islamic banks and the factors affecting it. Despite of this agreement and corrections, there are three items: (Hq1), (Mq8) and (Eq20) of the following factors: (human, market and experience) were identified through AMOS, consequently, removing these three items from the model was suggested.

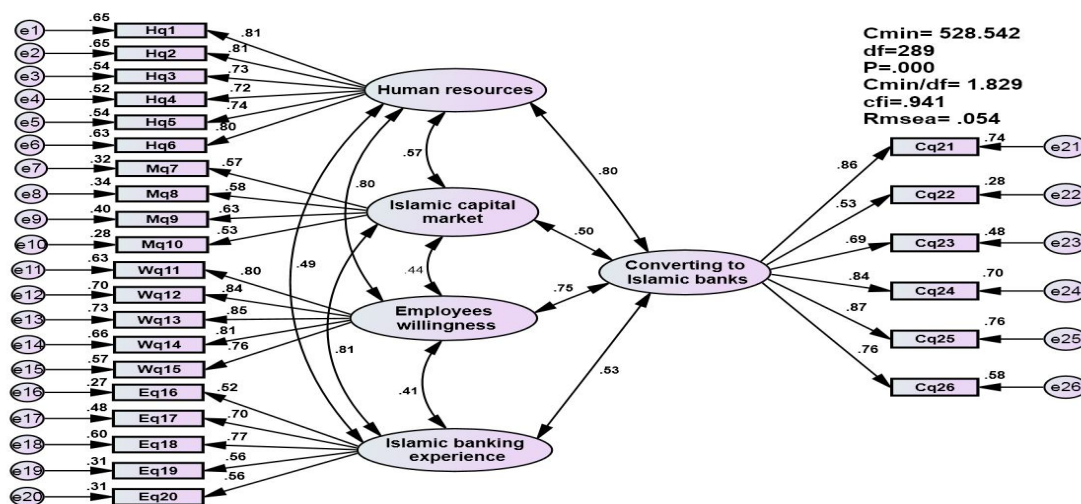


Figure 6: Main measurement model of the success of the experience in converting into Islamic banks and factors affecting it

6.1.2. Assessing the Research Model fit with sample Data (the Modified Model).

After modifying or amending the main measurement model by removing the three items, it was found that the values of the model fit indices as shown in Table (6) and Figure (7) that there is a good fit between the hypothesized model (the success of the experience in converting into Islamic banks and factors affecting it) and the data collected. The value of the Chi-Square was (383. 931) and the degree of freedom was (220), and the level of significance was (P=.000). The normative Chi-Square (CMIN/DF) was (1.745) which was lower than (5) and the value of the relative strength index (CFI) was (.954), which is higher than (.90). Such results indicate that there are correlations between the model of the success of the experience in converting into Islamic banks and the identified factors affecting it. This is because it is far from the value of zero, hence, suggesting such corrections between the independent and dependent variables.

Table 6: Values of the fit indices of the model of the success of the experience in converting into Islamic banks and factors affecting it

NO	parity indicators	Standard Model		Constructivist	The value of the quality of the match
		Main standard model form (6)	Standard Model form Ratio (7)	model Synthetic The form (8)	
		The value of the index	The value of the index	The value of the index	
1	Cmin	528.542	383.931	383.931	---
2	df	289	220	220	---
3	P	.000	000	.000	Non
4	Cmin/Df	1.829	1.745	1.745	Less than (5)
5	CFI	.941	.954	.954	More (.90)
6	RMSEA	.054	.051	.051	Less than (.08)

The value of the index (RMSEA) was (.051) and results as illustrated in Table (6) and Figure (7) confirm the presence of the well-known theoretically hypothesized model of the success of the experience in converting into Islamic banks and the factors affecting it in the overall population from which the sample was taken. It can be summed up that such above indices show that the model in conjunction with the factors affecting the success of the experience in converting into Islamic banks fit the real Libyan context or environment where the data of the present study was collected. Based on the evidence put forward, it is possible to verify the efficiency of the factor loadings and then the internal hypotheses in the theoretical model.

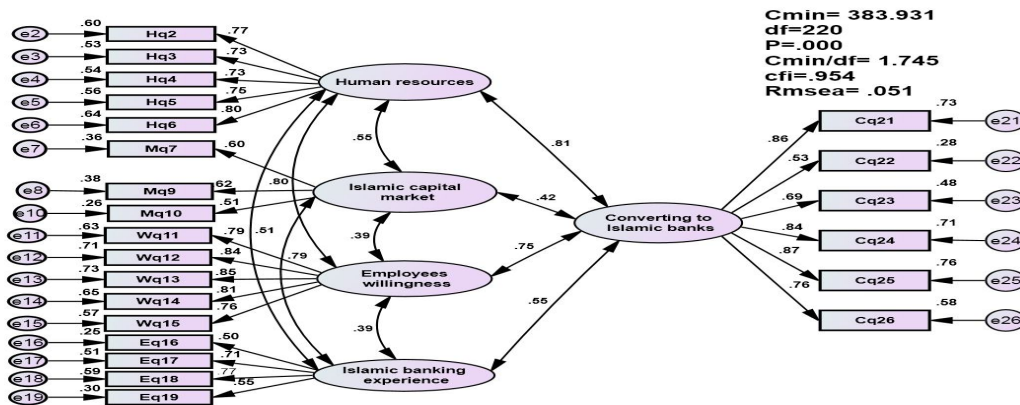


Figure 7: Modified measurement model of success of the experience in converting into Islamic banks and factors affecting it

6.1.3. Testing the efficiency of factor loadings in the model of success of the experience in converting into Islamic banks and factors affecting it.

Factor loadings mean that the correlations between the factors and the items of the questionnaire that represent these factor (e.g. the correlation between the qualified human resource and the items of this factor and so forth). The value of such relation or correlation should be at least (.50). It is evident from the outline of the model in Figure (8) and Table (7) that the saturation of the factor loadings or correlations between the variables as embodied in the model through the rectangles and the underlying factors as manifested in circles was high and exceeded (.50). These are usually called the saturation or loadings or parameter estimates in the table which ranged from the least value (.50) between the success of Islamic banking experience and its first item (16) to the highest value (.87) between the success of Islamic banking experience and its item (25) in the model. Moreover, the T-value for each relation between the underlying factors and variables representing it was higher than (1.964) for all relations, which means that such values are significant at (.05). Since the T-value is higher than (1.964), the levels of such relations are statically significant. Such results confirm that there are correlations or relations between the five factors (the qualified human resources in Islamic banks, the availability of the Islamic capital market, the employees' willingness to convert into Islamic banks, the success of the Islamic banking experience and the success of the experience in converting into Islamic banks) and the items or variables underlying such factors.

Table 7: Parameter and non-parameter estimates of the theoretical measurement model of the success of the experience in converting into Islamic banks and factors affecting it

Item code	Abbreviation	estimate	S. E.	C. R.	P	Loading	SMC
		Non-codified estimates	Standard error	The value of the T	The level of significance	Saturation.	Polyvinylidene fluoride link
Hq2	Human	1.0000	-	-	-	0.773	0.598
Hq3	Human	.9148	.0722	12.6734	***	0.730	
Hq4	Human	1.0232	.0801	12.7755	***	0.735	0.540
Hq5	Human	.9014	.0690	13.0699	***	0.749	0.561
Hq6	Human	1.0366	.0737	14.0615	***	0.798	0.636
Mq7	Market	1.0000	-	-	-	0.603	0.363
Mq9	Market	1.1488	.1603	7.1647	***	0.619	0.383
Mq10	Market	.7935	.1254	6.3289	***	0.509	0.259
Wq11	Willingness	1.0000	-	-	-	0.794	0.631
Wq12	Willingness	1.0422	.0656	15.8823	***	0.841	0.707
Wq13	Willingness	1.0072	.0620	16.2325	***	0.855	0.731
Wq14	Willingness	.9129	.0604	15.1033	***	0.809	0.654
Wq15	Willingness	.9199	.0666	13.8225	***	0.755	0.570
Eq16	Experience	1.0000	-	-	-	0.503	0.253
Eq17	Experience	1.6486	.2227	7.4033	***	0.711	0.506
Eq18	Experience	1.6957	.2230	7.6049	***	0.768	0.590
Eq19	Experience	1.2307	.1908	6.4501	***	0.545	0.297
Cq21	Converting	1.0000	-	-	-	0.857	0.735
Cq22	Converting	.6272	.0667	9.4097	***	0.527	0.278
Cq23	Converting	.7166	.0536	13.3628	***	0.692	0.479
Cq24	Converting	1.0103	.0559	18.0581	***	0.841	0.707
Cq25	Converting	.9319	.0487	19.1315	***	0.870	0.757
Cq26	Converting	.7008	.0458	15.2967	***	0.759	0.576

6.1.4. Testing the relations between the independent factors and the dependent factor of the model of the success of the experience in converting into Islamic banks.

As seen by the results in Figure (8) and Table (8), the relations or correlations among the five factors: the qualified human resources in Islamic banks, the availability of the Islamic capital market, the employees' willingness to convert into Islamic banks, the success of the Islamic banking experience and the success of the experience in converting into Islamic banks were statically significant. It was found that the T value was higher than (1.964) and the level of significance (the value of the possibility) was less than (0.05). The values of such significant correlations among such five factors varied from (0.39) between two factors: the availability of the Islamic capital market and the employees' willingness to convert into Islamic banks and between the employees' willingness to convert into Islamic banks and the success of the Islamic banking experience to (.810) between the qualified human resources in Islamic banks and the success of the experience in converting into Islamic banks.

Table 8: Results of the levels of correlations between the independent and the dependent factors of the model of the success of the experience in converting into Islamic banks

No	An inherent factor	The link	An inherent factor	estimate	R	P	C. R.	S. E.
				Non-codified estimates	Link	The level of significance	The value of the T	Standard error
1	Market	↔	Willingness	.1463	.39	***	4.3473	.0336
2	Human	↔	Willingness	.5146	.80	***	8.3407	.0617
3	Human	↔	Conversion	.5797	.81	***	8.6224	.0672
4	Market	↔	Conversion	.1758	.42	***	4.6296	.0380
5	Willingness	↔	Conversion	.6345	.75	***	8.4797	.0748
6	Experience	↔	Conversion	.1853	.55	***	5.4843	.0338
7	Human	↔	Experience	.1308	.79	***	5.1396	.0254
8	Market	↔	Experience	.1171	.51	***	5.4125	.0216
9	Human	↔	Market	.1748	.55	***	5.4377	.0321
10	Willingness	↔	Experience	.1166	.39	***	4.4347	.0263

6.2. Testing the Structural Modeling of the theoretical model of the study (SEM).

In the measurement model shown in Figure (7) as previously discussed, the researcher dealt with the five research variables as independent variables without specifying the dependent variables because this is the main purpose of the structural model as represented by the unidirectional arrow (\rightarrow). However, in the measurement model, the relations among the factors were represented by the bidirectional arrow (\leftrightarrow). In such structural model, the researcher identified the external independent variables (the qualified human resources in Islamic banks, the availability of the Islamic capital market, the employees' willingness to convert into Islamic banks and the success of the Islamic banking experience) and the dependent variable (the success of the experience in converting into Islamic banks). He also dealt with this according to the model as illustrated in Figure (8).

6.2.1. Testing the Research Model Fit with sample Data

Based on the values of the model fit indices as in Table (6) and Figure (8), it is clear that the structural model does not differ much from the measurement model. Such results showed that there is a good fit between the hypothesized model (the success of the experience in converting into Islamic banks and factors affecting it) and the data collected. The value of the Chi-Square was (383.931) and the degree of freedom was (.220), and the level of significance was (P=.000), which means that it is statically significant and there is not any difference between the hypothesized model and the collected data. By looking at the normative Chi-Square (Chi-Square /degrees of freedom) (1.745) which was lower than the T value (5), it can be noticed that the value of the relative strength index (Chi) was (.954), which is higher than the T value (.90). Such results indicate that there are correlations between the model of the success of the experience in converting into Islamic banks and the identified factors affecting it. Such values are also far from the value of zero which underlies the lack of correlations between the model of the success of the experience in converting into Islamic banks and the factors affecting it.

The results also revealed that the value of the index (RMSEA) was (.051) as seen in Table (7) and Figure (8), which is less than (.080).Such value indicates that the model of the success of the experience in converting into Islamic banks and the factors affecting exist in the overall population from which the sample was taken. In brief, it can be stated that the values of such above indices suggest that the model of the success of the experience in converting into Islamic banks and the factors affecting it are consistent with the real Libyan environment through the collected data and based on such results, it was possible to test the proposed research hypotheses.

6.2.2. Testing the main research hypotheses of the success of the experience in converting into Islamic banks

After ensuring the efficiency of the relations or corrections among the variables as remarked by their underlying factors, the hypotheses of the model were tested.

6.2.2.1. Hypothesis 1: the availabilityof the qualified human resources in Islamic bank have a positive influence on the success of the experience in converting into Islamic banks in Libya.

The first hypothesis assumed that the qualified human resources have positive effect on the success of the experience in converting into Islamic banks. Based on the results shown in Figure (8) the outline of the theoretical model and Table (9) the output of the Amos, the hypothesis was statistically significant since the value was (4.785). Such value was higher than (1.964) and it indicates that this hypothesis was accepted at a level of significance (P= 0.00). It is also statically significant since it is less than (0.05). In addition, the value of the parameter estimates was (.55) with a positive trend, which confirms that the increased availability of the qualified human resources will lead to the success of the experience in converting into Islamic banks.

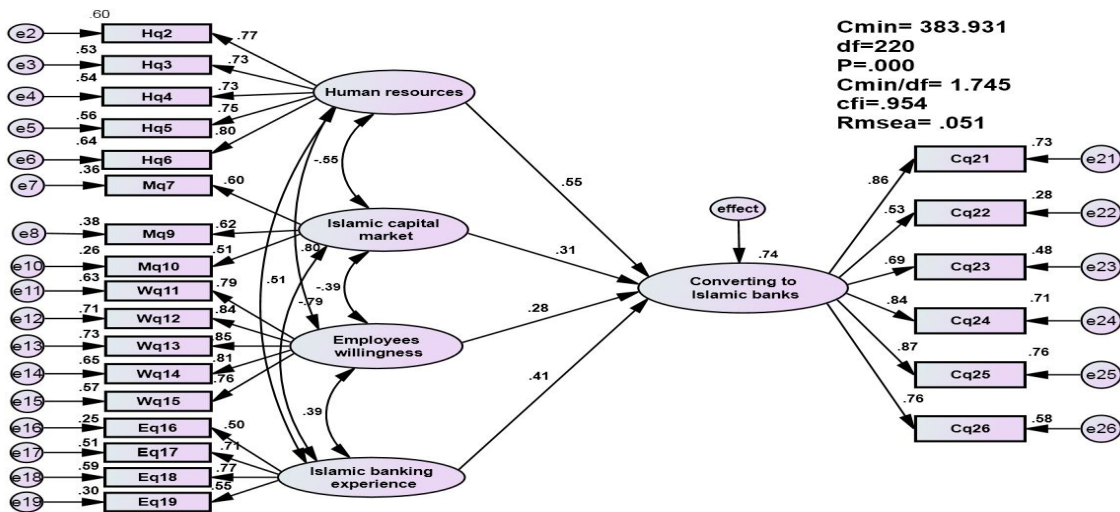


Figure 8: Structural model of the success of the experience in converting into Islamic banks and factors affecting it

6.2.2.2. Hypothesis 2: the availability of the Islamic capital market has positive effect on the success of the experience in converting into Islamic banks in Libya.

The second hypothesis states that the availability of the Islamic capital market has positive effect on the success of the experience in converting into Islamic banks. The results in Figure (8) and Table (9) showed that this relationship of effect as stated in this hypothesis was statistically significant since the T-value was (2.073), higher than (1.964). Moreover, the value of the level of significance was ($P=0.038$) which is less than (0.05), hence, indicating that this hypothesis was accepted too. The value of the parameter estimates was also (.31) showing a positive trend and confirming that the availability of the Islamic capital market leads to the success of the experience in converting into Islamic banks.

6.2.2.3. Hypothesis 3: the employees' willingness to convert into Islamic banks has positive effect on the success of the experience in converting into Islamic banks in Libya.

The third research hypothesis is about the assumed direct positive effect of the employees' willingness to convert into Islamic banks on the success of the experience in converting into Islamic banks. By looking at the results shown in Figure (8) and Table (9), it is evident that there was statically significant effect since T-value was (2.976) which is higher than (1.964) and the value of the level of significance was ($P=0.003$), less than (0.05). Moreover, the value of the parameter estimates was (.28) with a positive trend, and it confirms that the employees' willingness to convert into Islamic banks leads to the success of the experience in converting into Islamic banks.

6.2.2.4. Hypothesis 4: the success of the Islamic banking experience has positive effect on the success of the experience in converting into Islamic banks in Libya.

This last research hypothesis assumed that the success of Islamic banking experience has positive effect on the success of the experience in converting into Islamic banks. The results in Figure (8) and Table (9) provided evidence that this hypothesis was statistically significant as T-value was (3.010), which is higher than (1.964). This hypothesis was accepted at a level of significance ($P=0.003$), less than (0.05). In addition, the value of the parameter estimates was (.41) with a positive trend, hence, confirming that the success of Islamic banking experience leads to the success of the experience in converting into Islamic banks.

To sum up, we can say that the four previous research hypotheses were proved to be accepted in terms of the positive effects of these four factors on the success of the experience in converting into Islamic banks. This supports what was assumed based on previous studies, the theoretical framework or theories concerning conversion into Islamic banking.

6.2.3. The Size of the impact and to identification of the most important factors affecting the success of the experience in converting into Islamic banks.

It is clear from Figure (8) that the size of effect was (.74), that is the rate of effect of the four independent factors (the qualified human resources in Islamic banks, the availability of the Islamic capital market, the employees' willingness to convert into Islamic banks and the success of the Islamic banking experience) on the dependent variable (the success of the experience in converting into Islamic banks) was (74%). In other words, such result indicates that (74%) of the success of the experience in converting into Islamic banks was explained by the four factors as this rate or percentage is high and it provides strong evidence that the availability of these factors will lead to the success of the experience in converting into Islamic banks. Referring to Figure (8) and Table (9), it is evident that the most important factor having most effect on the dependent variable (the success of the experience in converting into Islamic banks) was the qualified human resources in Islamic banks with the highest effect (4.785) and with a value of parameter estimates of (.55). This was followed by the success of the Islamic banking experience since its effect on the dependent variable was (3.010) and the value of the parameter estimates was (.41). The third most important factor was the availability of the Islamic capital market with effect of (2.073) and a value of parameter estimates of (.31). The least important factor was the employees' willingness to convert into Islamic banks as its effect on the dependent variable was (2.976) and the value of the parameter estimates was (.28).

Table 9: Parameter and non-parameter estimates of the model of the success of the experience in converting into Islamic banks and factors affecting it

	Independent variables	The link	dependent variable	Estimate	Standard Error (S.E.)	Critical Ratio (C.R.)	P-Value	Standardized Regression Weights
1	Human	→	Conversion	.7181	.1501	4.7850	***	0.55
2	Market	→	Conversion	.6977	.3365	2.0732	.0382	0.31
3	Willingness	→	Conversion	.3124	.1050	2.9755	.0029	0.28
4	Experience	→	Conversion	1.1408	.3790	3.0105	.0026	0.41

Discussion and Conclusion

The results of the quantitative analysis of the data using the structural equation modeling (SEM-Amos) in testing all the four research hypotheses showed that all factors of the study had positive effect on the success of the experience in converting into Islamic banks. Overall, the effect of the factors represented (74%) of the total number of factors affecting the success of the experience in converting into Islamic banks. Thus, the results of the present study can be summarized in the following points:

1. The availability of the human resources who are qualified for working in Islamic banks can be considered as the most important factor affecting the success of the experience in converting into Islamic banks.
2. The factor of the qualified human resources in Islamic banks is considered as the most influential factor that has most positive effect on the success of the experience in converting into Islamic banks.
3. The availability of the Islamic capital market in the Libyan business environment will contribute significantly to the success of the experience in converting into Islamic banks.
4. The availability of employees' willingness to convert into Islamic banks will positively effect on the success of the experience in converting into Islamic banks.
5. The outcome or achievements of the success of Islamic banking experience on the level of attracting savings and profits will contribute to the success of the experience in converting into Islamic banks.

Recommendations

Based on all the above results, the study recommends the followings:

1. The Libyan educational and academic institutions should supply and support the capital market with human resources who are qualified and trained to meet the requirements of work in Islamic banks.
2. The Libyan banks should benefit from the experience of the traditional banks which have been converted into Islamic banks that apply the provisions of the Islamic law in their business dealings.
3. There should be closer coordination among the Libyan banks, concerned authorities and financial institutions outside the banking sector to participate in the success of converting traditional banks into Islamic Banking.
4. The concerned authorities in the State should expedite the process of establishing facilities that support Islamic banks such as educational, training and advisory institutions.
5. The concerned authorities in the State should expedite the process of establishing an Islamic capital market since it positively contributes to the success of the experience in converting into Islamic banks.

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