



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS THAT INFLUENCE
INDIVIDUAL DEPOSITORS IN CHOOSING
ISLAMIC DEPOSIT ACCOUNT**

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ABSTRACT

Islamic banking sector nowadays has undergone a rapid growth all over the globe and Malaysia is one of the country that became a pioneer in this sector. Since the establishment of first Islamic bank in Malaysia since 1983, more facilities and products are been introduced gradually in the sector including the Islamic window under the Islamic Banking Scheme (IBS). It gives the people in Malaysia more choices on the determining the right Islamic bank to deposit their cash. According to the statistic of deposit by holder gathered from Bank Negara Malaysia website, it is shown the total deposit by individual is the highest compared to the other deposit holder for 3 consecutive years, 2015, 2016 and 2017. The amount included the deposit from the Islamic bank and Islamic banking scheme banks. Thus, this issue triggered our interest to know deeper regarding the factors that influence individual depositor in choosing the Islamic deposit account. The purposed of this study is to identify the factor of selection of Islamic deposit account. Independent variables that involves is perception toward Islamic banking, attitude, perceive religiosity and trust. Data collected from 133 respondents of bank customer and were pick randomly. The findings showed that individual depositors do not really care about religious factor and perception toward Islamic banking in choosing the Islamic deposit account. The attitude and trust factors are became the main reason for the depositor in this case. For that reason, Islamic bank should not hesitate about introducing the new Islamic banking product especially the deposit account.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

The introduction chapter is provided a comprehensive overview about the research that is carried out and specifically on the research topic. Specifically the research is going to study on the determinants that influence the individual depositor in choosing the Islamic deposit account among Malaysian. In depth, this chapter presented the overview of scenario with the research background, problem statement, followed by research objectives, research questions, hypotheses of study, significance of the study and finally the conclusion.

1.2 Research Background

The banking sector is one of the crucial parts in boosting the economy of a country. The role created financial stability if the management of fund in country is being handled with professionalism and affiably. As intermediaries between the depositors and the borrowers, banks can create an inflation effect offering the various product and services in banking. The generation of the profit can be increased by charging the higher rates to the borrowers than cost of paying dividend to the depositors.

In late 1900s, the introduction of the Islamic Banks in the Gulf countries such as Bahrain and Saudi Arabia has opened a new sector in regulating the economy of the country. The banking sector is not only controlled by the conventional bank anymore for a certain country. For example, Malaysia as country that ruled by the Muslim Malaysian show a robust development in banking and especially in the Islamic Banking which can be seen today as a tool for the growth of the Malaysian economy.

In depth, deposit account is an account that allows money to be deposited and withdrawn by the account holder. Generally, there are two types of deposit account which is saving account and current account that is offered by the banks. In conventional bank, the product of the deposit account may be limited to the keeping the money in the account and gain the profit every year. But, in Islamic bank, the