



**Faculty of Administrative Science
& Policy Studies
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Bachelor of Administrative Science

**“THE FACTORS INFLUENCING THE ACCEPTANCE OF ISLAMIC BANKING
AMONG MUSLIM CONSUMERS IN SHAH ALAM”**

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[February 2022]

ACKNOWLEDGEMENT

First and foremost, we would like to convey all praise and gratitude to the one and only, Allah SWT, the most glorified, the most high. Alhamdulillah, with His permission, we are able to complete this Final Year Project report. It is really appreciated that our final year project was completed successfully with the help of numerous parties. Thus, we would like to take this opportunity to convey our heartfelt gratitude and appreciate all who contributed to our research.

We would like to express our gratitude to UiTM for providing us with the opportunity to complete a final year project that allowed us to explore many things through this research process and to conduct our research.

Secondly, we want to thank our supervisor, Madam May Sapura, for her unwavering support for our final year project, as well as her patience, encouragement, passion, and vast expertise. Moreover, her advice was invaluable during the research. After choosing these topics, Puan May gave us a visual and information regarding this topic that really help us in finishing this research study. We appreciate her contribution, and it is a pleasure to work under her supervision because Madam May shares her thoughts on the chosen topic and provides us with helpful advice in order to help us reach our research goals.

Furthermore, we would like to thank our fellow classmates and friends that willing for giving assistance while finishing this final year project. Moreover, we would like to express our gratitude to our parents and family member that gave full support and help in order for us to finish this research study.

ABSTRACT

Intense competition between Islamic Banking and Conventional Banking makes it difficult for customers to choose between the two, especially for people who are not financially literate. Most Muslim customers choose Islamic Banking due to religious obligations, but this research aims to study beyond that factor for the customers' acceptance. This is due to the low acceptance of Islamic Banking among Muslim customers. The stakeholders, including customers, legislators, and even the employees of Islamic Banking Institutions, especially those with low awareness and knowledge, would typically view and assume that Islamic Banking's products are similar to Conventional Banking's. According to Bank Negara Malaysia (2019), approximately 60% of Malaysia's small and medium businesses are unfamiliar with the availability of Islamic finance options which can be concluded that among that 60% there are Muslims who are unaware and do not accept the Islamic Banking products and services. This research studies the factors of knowledge, service quality and relative advantage and trustworthiness that can influence the acceptance of Islamic Banking for 390 Muslim respondents in Shah Alam. The study revealed that all the independent variables have a significant relationship with the dependent variable and trustworthiness is the key factor that influences the acceptance of Islamic banking among all those four factors. Therefore, hopefully this research would be able to be useful in increasing customers' awareness or for the parties concerned in the efforts to increase the customers' acceptance.

TABLE OF CONTENTS

ACKNOWLEDGEMENT	i
DECLARATION	ii
ABSTRACT	iii
CHAPTER 1: INTRODUCTION	1
1.1 Introduction	1
1.2 Problem statement	2
1.2.1 Knowledge on Islamic Principles, Products, and Services of Islamic Banking	2
1.2.2 Service quality	2
1.2.3 Relative Advantage	3
1.2.4 Trustworthiness on the Islamic Banking	4
1.3 Research Questions	4
1.4 Research Objectives	5
1.5 Scope of Study	5
1.6 Significance of The Proposed Study	6
1.6.1 Islamic Banking Institutions	6
1.6.2 Society	6
1.6.3 Government of Malaysia	6
1.7 Definition of Terms, Terminology, and Concepts	7
1.7.1 The Knowledge on Islamic Principles and Products and Services of Islamic Banking	7
1.7.2 Service Quality	7
1.7.3 Relative advantage	7
1.7.4 Trustworthiness	8
1.7.5 Acceptance	8
1.7.6 Consumers	8
1.8 Summary of The Chapter	9
CHAPTER 2: LITERATURE REVIEW & CONCEPTUAL FRAMEWORK	10
2.1 Introduction	10
2.2 The acceptance of Islamic banking (DV)	10
2.3 The Knowledge on Islamic Principles, Products, and Services of Islamic Banking	12
2.3.1 Profit Sharing Financial Products it includes several products:	14

2.3.2 Advance Purchase Financial Products:	14
2.3.3 Insurance product.	15
2.3.4 Sukuk	15
2.3.5 Differences between Conventional Bank and Islamic Bank	16
2.4 Service Quality	17
2.5 Relative Advantage	19
2.6 Trustworthiness	21
2.7 Conceptual Framework	24
2.7.1 Proposed Conceptual Framework	25
2.8 Hypothesis Development	26
2.8.1 The knowledge on Islamic Banking Principle and Product and Services and The Acceptance Level	26
2.8.2 Service Quality and The Acceptance Level	27
2.8.3 Relative Advantage and The Acceptance Level	28
2.8.4 Trustworthiness and The Acceptance Level	28
2.8.5 Knowledge, Service Quality, Relative Advantage and Trustworthiness with The Acceptance Level	29
2.9 Summary of The Chapter	30
CHAPTER 3: RESEARCH METHODOLOGY	31
3.1 Introduction	31
3.2 Research Design	31
3.3 Unit/Level of Analysis	32
3.4 Sample Size	33
3.5 Sampling Technique	35
3.6 Measurement/Instrumentation	36
3.6.1 Nominal Scale	36
3.6.2 Ordinal Scale	37
3.6.3 Ratio Scale	37
3.6.4 Acceptance Level of Islamic Banking	38
3.6.5 Knowledge of Islamic Banking Principles, Products and Services	39
3.6.6 Service Quality	40