



UNIVERSITI TEKNOLOGI MARA

**FACTORS THAT INFLUENCE THE ADOPTION
OF ISLAMIC BANKING SERVICES AMONG
NON-MUSLIM CUSTOMER OF ISLAMIC
SUBSIDIARIES BANK**

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ABSTRACT

The Islamic banking sector worldwide has witnessed remarkable expansion over the past several years. Islamic banking based on Shariah law, which are the rules and practices based on Quranic teachings and prescriptive practices of Prophet Muhammad (PBUH). These laws are supported by other secondary sources of Islamic law such as opinions collectively agreed among Shariah scholars, analogy and personal reasoning. The operations of Islamic banking based on the concept of mutual risk and profit sharing between parties, with assurance of fairness for all transactions that based on an underlying business activities or assets. The adoption of Islamic banking services been misconstrued as being applicable and offered only to Muslims. Hence, there is still a large portion of non-Muslims who are reluctant to engage in Islamic banking services. There are also issue arise when the compliance with Shariah law could be perceived by non-Muslim as promoting Islam, or an attempt to gradually convert non-Muslims to Islam. Moreover, this contradict with the purpose of the establishment of the Islamic banking industry itself. This study would conduct to examine the relationship between dependent variables and independent variable. The respondent on this research would be the non-Muslim customer of Islamic subsidiaries bank. The data has been analysed by using the SPSS 21 package. At the end of this research, it would be expected that independent variables might be influence the dependent variable.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

This part comprises of five areas which are the background of the study, problem statement, research objectives, research questions, the scope of the study, limitation of the study. In the background of the study, the researcher will uncover the general review of the exploration subject by raising the thoughts of different researchers that connect with inquiring about the theme. The researcher additionally will clarified the consumer primary issue in the problem statement. In research objectives and research questions, the researcher will supported the fundamental segments that have been accomplished and represented in this study. At that point, to ensure the study in particular, in the correct route and in charge, the researcher will demonstrate the scope of the study. The definition of terms helps outline the research by characterizing the key ideas or terms utilized as a part of the research.

1.2 Research Background

Nowadays, Islamic banking system has become as a competitive in this industry and can be applied as the same as the conventional banking system during this last few decades. With its fast growth, Islamic banking has also start to be an important part of global mainstream banking system. Furthermore, Islamic banking is a system of banking that have works on the doctrine of Islamic law (*Shariah*) and is governed by the Islamic economics. The fundamental principle which Islamic banking is create upon is the prohibition of interest which can be called as Riba' in Islam and sharing of profit and loss.

Islamic banking is basically based on Shariah law, which are the rules and the practices must be based on the Holy Quran and Sunnah and Hadith (saying) of Prophet Muhammad (PBUH). These laws are supported by other secondary sources of Islamic law such as opinions collectively agreed among Shariah scholars, analogy and personal reasoning. The operations of the Islamic banking are based on the concept of