

UNIVERSITI TEKNOLOGI MARA

**THE SURVEY ON CONSUMER
PERCEPTIONS AND EXPERIENCES WITH
ISLAMIC BANKING SERVICES:
UNDERSTANDING SATISFACTION AND
PREFERENCES AMONG MUSLIM
COMMUNITY IN BESUT, TERENGGANU.**

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ABSTRACT

This study investigated the awareness, understanding, satisfaction, and preferences of Islamic banking services among a community in Besut, Malaysia, through a survey of 100 respondents. The growth of Islamic banks in Malaysia is increasingly challenging, with more conventional banks engaging and offering banking goods and services based on Islamic principles. Using a questionnaire as a research instrument, 100 sets were distributed via online form among the randomly selected Besut community. The methodology of this study uses quantitative methods. Descriptive analysis was used to analyse the data in percentage, frequency, mean, mode and median. The findings revealed a moderate level of knowledge and understanding of Islamic banking principles and practices, with mean scores around 3.44 on a 5-point scale. A significant majority (approximately 89%) reported having used Islamic banking services, with a high mean satisfaction score of around 4.56 on a 6-point scale, indicating positive experiences. The availability of digital banking services moderately influenced the choice to use Islamic banking, with a mean score of 1.45 on a 3-point scale, highlighting its role for some users. Despite this moderate influence, there was a strong demand for improvements in digital banking services, reflected in a high mean score of 5.61 on an 8-point scale for desired enhancements. Respondents expressed a need for better security, faster internet connectivity, and a broader range of Sharia-compliant financial products. In conclusion, the study revealed a moderately knowledgeable and highly engaged community with Islamic banking services in Besut, with a clear call for significant digital service improvements to meet evolving needs and expectations. This suggests potential for Islamic banks to enhance customer satisfaction by addressing these demands and integrating better digital solutions.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides a comprehensive background for the study titled "The Survey on Consumer Perceptions and Experiences with Islamic Banking Services: Understanding Satisfaction and Preferences among the Muslim Community in Besut, Terengganu." The chapter is structured to guide readers through various essential components, starting with the research background. Following this, it delves into the problem statement, articulating the core issues the study aims to address. Subsequently, the chapter presents the research questions and objectives, outlining the specific queries and goals guiding the investigation. The scope of the study is then defined, establishing the boundaries and focus areas of the research. The significance of the study is discussed, highlighting its potential contributions and importance. Finally, the chapter concludes by summarizing the key points and setting the stage for the detailed exploration in subsequent sections.

1.2 Research Background

Malaysia is one of the fastest growing countries in the Islamic finance industry, especially in Islamic banking. The existing Islamic banking system in Malaysia has now gained various recognitions and become a reference for other countries. Existing Islamic banking has given consumers a variety of options in choosing the instruments or financial products offered. Muslims now also have the option to choose a banking system that has been centred on the practice of riba' to a system based on Islamic law (Fazam et al., 2021).

The banking system, which facilitates financial intermediation by mobilising deposits and disbursing credit, is the lifeblood of any contemporary economy. Banking, in the contemporary meaning, is the process of receiving public deposits of money, repayable on demand or otherwise, and withdrawable by check, draught, order, or other means, for the purpose of lending or investing. The primary goal of a bank is to aggregate idle money from the general public into a common fund or pool for the