NON-MUSLIM REACTION TOWARDS ISLAMIC BANKING

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Submitted in Partial Fulfilment of the Requirement for the Bachelor of Business Administration with Honours (Finance)

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DECEMBER 2014
I am FUAD RAHADY BIN MOHD AYOB I/C Number: 901002-08-6417

Hereby, declare that:

- This work has not previously been acceptance in substance for any degree, locally or overseas, and not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of my independent work and investigation, except otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature:____________________  Date: 23rd December 2014
LETTER OF SUBMISSION

HEAD OF PROGRAM

Faculty of Business Management
Universiti Teknologi MARA
Kampus Bandaraya Melaka
75300 Melaka

Dear Sir,

SUBMISSION OF PROJECT PAPER

As referring to the attachment is the project paper titled “Non-Muslims Reaction Toward Islamic Banking” to fulfil the requirement as needed by the Faculty of Business Administration, Universiti Teknologi MARA, Kampus Bandaraya Melaka.

Thanks and Best Regards.

Yours Sincerely,

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ABSTRACT

Islamic banking is an abstract concept until the first half of the twentieth century. In Malaysia, it has been almost three decades when the first Islamic bank makes its debut. Islamic banks have to compete with its rival, conventional banks which have longer history than Islamic banks. For this competition, Islamic banks have to know reaction of Malaysians towards it. Islamic banks not only available for Muslims, but it also available for non-Muslims as well. In Malaysia, 40% of the population is non-Muslims and hence non-Muslims market is equally important to Islamic banks. The purpose of this research is to examine the reaction of non-Muslims in Malaysia of Islamic Banking products and services. A total of 280 respondents from different cities in Malaysia are selected for the purpose of this study.

For the analysis, Pearson Correlation Coefficient was adopted to analyse the results. The results show that more than half of the respondents are aware of the Islamic banking in Malaysia but they do not aware of most of the products and services offered by Islamic banks. Non-Muslims understanding level towards Islamic bank concepts are at average level but they do not understand most of the Arabic terms. The perceptions of non-Muslims towards Islamic banks are varied among themselves. This study also provides theoretical and managerial implications for the Islamic bankers to attract non-Muslims customers and recommendations for future research in Islamic Banking.