



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF CUSTOMERS' INTENTION
TO USE ISLAMIC FINANCING IN INLAND
REVENUE BOARD TEMERLOH, PAHANG**

NIA HASNIDA BINTI ISMAIL

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

Faculty of Business Management

JULY 2017

ABSTRACT

Since banking has become one of the important service sectors in the industry, customer satisfaction on the products provided by them is very crucial for the Islamic institutions. This is because, Islamic institutions need to compete relatively with the conventional one in the dual banking system in Malaysia nowadays. (Abdullah and Dusuki, 2006). Therefore, in order to achieve customers' satisfaction on the products provided especially the financing products, bank need to understand well the factors that influence the customers to involve in Islamic banking product and services. For instances, if the pricing factor is most influence, the bank need to emphasize more on the price so that it beneficial customer more than conventional bank. Despite of any variables that are most influencing, bank will be able to take a corrective measure on how to improve their products and services more. Thus, this research aim to investigate the customers' intention on using the Islamic financing related to the identified variables. This research is specifically studies on staff in Inland Revenue Board of Temerloh, Pahang. This research is based on data obtained from a set of questionnaires distributed to the staff in the organization. The data obtained was then analyzed to evaluate the most important determinants that influence customers' intention to use Islamic financing. The research expects three determinants are significant which are attitude, social influence and pricing variable. It is hope that the result that come out from the study can contribute to the improvement in the Islamic financing usage among customers.

ACKNOWLEDGEMENT

First of all, I would like to thank God for giving me this opportunity to complete and finish my final year project paper for the last semester of my degree study. I would also like to dedicate my gratitude and thanks to my main advisor, Miss Maizura Mohd Isa as well as my co-advisor, Mr Kharudin Mohd Sali @ Salleh (Hj). I am also like to express my gratitude to the staff of Inland Revenue Board (IRB) in Temerloh, Pahang especially Mr Hafizuddin as the person in charge for their willingness in providing their time to answer the questionnaires distributed to them. Lastly, I would like to give recognition and special thanks to my supervisor, Mr Rosdi Bin Abdullah and the staff in KPDNKK Temerloh, Pahang for all their assistance, knowledge sharing and guidance that they give throughout my industrial training period. They have been a great help in providing facilities and times for me to do my project despite performing the task given at the office.

My appreciations goes to all of them that help and assist me finish this project. Special thanks to my colleagues and friends for helping me out throughout the project. Finally, this project also dedicated to my loving parent that holds such a huge determination to see me graduate in this study. Alhamdulillah.

TABLE OF CONTENTS

	Page
TITLE PAGE	i
AUTHOR'S DELARATION	ii
LETTER OF SUBMISSION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLE	x
LIST OF FIGURES	xi
CHAPTER ONE: INTRODUCTION	
1.1 Introduction	1
1.2 Background of Study	2
1.3 Problem Statement	4
1.4 Research Question	6
1.5 Research Objective	7

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Islamic banking is defined as a banking system that is based on the principles of Islamic law (also known *shariah*) and guided by Islamic economics (Nasser & Muhammed, 2013). There is a quite of differences between Islamic banking and conventional one. Because, in term of the objectives itself, Islamic banking has always been targeting on achieving the Al-Falah. Whereby, conventional banking is merely based on maximization of profit. The concept of transactions among both types of banking also differ whereby Islamic banking practices selling and buying while conventional perform the transaction merely on debt basis only. In Quran there are also verses that state the permission of trade in transactions but obviously prohibited usury in everyday transactions.

“And Allah has allowed trading and forbidden usury” (Al-Baqarah 2:275)