UNIVERSITI TEKNOLOGI MARA

FACTORS INFLUENCE CUSTOMERS SELECTION CRITERIA TOWARDS ISLAMIC BANKING

RAJA NURUL AKHMA BINTI RAJA ABDULLAH
2015258536

BACHELOR OF BUSINESS ADMINISTRATION (HONS) ISLAMIC BANKING
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR

DECEMBER 2017

UNIVERSITI TEKNOLOGI MARA

FACTORS INFLUENCE CUSTOMERS SELECTION CRITERIA TOWARDS ISLAMIC BANKING

RAJA NURUL AKHMA BINTI RAJA ABDULLAH
2015258536

Thesis submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Islamic Banking)**

Faculty of Business Administration

21 December 2017

LETTER OF SUBMISSION

21st December 2017

Madam Zuraidah Binti Sipon

Faculty of Business Management

Universiti Teknologi MARA

85009 Segamat

Johor

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled **"FACTORS INFLUENCE CUSTOMERS SELECTION CRITERIA TOWARDS ISLAMIC BANKING"** to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA for the subject ISB672.

Thank You.

Yours sincerely,

....

RAJA NURUL AKHMA BINTI RAJA ABDULLAH

2015258536

Bachelor of Business Administration (Hons) Islamic Banking

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA Johor. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergaduate, Universiti Teknologi MARA Johor, regulating the conduct of my study and research.

Name of Student : Raja Nurul Akhma Binti Raja Abdullah

Student I.D. No. : 2015258536

Programme : Bachelor of Business Administration (Hons) Islamic Banking

Faculty : Business Management

Thesis : Factors Influence Customers Selection Criteria Towards Islamic Banking

Signature of Student : ....

Date : 21 December 2017

ABSTRACT

The emergence of Islamic banking system has becoming new platform to do banking transaction by modern customers nowadays. Islamic Banking received a wide acceptance among customers around the globe (Iqbal and Molyneux, 2005). Islamic banking continues to expand from time to time and becoming a market that could compete with the conventional banking institutions across the world (Ariss et al., 2010). However, The increase of competition in banking over the past decades has placed a lot of strain on bank earning and the pressure also increase with many other banking and financial institutions has entering new market along with the variety products and services offered in order to ensure position and increase their earnings in the market (Ariss et al., 2010). The fierce competition between Islamic and conventional banking sector makes it vital for the Islamic banks to ascertain the factors that could lead the customers to choose Islamic banks. Thus, the purpose of this study is to identify the factors that influence customer's selection towards Islamic Banking. Therefore, this study would like to concentrate more on inner factors that influence customers to select Islamic banking such as religiosity, ATM service, cost and benefit, banks' attractiveness and financial security that influence customers to select Islamic banking. The questionnaire will be distribute to 150 customers of Bank Islam Malaysia Berhad and Bank Muamalat Malaysia Berhad in Segamat by using convenience sampling. Statistical Package for Social Science (SPSS) used to analyze the data and method for data analyze using Multiple Linear Regression. The results and findings shows that religiosity becomes the most preferable factor that customers considered in selecting Islamic banking. This is due to the need of Shariah compliancy in the financial transaction nowadays.

Keywords: Selection criteria, religiosity, ATM service, shariah compliance, multiple linear regression