



**DETERMINANT FACTORS INFLUENCING CUSTOMERS' SELECTION ON ISLAMIC
BANKING SERVICES**

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DECLARATION OF ORIGINAL WORK



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I, AWALLYYA BINTI ABDULLAH, (I/C Number: 880520-06-5296)

Hereby declare that,

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

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ABSTRACT

As one of the most important players in service industry today, Islamic banking was no longer regarded as a business entity striving only to fulfill the religious obligations of the Muslim community, but more significantly, as a business that is indeed for winning over customers whilst retaining the old ones. Furthermore, Islamic banking not only has to compete among themselves and other institution within and outside the banking system, but also they have to compete with the new competitors which offer similar services but are based on Islamic principles. Base on the situation, it was important to take an effort in studying the determinant factors which influencing Islamic bank customer's decision to choose Islamic banking services in order to make Malaysia had continuously been involved in strengthening the Islamic finance architecture to ensure that the industry's stability and resilience. The were three objectives for this study. First, o identify the determinant factors influencing customers' selection on Islamic Banking services. Second, to identify the most influencing determinant factor which customers considered when selecting Islamic banking. Third, to identify the relationship between demographic profile and customers' selection. This study was conducted at Dungun, Terengganu. There were 100 respondent in this study which from the customers of Bank Kerjasama Rakyat Malaysia Berhad and Bank Islam Malaysia Berhad at Dungun Terengganu. The findings show that the Cronbach Alpha coefficient for all variables was .925 which in the excellent strength range. Furthermore, the results also all the independent variables (Shariah Compliance, reputation, products, convenience and services) have relationship with dependent variables (customers' selection). The most influencing factor was Shariah principle and followed by products, reputation, services and convenience. For the relationship between demographic profile and customers' selection, only age and marital status have significant relationship with the customers' selection.

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