

**UNIVERSITI TEKNOLOGI MARA**

**A STUDY ON THE LEVEL OF AWARENESS OF ISLAMIC  
UNIT TRUST AMONG INVESTORS IN RHB ASSET  
MANAGEMENT IN KELANTAN**

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## ABSTRACT

This study investigates the awareness levels of Islamic Unit Trust among investors in RHB Asset Management in Kelantan. Islamic Unit Trusts adhere to Sharia principles, avoiding interest (riba) and non-permissible activities. The purpose of the study is to determine how much investors know about these Sharia-compliant investment instruments. Methodologically, a structured questionnaire was given to a sample of investors from RHB Asset Management in Kelantan, with the aim of finding out about their understanding of Islamic unit trusts and their familiarity with Islamic financial concepts. The objective of the study is based on the understanding of the investors in the Islamic Unit Trust. This study uses qualitative research using library, observation and interview methods. Results show that investors' awareness with Sharia-compliant investing possibilities varies, depending on personal values, exposure to Islamic finance, and educational background. Results show that investors' awareness with Sharia-compliant investing possibilities varies, depending on personal values, exposure to Islamic finance, and educational background. The findings point to potential areas for educational programs to improve knowledge and encourage a larger uptake of Islamic Unit Trusts in Kelantan.

Keywords: Islamic Unit Trust, Sharia-compliant investment, investor awareness, Kelantan, RHB Asset Management

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## **CHAPTER ONE: INTRODUCTION**

### **1.1 RESEARCH BACKGROUND**

As we know, Malaysia has emerged as a global leader in Islamic finance, with a robust regulatory framework and a diverse range of Islamic financial products and services. As a result of the government's commitment to encourage Shariah-compliant finance, there has been significant growth in this industry. It is an ideal place to increase knowledge about Islamic financial instruments such as share trusts. There may be differences in knowledge and understanding among the general public including investors regarding the growth of Islamic finance. Research shows that individuals' perceptions and awareness of financial products have a significant impact on their investment decisions. Therefore, studying the level of awareness of Islamic trust units can help determine the challenges and opportunities that may exist to expand the use of Islamic finance in Malaysia (Salleh & Zakaria, 2015).

A unit trust, also known as a mutual fund, is an investment scheme that combines funds from various investors to invest in a portfolio of different assets. Because they are accessible, professionally managed and have the potential for diversification, unit trusts are a popular investment option in Malaysia. It is important to assess the entire investment landscape in the country to know the level of awareness and participation in unit trusts, especially those based on Islamic principles. A person's decision to invest in financial products is influenced by many things, such as their knowledge of finance, their appetite for risk, their religion and their trust in financial institutions. By looking at this from the perspective of an Islamic trust unit, it can provide insight into the opportunities and obstacles for investing in Shariah-compliant funds (Salleh & Zakaria, 2015).

The research may have implications for policy makers, regulators and Malaysian financial institutions. In order to promote Islamic finance, increase financial awareness, and address any regulatory or structural barriers that may hinder the growth of this sector, it is important to understand the level of awareness and the factors that influence investment decisions (Salleh & Zakaria, 2015). Therefore, the purpose of this study is to increase the public's understanding of Islamic finance in Malaysia and offer perspectives that can be used by stakeholders to develop and promote Shariah-compliant investment opportunities in the country.