



**A STUDY ON CONSUMER AWARENESS ON
ISLAMIC BANKING SERVICES AMONG NON-
MUSLIMS MARKET IN KOTA KINABALU, SABAH.**

VENITHA LOJUTI

2004278623

SALINAN FOTO-TICAK DIBERIKAN.

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) MARKETING
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
KOTA KINABALU**

MAY 2009

PELAKS BELAKANG

ACKNOWLEDGEMENT

First of all, I would like to convey my thanks and appreciation to University Technology Mara for giving me a chance to further my study through the EPJJ program. It has given me an opportunity to pursue further academic studies and at the same time fulfill my obligations as a mother and a spouse.

I am especially grateful to all Professors and Lecturers of University Technology Mara who guided and encourages me through the entire programmes for five years especially to Miss Habibun Nisa Mohamed Ajmal, the Coordinator for EPJJ programme. Not forgetting to all the staffs of EPJJ office that is patiently gives their support, guidance and help through my entire 10 semesters in this University. I would also like to thanks Miss Bernadette Henry for guiding and helping me on this final project paper writing process. May God bless you for your patient on me.

Finally and most importantly, I am deeply grateful to my husband, Salis Dingon for his constant support and invaluable advice. My wonderful children, Leony Ambuana, Leola Ambolin and not forgetting my little one inside my womb for their understanding and patient during the thousand hours I spent in front of the computer giving them less attention, than they would otherwise have deserved.

God Bless you all.

VENITHA LOJUTI
2004278623

TABLES OF CONTENTS		PAGE
ACKNOWLEDGE MENT		ii
DECLARATION OF ORIGINAL WORKS		iii
LETTER OF SUBMISSION		iv
TABLE OF CONTENTS		v
LIST OF TABLES		viii
LIST OF FIGURES		x
ABSTRACT		xii
CHAPTERS		
I. INTRODUCTION		1
1.1	Background of the study	1
1.2	Problem Statement	3
1.3	Scope of the study	3
1.4	Objective of the study	4
1.5	Limitation of the study	5
1.6	Significant of the study	5
1.7	Statement of Terminology	6
1.8	Research Question	9
II. LITERATURE REVIEW		10
2.1	Economics well-being and the moral norms of Islam	10
2.2	What is Islamic Banking	11
2.3	The Objective of Islamic Banking	12
2.4	The different between Conventional Banking and The Islamic Banking	12
2.5	The beginning of Islamic Banking in the world	14
2.6	The History of Islamic Banking in Malaysia	15
2.7	The Islamic Environment in Malaysia	16
2.8	Various problems in Islamic Banking	18
2.9	Challenges in Islamic Banking	19
	2.9.1 Misunderstanding	19
	2.9.2 Acceptance	20
	2.9.3 Market Confusion	21
	2.9.4 Non-Uniformity in Syariah investment guideline	21
2.10	Opportunities at Islamic Markets	22
2.11	Recent promotional awareness in Islamic Banking And Finance	22
	2.11.1 CIMB expects more Islamic Finance mortgage Sales	22

TABLES OF CONTENTS**PAGE**

2.11.2 EON Capital Islamic eyes 8pc loan growth In 2009	22
2.11.3 Malaysia, London can bridge Islamic Financial Markets	23
2.11.4 BNM, UK body to joins hands in Islamic finance	23
2.11.5 Public Islamic Bank expects growth despite turmoil	24
2.11.6 Call to improve resilience of Islamic finance	24
2.11.7 Local currency Islamic bonds will be in vogue	25
2.11.8 Islamic finance best option to bring global Economy on track	26
2.11.9 Bank Islam eyes RM 300m deposits from Al-Awfar	27
2.11.10 Thailand to issue Sukuk Bonds	27
2.11.11 Bai Bithaman Ajil contracts valid, binding	28
2.11.12 Banking group eyed mega Islamic launch in 2009	28
2.12 Theoretical Framework	29

III. RESEARCH METHODOLOGY 32

3.1 Secondary Data	32
3.2 Primary Data	32
3.2.1 The research design	32
3.2.2 The target population	33
3.2.3 Methods for data collection	34
3.2.4 Data Analysis and Interpretation	35

IV. FINDINGS AND ANALYSIS 36

4.1 Preamble	36
4.2 Survey Data analysis	37
4.3 The general respondents' Background	38
4.4 Consumers awareness towards Islamic Banking	41
4.5 Consumers Knowledge about Islamic Banking	44
4.6 Consumers Acceptance towards Islamic Banking	48
4.7 Bank Officers responds towards the awareness of Islamic Banking	51
4.8 Islamic Banking Awareness Analysis	55
4.9 Islamic Banking Knowledge Analysis	56
4.10 Islamic Banking Acceptance Analysis	58
4.11 The Strength, Weaknesses, Opportunities and Threats Of Islamic Banking (SWOT)	59
4.11.1 The Strength of Islamic Banking	59
4.11.2 The Weaknesses of Islamic Banking	60

ABSTRACT

The aim of this research is to identify the percentage of Non-Muslims and Muslims consumers in Kota Kinabalu that uses the Islamic Banking product and services and at the same time to promote awareness to non-Muslims consumers that Islamic Banking is not only for Muslims.

Another aim of this project is also to make non-Muslims and Muslims consumers to understand and realized that Islamic Banking has very much establish where by it has its own proper Banking System and to make them a choice that Islamic Banking System provides alternatives to many consumers regardless the consumers' religion.

Other than that, it is important to let consumers realize that the Islamic Banking product and services are the best alternatives to the Conventional product and services as it will not be affected by the global economic crisis which experienced by most countries in the world. As what the Bank Negara Malaysia's governor Tan Sri Dr Zeti Aziz Akhtar Aziz said that,

"the global financial crisis had highlighted several structural weakness and imbalance in the international financial system. The Syariah principles and values that underlying foundation makes Islamic finance not insulated from the effects of the current environment". (Daily Express (Business) 26th February 2009, p.p16