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RETAIL ISLAMIC FINANCIAL SERVICES IN NORTH AMERICA: THE (UPPER) MICHIGAN CONNECTION

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The purpose of this paper is to explore how a small remote Midwestern bank reformulated itself into a major marketer of retail Islamic financial services in the United States and influenced Islamic financial services marketing in North America. The paper is based on a review of existing literature and a case study of how University Bank, now based in Ann Arbor, Michigan, has become the leading provider of Islamic financial services in the United States. University Bank whose principals are Roman Catholic identified the Muslim market in Southeast Michigan as measurable, differentiable, accessible and substantial. As part of the Bank's reformulation strategy it has successfully executed a strategic plan to capture this growing market in the United States and North America. The paper draws attention to the often ignored attractiveness of the Muslim market in North America as well as highlights how a small, nimble organization has been able to capitalize on using Muslims as a market segmentation variable.

Keywords: University Bank; Islamic financial retail services; *Shariah* compliant products.

1. Introduction

The week beginning July 4, 2011 National Public Radio's *All Things Considered* ran a special series on the changing notion of what it means to be "all-American." Although the term had its origins in athletics, over time its use became associated with an affirmation of the majority United States culture — that being Caucasian and of a Judeo-Christian background. The major theme of the special series was that the demographics of the United States are changing rapidly as is the evolving meaning of the term (Norris, 2011).

Regions, states, provinces and cities across North America have experienced different demographic changes in population as a result of immigration, migration and birthrates. Most visible in the United States has been the growth of Hispanic-Americans in the Southwest and Asian-Americans on the West Coast (Solomon, 2011). Among the most visible group in Michigan are both Christian and Muslim Arab-Americans who are primarily concentrated in the Southeast corner of the state (Ajrouch and Jamal, 2007).

Just as people move for economic opportunity, sometimes businesses do as well. According to University Bank's Website (http://www.university-bank.com/AboutUs.

html), the institution was founded in 1890 as Newberry State Bank on Michigan's Upper Peninsula. Stephen and Joseph Ranzini acquired controlling interest of the bank in 1988 and opened a branch in Sault Ste. Marie, MI. Despite doubling the size of the bank, in 1994 they sold all of the bank's assets in the Upper Peninsula, retained the charter, changed the name of the charter to University Bank, and opened a community bank 350 miles south in Ann Arbor, MI. Since then the Bank has formed the University Islamic Financial Corporation, a subsidiary run entirely on *Shariah* principles, which offers *Shariah* compliant deposit-like, mortgage-like and investment products.

The University Bank story is an excellent case study of how a small bank located in an economically depressed, remote region of the United States transformed itself into becoming a leader in global business. This author's interest in the topic lies in the fact he lives and works in Sault Ste. Marie. Prior to becoming a marketing faculty member he was also the head of marketing and the Community Reinvestment Act (CRA) officer for a bank holding company dually headquartered in Michigan's Upper Peninsula and metro Detroit.

This paper briefly discusses Islamic financial services, the growth of a sizable, identifiable Muslim target market in North America and particularly Southeast Michigan, and University Bank's strategic marketing plan to profitably meet the underserved financial services needs of this market. This small community bank has become well-known in the Islamic financial services arena, has become a national participant and has the potential to become an international player in this growing financial services sector.

2. Retail Islamic Financial Services

2.1. *Shariah law and traditional retail financial service products*

Shariah, or Islamic law governs financial services for devote Muslims. Contracts or arrangements involving the payment or receipt of interest are forbidden. Payment or receipt of interest violates the *Shariah* concept of *riba. Riba* essentially means excessive gain or usury (Saeed, 1999). Ironically, this practice was also condemned in early Judeo-Christian lending (Bennett, 2007; ElBoghdady, 2006). Furthermore, personal guarantees are problematic in Islamic culture. As a result, traditional deposit and loan financial service products in the West, which are priced primarily through the exchange of interest and in some cases, unsecured (personal notes and credit cards), are problematic for Muslim consumers (Cocheo, 2007).

Many investment products like common stocks, bonds and mutual funds can pose problems for Muslims as well (Ayub, 2007; Usmani, 2002). *Shariah* law bars Muslims from investing in businesses that are involved in alcoholic beverages, gambling, pork processing, or pornography. It also prohibits investing either directly or indirectly in interest-bearing instruments, or bonds. Consequently, opportunities for purchasing investment products are limited for devoted Muslims.

2.2. *Shariah compliant institutions and products*

The current rise in the popularity of *Shariah* compliant financial services worldwide began concurrent with the modern rise of the Islamic world in the late 1960s (Bennett, 2007;

Chong and Liu, 2007). The independence of Muslim nations coupled with enormous accumulation of oil wealth initially led to the creation of *Shariah* compliant commercial financial services. More recently, the growing Muslim middle class has also demanded *Shariah* compliant retail financial services products including arrangements for financing home purchases, expensive consumer durables and personal investments like mutual funds.

For a financial services product to be *Shariah* compliant, it must be "approved" by a *Shariah* board, which is composed of a group of qualified Islamic scholars (Usmani, 2002; Tacy, 2006). If a product is approved, the board will issue a favorable *fatwa*, or religious decree. In addition to establishing *Shariah* boards, institutions must completely segregate funds used for Islamic investment products from funds that are used for non-*Shariah* compliant purposes. Management of the institution must also be devoted Muslims who are committed to the Koran and Muhammad's teachings. Institutions also need to guarantee the Muslim accountholder's investments will be protected against trespass, negligence and fraud. Finally, *Shariah* compliant institutions must engage in sound Islamic business practices in conformity with the Accounting and Auditing Organization for Islamic Financial Institutions. It is important to note that in addition to being *Shariah* compliant, Islamic financial institutions must also comply with secular laws and regulations in all markets where they offer Islamic financial products (Cocheo, 2007).

2.3. *Sampling of Shariah compliant products*

Semantics is very important in describing *Shariah* compliant retail financial services products. It is important not to use traditional banking or financial terms to describe the Islamic banking products because the conventional definitions of the terms may imply *riba*, or interest (Cocheo, 2007). Therefore, products will be classified as mortgage or secured loan-like, deposit-like and investment products.

Murabaha, musharaka and *ijara* are popular mortgage or secured loan-like products a Muslim customer may use to acquire a home or other asset such as an automobile (Ayub, 2007; Usmani, 2002). A *murabaha*, is very similar to fixed-rate, fixed-term, secured loan or mortgage and is essentially a marked-up installment sale of the underlying asset like a car or home. The Islamic customer shops for a car or home. The bank then buys the car or home and resells it to the customer at a marked-up price, to be paid in installments. These types of transactions normally include an initial investment by the Islamic customer, similar to what would be a down payment in a conventional financing. The customer receives title or ownership at closing.

In a *musharaka* arrangement, the Islamic bank and its customer set up a joint venture. The customer gets a share of ownership of the asset equal to his initial investment. The customer then buys the bank's share of ownership over time, paying a fee to the bank for the use of the asset. In the *ijara* arrangement, the bank acquires the asset or home and leases it to the customer. The lease payments represent rent plus a payment toward ownership at the end of the lease. At the end of the lease, ownership is transferred to the customer. The *ijara* arrangement may allow for fluctuating lease payments, similar to an adjustable rate loan in conventional financing.

An important attribute to Islamic financial services is a profit-and-loss paradigm (Chong and Liu, 2007). Deposit accounts similar to interest bearing checking, savings and certificates of deposits are not as easy for Islamic banks to provide as mortgage or secured-loan type arrangements (Cocheo, 2007). Deposit accounts must be designed to fund an Islamic bank's *murabaha*, *musharaka*, *ijara* and other *Shariah* compliant arrangements. The profits of these arrangements must then be tracked and linked to the deposits. Deposit account returns are not set, nor guaranteed, in advance, but determined based upon the bank's realized returns on its *murabaha*, *musharaka*, *ijara* and other *Shariah* compliant arrangements.

Islamic law does permit the safekeeping of assets, or *wadiah*, which allows a bank to guarantee the return of deposited funds (Ayub, 2007; Usmani, 2002). It also allows the bank to give depositors a gift, or *hibah*. The *hibah* must be voluntarily paid and is not guaranteed. As Chong and Liu (2007) point out, without some pre-arranged agreement regarding the return or *hibah*, one would receive on deposits, these types of arrangements are hard to attract customers.

There are many critics, including academics and conservative Islamic scholars (Bennett, 2007; Chong and Liu, 2009; Khan, 2010), who claim that Islamic banks have developed mortgage or secured loan-like and deposit-like products that are nothing more than interest-bearing activities in disguise. Timur Kuran of Duke University's Islamic Studies Program was quoted in the *Boston Globe* (Bennett, 2007) as saying these banks have done nothing more than come up with "convoluted ways of lending money that make interest look like something else, when in fact they're really just operating like conventional banks." A study by Chong and Liu (2007) found Islamic banking practices, especially deposit-type products, in Malaysia to not be substantially different than conventional interest-bearing products.

Shariah compliant insurance and investment products popular with middle-income customers tend to be more straightforward than bank products (Ayub, 2007; Usmani, 2002). The primary issue with equity investments like common stocks and mutual funds is whether an investment opportunity is engaged in *harem*, or forbidden, practices like alcoholic beverages, pork processing, tobacco, gambling, pornography and the paying and receiving of interest. Ironically, many of *Shariah* approved mutual funds are popular with conservative Christians and other "ethical" investors (Bennett, 2007).

Sukuk are Islamic financial instruments similar to bonds (Ayub, 2007; Usmani, 2002). Like bonds, they are considered to be less risky than equity investments. Instead of representing an issuer's debt, *Sukuk* represent an ownership position in an asset. As such, the instrument is structured through a lease-type contract so a lessee/lessor relationship rather than a lender/borrower relationship exists (Cakir and Raei, 2007).

Finally, *Shariah* compliant insurance contracts, or *takaful*, are permitted under Islamic law (Ayub, 2007; Usmani, 2002). Insurance contracts are only problematic if someone profits from another's misfortunes. Although insurance contracts issued by for-profit insurance companies would be forbidden, properly structured contracts issued by mutual associations are permissible. Many insurance companies in the West were originally mutual aid associations (Bennett, 2007).

Although the above discussion of *Shariah* compliant retail financial products is not exhaustive, it provides a primer of the type and scope of *Shariah* compliant products available to Muslim customers. Understandably, the development of Islamic financial services has its genesis in the Muslim world where there is a large and identifiable market of devote Muslims (Goud, 2009). The development of these products has also been propelled by the presence of Islamic law being the law of the land in many Muslim populated countries like Iran, Saudia Arabia and Pakistan. Discussed in the next section is an examination of why the market for Islamic financial services is attractive and growing in North America and why the market's development in the United States has entrepreneurial roots in Michigan.

3. The Market for Islamic Financial Services in North America

Kotler and Keller (2009) and Yankelovich and Meer (2006) argue that effective market segmentation for any product or service requires four fundamental requirements. The segmented market must be measurable, differentiable, accessible and substantial. Muslims are a small percentage of the total population of the United States and Canada (Goud, 2009). The U.S. Census Bureau is not permitted to ask about a respondent's religion. As a result, statistical estimates of the size of the Muslim population in the United States vary widely. Although the media uses a range from five to eight million, statistical analysis and other analytical studies estimate the U.S. Muslim population between two and four and one-half million. Regardless of which numbers are used, the Muslim share of the U.S. population is more than likely less than two percent.

Having a population that is one tenth the size of the United States, Canada's Muslim population is smaller in absolute numbers (Goud, 2009). Unlike the U.S. Census Bureau, Statistics Canada asks respondents to identify their religion. Consequently, 2011 population estimates of Muslims in Canada are 1.1 million, a 100 percent increase in the last ten years. Muslims represent about three percent of Canada's total population.

Although the Muslim market in North America is relatively small in absolute numbers, it tends to be highly concentrated in a few metropolitan areas (Goud, 2009). In the United States, high concentrations of Muslims are found in Atlanta, Boston, Chicago, Dallas, Detroit, Houston, Los Angeles, New York City, Minneapolis-St. Paul, San Francisco and Washington, DC metropolitan areas. In Canada, the Muslim population is primarily concentrated in Toronto and the province of Ontario.

3.1. *Muslims in Michigan*

Muslim migration to Southeast Michigan began in the last decade of the nineteenth century (Belton, 2003). The first migrants came from the Lebanese Biqa Valley, which was suffering from overpopulation, a poor economy and political instability stemming from civil wars between Mt. Lebanon's Maronite Christians and Druzes. These Lebanese Muslims followed Lebanese Christians who had already immigrated to Detroit. In 1913, when Henry Ford began paying a five dollar a day wage, Lebanese Christian and Muslim immigrants continued to flock to Detroit. Between 1918 and 1924, further deteriorating economic conditions in Lebanon generated a large wave of Lebanese immigration to the Detroit area until quotas (100 per Arab nation) established by the National Origins Act of 1924 significantly curtailed it. In 1927, the Ford Motor Company moved production from Highland Park to Dearborn and by the end of World War II, there were nearly 200 Muslim families living in the Dearborn area.

After World War II and the establishment of Israel, a large group of Palestinian refugees were allowed into the United States (Belton, 2003). Dearborn became home to refugee Palestinian Sunni Muslims while Palestinian Christians settled in other areas of metro Detroit. Additional surges of Palestinian immigrants occurred following the 1967 war and the Intifada and Arab economic stagnation of 1988. These Palestinian surges of refugee immigration brought a new and different type of immigrant; immigrants were more likely to be professionals and Muslim.

During the same period of Palestinian emigration, civil war in Lebanon caused additional surges in Lebanese emigration. Belton (2003) notes that nearly one-third of Lebanon's population emigrated between 1975 and 1991. Dearborn attracted the Shi'a Lebanese, while Christians tended to relocate in other communities in Southeast Michigan.

Beginning in the mid-1970s, Yemeni single-male immigration to Dearborn began to accelerate. Since the mid-1980s, emigration of Yemenis intact families has become more common. Unlike their Palestinian and Lebanese counterparts, the Yemenis tend to be less educated and more devoted Muslims (Belton, 2003). They are less likely to assimilate into American culture favoring traditional Yemeni dress, keeping woman out of public places and socializing in traditional Yemenis coffee houses. Finally, despite being resettled throughout the United States, nearly ten thousand Shi'a Iraqi refugees from the Gulf War have since migrated to Dearborn. As a result, according to Belton (2003) Dearborn and Southeast Michigan has become the largest concentration of Arab Muslims in the United States. Outside of the Middle East, only Paris, France has a larger concentration.

Beginning in 1947, emigration of Muslims from South Asia, the Soviet Union, Eastern Europe, and other places to the United States began to increase (Leonard, 2003). Unlike Arab Muslims, these groups have tended to be more urban elite with many seeking higher education. As the home of arguably one of the largest, and more prestigious public research universities in the United States — the University of Michigan — in nearby Ann Arbor has attracted a sizable, more diverse Muslim population and community. A keyword search on "Muslims in Ann Arbor" returns numerous hits of Muslim mosques, student associations, community associations, social events, schools and newspapers.

Relatively recent research by Ajrouch and Jamal (2007) found that "there appears to be a higher proportion of Muslims in Michigan than is found on the national level." Because the Muslim population in Southeast Michigan appears to be measurable, differentiable, accessible and substantial, it is not surprising that the nation's first wholly *Shariah* compliant retail banking subsidiary was established in Ann Arbor. In the following section, a brief history of retail Islamic financial services in the United States and how University Bank identified and began marketing retail financial services to the Muslim community is discussed.

4. The Rise of U.S. Retail Islamic Financial Services in North America

The mid 1980's is the genesis of retail Islamic financial services in the United States (Goud, 2009). Although the two firms that forged into the *Shariah* compliant Muslim market have their offices on the West Coast, one firm's seed assets have Midwestern origins. In 1989, Saturna Capital Corporation based in Bellingham, WA was formed and started the Amana Funds, a *Shariah* compliant family of mutual funds. The initial fund was capitalized with assets from a group of Muslims who started a *Shariah* compliant investment pool in Indianapolis in 1984. The investment pool became so popular and grew to such a large size that it became difficult for the group to manage. With the assistance of a local fund manager, Saturna Capital was formed and the Amana Income Fund was launched with 3.2 million dollars. In 1994, a second fund was added to the family. According to the Amana Funds' Website, as of June 30, 2011, the now three fund family has a market value of more than 3.5 billion dollars (http://www.amanafunds.com). Concurrently, American Finance House-LARIBA of Pasadena, California began offering *Shariah* compliant small business and home financing.

According to Goud (2009), the Ypsilanti, MI based Samad Group/CIHF Partners developed an *Ijarah wa iqtina*, or lease-to-own *Shariah* compliant financial arrangement for home purchases. In 1997, the United Bank of Kuwait requested and received a favorable opinion from the Office of the Comptroller of Currency (OCC) to offer the product in the United States. Two years later, it also received a favorable opinion from the OCC to market its own *Murabaha* product. Despite obtaining favorable opinions on these two products, the United Bank of Kuwait and another institution, Al-Baraka USA, which also experimented with the Islamic home finance market in the United States, exited the market by the end of the century.

In 1996, Failaka Advisors of Chicago began publishing its annual guide to Islamic mutual funds. Three years later, Dow Jones began the first of what has now become more than 70 Islamic market indices. Standard and Poor's, Morgan Stanley Capital International, FTSE and Russell Investments have since developed indices approved by *Shariah* boards. Dow Jones Index *Shariah* standards are the industry benchmark for equity screening and have been adopted by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in its Standard 21, which covers stock and Sukuk investing. With the advent of the indices, several small fund management companies have been started, and some have closed. Amana Funds remains the industry leader.

Goud (2009) notes that a major breakthrough for retail Islamic financial services occurred in 2001, when American Finance House-LARIBA received approval for financing from the Federal Home Loan Mortgage Corporation. Standard Federal Bank, based in Troy, Michigan also received approval from Freddie Mac for up to 10 million dollars in *Ijarah* home financings in Michigan. A legal matter regarding the due-on-close clause found in a traditional mortgage was never resolved and thus, the financing of homes never materialized before the bank was eventually absorbed into Bank of America.

Goud (2009) observes that falling interest rates, a booming housing market and further development of *Shariah* compliant mortgage alternatives in the early 2000s made home ownership more affordable for the Muslim market segment. It also lowered the spread of the "COBM," or cost of being Muslim. Up until this point, it was difficult for institutions that offered *Shariah* compliant alternative mortgage products to be cost competitive with conventional products.

As the Muslim market segment became more attractive, Goud (2009) notes new entrants began to enter the home finance market including HSBC Amanah in New York, Guidance Financial in the nation's capital, Devon Bank in Chicago and University Bank in Ann Arbor. (Incidentally, Devon Bank is owned by a Jewish family and University Bank is owned by a Roman Catholic family.) HSBC Amanah has since left the market. In addition, some smaller Islamic home finance organizations have entered the market that provide services to niche Muslim market segments like the African Development Center in Minneapolis-St. Paul, Minnesota, which targets the Somalian immigrant market in the twin cities.

Despite having a higher percentage and concentration of Muslim residents, the development of retail Islamic products in Canada has not been as robust as in the United States (Goud, 2009). There have been one-half dozen applications to charter Islamic banks, but as of July 2009, none had been approved. The government of Canada was studying feasibility of Islamic finance prior to approving pending applications. Since 2004, UM Financial Group has been offering a *mudaraba* home finance product through the Credit Union Central of Ontario. Other credit unions in Canada have since begun offering similar products (Carlyle-Gordge, 2010).

In 2008, the first *takaful*, or insurance policies were offered in Canada. A home and auto *takaful* are being marketed by The Co-Operators Group. In both the United States and Canada, the *takaful* market has had trouble getting off the ground (Gould, 2009). Although the first *takaful* product was developed in the United States by First Takaful USA in 1996, its life was short-lived. In 2008, AIG's Lexington Insurance Company launched a homeowners *takaful* policy marketed through Zayan Finance.

In the next section, the case of how a small community bank founded in the remote and rugged Upper Peninsula of Michigan successfully reformulated itself into University Bank is discussed. The management of the bank has taken advantage of what Kerin and Peterson (2010) refer to as strategic change and market evolution by establishing the first and only wholly *Shariah* compliant Islamic banking subsidiary in the United States.

5. Reformulation of University Bank

In 1996, the charter of the original Newberry State Bank was moved to Ann Arbor and the new University Bank was opened with a mission to be a community bank providing local decision making and responsive service. Controlling shareholder Stephen Lange Ranzini removed the original management team of the bank in 1997 and became actively involved in the new bank's day-to-day management. The bank continued to grow, and as part of its efforts to serve its entire community and comply with the Community Reinvestment Act, Ranzini visited 42 minority clergy in the bank's market area offering its services to the clergy's churches and congregations. As a result, the bank received an outstanding CRA rating in 2002 (Cocheo, 2007; Freedman, 2009).

According to published news reports (Cocheo, 2007; Freedman, 2009) as a result of the publicity the bank received for getting an outstanding rating, a Muslim customer complimented Ranzini on the CRA rating but informed him the bank was not serving his community. Ranzini admits that at this point he knew nothing about Islamic financial services. The customer explained to Ranzini the problem with interest, or *riba*. Ranzini could not understand how a bank could do business without charging or paying interest. As a niche marketer, the customer's comments piqued Ranzini's interest in learning more about Islamic finance and how his bank might meet the needs of the large Muslim market in Southeast Michigan. Little did he know that the strategy would eventually make the community bank into a national Islamic financial services provider (Barber, 2008).

Under Ranzini's leadership and the assistance of an Islamic financial consultant the bank received the go ahead from its board of directors. It took nearly two years to develop its first home finance product that met both the requirements of Islamic law and United States and State of Michigan laws (Cocheo, 2007). The bank used the *Shariah* board services of SHAPE Financial Services[a] to receive the initial *fatwa*, which was approved by Sh. Yusuf DeLorenzo and Sh. Nizam Yaquby (http://www.university islamicfinancial.com/fatawa.html). By the middle of 2005, the bank had generated more than 50 *Shariah* compliant mortgages totaling just over 11 million dollars (Norris, 2005).

Concurrent with dealing with product development hurdles, the bank also had to deal with corporate culture and personnel issues. According to Cocheo (2007), employees' reactions to the bank targeting the Muslim market were mixed. Some quit claiming the bank was promoting Islam. Ranzini appears to have understood the importance of the *participants* "P" in the seven "Ps" of services marketing (Booms and Bitner, 1981). It appears he felt that the Islamic products needed to be sold and serviced by Muslims (Cocheo, 2007). However, because traditional banking is considered *haram*, or forbidden, by Muslims, the talent pool for Muslim bankers is very small. As a result, the bank has had to hire, train and develop its own Muslim workforce to sell and service the *Shariah* compliant products. Changes to some of the organization's human resources policies like observed holidays had to be changed.

To provide direction and focus on the Islamic market segment and to create the right legal structure to offer *Shariah* compliant deposits, a separate subsidiary was formed at the end of 2005 (University Bank, 2005). The 80 percent bank-owned University Islamic Financial Corporation (UIFC) attracted Virtue Investors, LLC as its minority partner and became the first, and to this author's knowledge, still the only completely *Shariah* compliant banking subsidiary in the United States.

Since forming the UIFC subsidiary, the bank has developed deposit products, which are attracting customers from out-of-state. Because *Shariah* compliant deposits share in the risk of the underlying investments that support the profit sharing like arrangement, theoretically, a depositor could actually lose some of his or her deposits. Because the Federal Deposit Insurance Corporation prohibits the loss of a saver's deposit, *Shariah* approved

[a]They still use the SHAPE *Shariah* board for *fatwa* for *Shariah* compliant products. Other scholars have added their approval of the fatawa including Dr. Muhamed Shleibak and Sh. Muhamed Becic.

deposit accounts have reluctantly received approval from *Shariah* boards. Their approval of deposit accounts has been justified using reasoning similar to references in the Bible to obey the laws of the land (Cocheo, 2007).

Today, according to the bank's Website (http://www.university-bank.com) the profit-sharing deposit product is available to residents of all 50 states. Home financing products are available to residents in 15 states including California, Connecticut, Illinois, Indiana, Maryland, Michigan, Missouri, New Jersey, New York, Ohio, Pennsylvania, Texas, Washington and Virginia. UFIC has also expanded in *Shariah* compliant commercial finance for professional offices, multi-family, retail and non-profits and is available in most states. (As a former community banker, this author finds interesting that they will not finance gas stations, hotels or restaurants.) In addition to the UIFC home office in Ann Arbor, origination offices have been opened in the Detroit suburb of Farmington Hills as well as one in Illinois and New Jersey.

In an interview with *Islamic Business and Finance* (Gallagher, 2009), Ranzini notes that his largest competitor is Guidance Financial. He believes UIFC is larger than Devon Bank and acknowledges Lariba, which is now affiliated with Bank of Whittier, as a competitor but doubts the organization's claim their products are truly *Shariah* compliant. UIFC remains the only Islamic institution with an FDIC insured profit-sharing deposit account.

6. Conclusion

In closing, the strategic change and market evolution over the last one hundred years of the demographics and economies of the eastern Upper Peninsula of Michigan, Southeast Michigan, and North America have created a unique strategic window, which has resulted in reformulation of a small community bank with little growth potential into a growing organization with a national presence. University Bank and its UIFC subsidiary have shown that an organization's marketing success is often based on developing strategic plans, which include identifying underserved market segments, developing new products and services to meet the identified market's needs, emphasizing points of differentiation, thinking "outside of the box," and taking a few calculated risks. It doesn't hurt to have a little luck along the way. This author wonders what University Bank would look like today if Stephen Ranzini had kept the Newberry State Bank, or ignored the Muslim customer who visited his office back in 2003.

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