



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF CUSTOMERS'
INTENTION TO USE ISLAMIC
PERSONAL FINANCING IN
SEGAMAT, JOHOR**

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ABSTRACT

Islamic banks in Malaysia provide several types of Islamic products in order to fulfill the financial needs of the customers and the most products offered is Islamic personal financing. Therefore, this study was carried out to investigate whether the factors like attitude, social influence, religious obligation, government support and pricing affect the customers' intention to use Islamic personal financing. The sample comprised of 90 respondents live in Segamat, Johor. Data were obtained through a distribution of structured questionnaire. The study used factor analysis, reliability analysis, correlation, and regression to analyze the collected data. The study found four factors influence the customers' intention to use Islamic personal financing. Those are attitude, social influence, religious obligation and pricing while government support is found to be insignificant. This study was help banking sector towards a better understanding of the customers' expectations for Islamic products.

Keyword: Islamic personal financing, attitude, social influence, religious obligation, government support and pricing.

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

This section will briefly give the overview about the topic in this research which is to determine the factors that influence customers in using Islamic personal financing in Segamat, Johor. Therefore, this section consist of the background of the study, problem statement, research questions, research objectives, significant of the study, the purpose of the study, the scope of study as well as the limitation of the study. The term and definition of the study also included in this chapter.

1.2 BACKGROUND OF THE STUDY

1.2.1 Philosophy of Islamic Banking

Islamic banking is established for a just and fair as mention by the Islamic economics (Asyraf Wajdi Dusuki and Nurdianawati Irwani Abdullah, 2007 as cited in Mirakhor and Warde, 2000). The normal practice of interest in the conventional banking system was making it unfair to the borrower as same goes to the contracts that have interest where the return on deposit do not well-suited with the real act of the investment (Asyraf Wajdi Dusuki and Nurdianawati Irwani Abdullah, 2007 as cited in Lewis et al. 2001). Islamic banking must follow the principle of Shariah that obviously prohibited the transactions involving riba' as the Almighty God, Allah said in the Holy book Al-Quran surah Al-Baqarah verse 275: