



**FACTORS AFFECTING THE INDIVIDUAL'S BEHAVIOR TOWARDS ISLAMIC
BANKING: A CASE STUDY AT BANK RAKYAT IN JASIN**

NOR RAUDA BINTI A KARIM

2012284694

BACHELOR OF BUSINESS ADMINISTRATION

(HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

MELAKA CITY CAMPUS

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We praise Him and invoke his blessing on His noble Prophet

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ABSTRACT

The purpose of this study is to determine the factors affecting the individual's behavior towards Islamic banking. The respondents for this study are among 50 customers of Bank Rakyat in Jasin. This study was design to look on what the individual expect from Islamic banking and what basis individuals moves towards an Islamic bank. Different variables about demographic factor, religious perspectives and bank services was used for the research and random sampling method used for the purpose of data collection. The Pearson correlation coefficient was used to find out relationship among independent variables dependent variable. The result shows that positive and significant relationship between religious perspectives and bank services towards Islamic banking. People who have high education level have better understanding about Islamic banking. There is need a work on awareness of Islamic banking. It can be conclude from this study that bank services is most significant behavior towards Islamic banking.

Keywords: Individual's behavior, demographic factor, religious perspectives and bank services.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter will explain on the basic knowledge of this study. It will defines the background of the study, background of the company, problem statement, research questions, objectives of the study, significance of study, scope of study, limitation, definition of terms and summary.

1.2 Background of the Study

Islamic banking is the fastest growing industry of banking sector not only in Malaysia but all over the world. Islamic banking is interest free banking that prohibited from riba (interest), gharar (speculative income), maysir (uncertainty) and all those activities which involve no risk and only fix profit on investment in case of profit and loss in both conditions. The Islamic banking product and services are an important consideration and knowledge about the market of Islamic finance influence the decision of the customer (Omer, 1992).

Islamic banking system was established with the purpose of to give the opportunity for the Muslims to use the banking facilities that exactly with shariah complaints. The Islamic banking in Malaysia can be traced from 1963 when Tabung Haji was established by the government. Tabung Haji provides an efficient fund mobilization process for the Muslims to perform annual pilgrimage in Makkah. Besides that, it also persuades them to