



**CIVIL SERVANTS' PERCEPTION TOWARD PERSONAL  
FINANCING-I: A CASE STUDY IN KUCHING**

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# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the study

Personal Financing-I today has become undeniable reality as one of the popular products offered by either Islamic financial or Non-financial institutions in Malaysia. While personal loan in conventional banks is interest based, Personal Financing-I adapts the principle of Bai al-Inah. Besides this, Personal Financing-I is bundled with much lower profit rates and longer tenor on repayment period, as compared to conventional personal loan. According to Ismail (1992), the primary goal of Islamic banking is not to maximize profit as the interest based banking system does, but rather to render socio-economic benefits to the Muslims. As mentioned by Wafa, Nasri and Nizam (2003) the objectives of Islamic banking and philosophies should be in line with the revelations in the Al-Quran and Hadith. The term Personal Financing-I is means conduct of banking operation in consonance with Islamic teaching.

Holistically, Personal Financing-I is created to served the niche market segment which is civil servants. As civil servants represent a large number of customers and potential customers to service providers, this study will try to evaluate the degree to which attributes of marketing mix elements that contribute significantly and influence their decisions to purchase the product.

The researcher has always believed that effective marketing mix tools have a significant effect on the perception and influence civil servants to purchase the product. As cited by Mohd Helmee (2009) in his study about "The Influence of Marketing Strategy on Aslah Personal Financing-I" that marketing strategy implemented by Bank Rakyat were accepted among teachers in Kuantan. But in his study, Mohd Helmee only mentioned 3 elements of marketing mix which is consist of product, price and promotion.

To successfully cater the financial needs of civil servants, service providers for Personal Financing-I must be prepared to implement effective marketing strategy in order to meet the niche market demands. This effort is important for service providers in ensuring that a competitive advantage is in their business parameter.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

According to Sekaran (2003), literature review is a documentation of a comprehensive review of the published work from secondary sources of data in the areas of specific interest to the researcher.

A Personal Financing-I is one of the sources which civil servants can obtain money in easy way to fulfill their financial needs and wants. Moreover, most of the Personal Financing-I were easy to apply since most of the bankers and cooperatives offer an almost similar financing to the civil servants. The advantage of civil servants is they have such a lot of alternative in choosing which service providers to apply for Personal Financing-I.

For this study, the researcher has found to originate some of the literature about product, price, promotion and place for independent variables. Meanwhile, the researcher has look for perception and Personal Financing-I for dependent variables.

#### 2.2 Product

The product is the basis and must be considered as the starting point for marketing strategy, because without product, there is no promotion and nothing to price or distribution. According to Skinner (1994) with Pride and Ferrel (1991), they agreed that product might in term of good, service or idea. This view will be transfer by the firms in winning the number of customer. Meanwhile, according to Allvine (1987), product is a physical item or service that meets a particular type of customer need on dimensions including quality, convenience, variety, appearance and image. Base on Jain (2000), product tell customer what companies stand for, what companies are and how companies would like customers to evaluate them.

Based on Allvine's opinion, it is all about a perception by the civil servants toward which Personal Financing-I that they would apply for because of product quality, convenience or could be because of goodwill of the service provider itself. So, similarly with Jain's opinion, that Personal Financing-I service providers have persuade civil servants to apply for the facilities and has provided to them as a simple way for them to get some money for personal use.