

**THE CHALLENGES OF IMPLEMENTING ISLAMIC  
FINANCE PRODUCTS AND SERVICES PRACTICE  
IN MALAYSIA.**

**MOHAMMAD AIMI BIN MOHD ZUBIR**

**NUR QISTINA BINTI SUHAIMI**

**NUR SALSABILA BINTI MOHD ISRAJ**

**NUR SYAFIKA BINTI JAILANI**

UNIVERSITI

MALAYSIA

**BACHELOR OF BUSINESS ADMINISTRATION  
(ISLAMIC BANKING AND FINANCE)**

KELANTAN

2022



**THE CHALLENGES OF IMPLEMENTING ISLAMIC  
FINANCE PRODUCTS AND SERVICES PRACTICE  
IN MALAYSIA.**

**By**

**MOHAMMAD AIMI BIN MOHD ZUBIR**

**NUR QISTINA BINTI SUHAIMI**

**NUR SALSABILA BINTI MOHD ISRAJ**

**NUR SYAFIKA BINTI JAILANI**

A thesis submitted in fulfilment of the requirements for the degree of  
**BACHELOR OF BUSINESS ADMINISTRATION**  
**(ISLAMIC BANKING AND FINANCE)**

**Faculty of Entrepreneurship and Business**

**UNIVERSITI MALAYSIA KELANTAN**

2022


## THESIS DECLARATION


I hereby certify that the work embodied in this thesis is the result of the original research and has not been submitted for a higher degree to any other University or Institution.

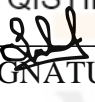
- OPEN ACCESS** I agree that my thesis is to be made immediately available as hardcopy or on-line open access (full text).
- EMBARGOES** I agree that my thesis is to be made available as hardcopy or on-line (full text) for a period approved by the Post Graduate Committee.  
Dated from \_\_\_\_\_ until \_\_\_\_\_.
- CONFIDENTIAL** (Contain confidential information under the Official Secret Act 1972)\*
- RESTRICTED** (Contains restricted information as specified by the organization where research was done)\*


I acknowledge that Universiti Malaysia Kelantan reserves the right as follows:


1. The thesis is the property of Universiti Malaysia Kelantan.
2. The library of Universiti Malaysia Kelantan has the right to make copies for the purpose of research only.
3. The library has the right to make copies of the thesis for academic exchange.

  
\_\_\_\_\_  
SIGNATURE  
NAME: MOHAMMAD AIMI BIN MOHD ZUBIR

  
\_\_\_\_\_  
SIGNATURE  
NAME: NUR QISTINA BINTI SUHAIMI

  
\_\_\_\_\_  
SIGNATURE  
NAME: NUR SALSABILA BINTI MOHD ISRAJ

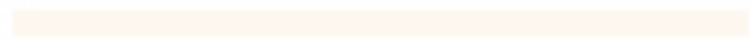
  
\_\_\_\_\_  
SIGNATURE  
NAME: NUR SYAFIKA BINTI JAILANI

  
\_\_\_\_\_  
SIGNATURE OF SUPERVISOR  
DR. NUR SYAFIQAH BINTI A. SAMAD  
Pensyarah Kanan  
Fakulti Keusahawanan dan Perniagaan  
Universiti Malaysia Kelantan  
Date: 28th Jan 2022

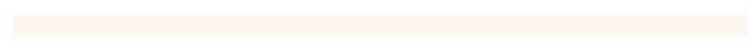
Date: 28/01/2022



UNIVERSITI



MALAYSIA



KELANTAN

## **ACKNOWLEDGEMENT**

One of the conditions for the Final Year Research Project coursework evaluation is to be grateful to ALLAH SWT for the accomplishment of this research project (AFS4112).

We took this as a personal challenge since it honed our desire and skill to come up with fresh ideas in the realm of Islamic banking and finance. We were taking advantage of the advantages in developing this research to practice our abilities and interests in a different way of thinking and memorizing specific theories, tools, and techniques that helped young people understand the overall practices of Islamic Finance for the sake of the field's future prospects. Furthermore, this study might assist us in motivating ourselves to become more educated and successful in the field of Islamic banking and finance.

Thanks to our parents for their financial and spiritual support in helping us complete this study owing to our home-based online seminars. This study was made possible by the collaboration and assistance of a large number of people. Not to mention our committed supervisor, Dr Nur Syafiqah A.Samad, for her generosity in assisting us during the execution of this work project. She supplied us with excellent service by providing us with relevant information on the creation of research proposals within a brief meeting. As a result, we wouldn't be able to finish anything without these incredible folks.

We've done a lot of reading and study on these research concepts and services, as well as developing my internal abilities to deal with individuals in the industry. We were able to become more structured and mature in our approach to dealing with issues that arose through the completion of our proposal. As a result, we created our own research proposal assignment, which includes a few key pieces of material that are required to complete this research proposal.

We are quite grateful for our lecturer's, family members', and friends' help during the fulfilment of this study project. In order, we want to express our gratitude to our lecturer for giving us the chance to take on this task and for helping us through each stage of the process, particularly at a planned meeting.

## TABLE OF CONTENT

NO.	CONTENTS	PAGES
1	Acknowledgement	i
2	Table of Content	ii – iv
3	Abstract	v
<b>CHAPTER 1: INTRODUCTION</b>		
1.1	Background of the Study	1 – 5
1.2	Problem Statement	6 – 7
1.3	Research Questions	8
1.4	Research Objectives	8
1.5	Scope of the Study	9
1.6	Significance of the Study	9 - 10
1.7	Definition of Terms	11
1.7.1	Definition of Awareness	11
1.7.2	Definition of Unclear Information	11
1.7.3	Definition of Security, Privacy and Lack of Standard	11
1.7.4	Definition of Islamic Finance Practices	11
1.8	Organization of the Study	12
<b>CHAPTER 2: LITERATURE REVIEW</b>		
2.1	Introduction	13
2.2	Literature Review	13
2.2.1	Awareness	13 -15
2.2.2	Unclear Information (Regulation)	15 - 16
2.2.3	Security, Privacy And Lack Of Standard	16 – 18
2.3	Islamic Finance Products and Services Practices	18 - 19
2.4	Conceptual Framework	20
2.5	Hypotheses Development	20
2.6	Summary Of The Chapter	20

<b>CHAPTER 3: RESEARCH METHODS</b>		
3.1	Introduction	21
3.2	Research Design	21
3.3	Population	22
3.4	Sample Size	22 – 23
3.5	Sampling Procedure	24
3.6	Research Instrument	24 – 25
3.7	Measurement Scale	25 - 26
3.8	Data Analysis	27 – 28
3.8.1	Descriptive Research	27
3.8.2	Reliability Test	27
3.8.3	Pearson Correlation Coefficient	27
3.8.4	Multiple Regression Analysis	28
3.9	Summary of the Chapter	28
<b>CHAPTER 4: DATA FINDING</b>		
4.1	Introduction	29
4.2	Demographic Profile of Respondents	29 - 31
4.3	Reliability Test	32
4.4	Descriptive Analysis	33 - 38
4.5	Pearson Correlation	39
4.6	Hypothesis Testing	40
4.7	Multiple Linear Regression	41 - 42
<b>CHAPTER 5: DISCUSSION</b>		
5.1	Introduction	43
5.2	Research Finding	43
5.3	Discussion	44
5.3.1	Awareness	44
5.3.2	Unclear Information	44 - 45
5.3.3	Security, Privacy and Lack of Standards	45
5.3.4	Islamic Finance Products & Services	45
5.4	Conclusion	46

5.5	Implication Of The Study	46 - 47
5.6	Limitation and Recommendations for Future Research	47
References		48 - 52
Appendix		52 - 59



## **ABSTRACT**

*The main objectives of this study is to identify the relationship between awareness, unclear information, security, privacy and lack of standard issues and the challenge influencing of implementing Islamic Finance Products and Services. The research design is used quantitative methods and data collection was done by using an online questionnaire. This study uses Pearson Correlation and Multiple Linear Regression to analyse the data, and the data was gathered by distributing the online questionnaire of the sample of 384 which taken from the total populations of the Islamic Finance users in Malaysia. The findings shows the correlations between awareness, unclear information, security, privacy & lack of standard and the challenges of implementing Islamic finance products and services practice in Malaysia are significant. Based on Multiple Linear Regression analysis, all the challenges are closely influencing the challenges. The comprehensive adoption of Islamic finance Products and services in Malaysia will give a new impetus to the Islamic Finance institutions as one of the important needs of consumers of the Islamic Finance Products and services in Malaysia.*

## CHAPTER 1: INTRODUCTION

### 1.1 BACKGROUND STUDY

Islamic Finance refers to a finance sector that is compliant with Islamic laws in terms of its goals and activities. Shari'ah and Riba are closely related to Islamic Finance (IF). Muneer Kuttiyani Muhammed (2017) has defined the shariah in a general sense, it was defined as a set of rules and judgments derived primarily from the Qur'an and Sunnah, as well as the exact fiqh norms developed by jurists and academics via ijihad. According to Irfan Ahmad (2017) riba (interest), predetermined rates of return, and gambling are forbidden in Islam. Fiqh al-muamalat are the rules that regulate commercial transactions in Islamic Finance. Islamic Finance are the person who works with companies that follow the Islamic Finance system (IFS) (Irfan Ahmad, 2017). When doing business, they work for Islamic Financial Institutions (IFI) are expected to adhere to the Qur'an's fundamental principles.

Islamic Finance may seek the advice of knowledgeable experts or rely on their own reasoning based on knowledge and customary practices when extra knowledge or assistance is required. As a whole, although the very concept of Islamic Finance implies that pious Muslim consumers would be able to fulfill their religious responsibilities, given that service quality is intimately tied to customer satisfaction in Islamic Finance, Tunisian Islamic Finance should not assume that consumers are solely concerned with compliance and should be more aware of the service quality evaluation according to consumers' expectations (Janahi & Almubarak, 2017).

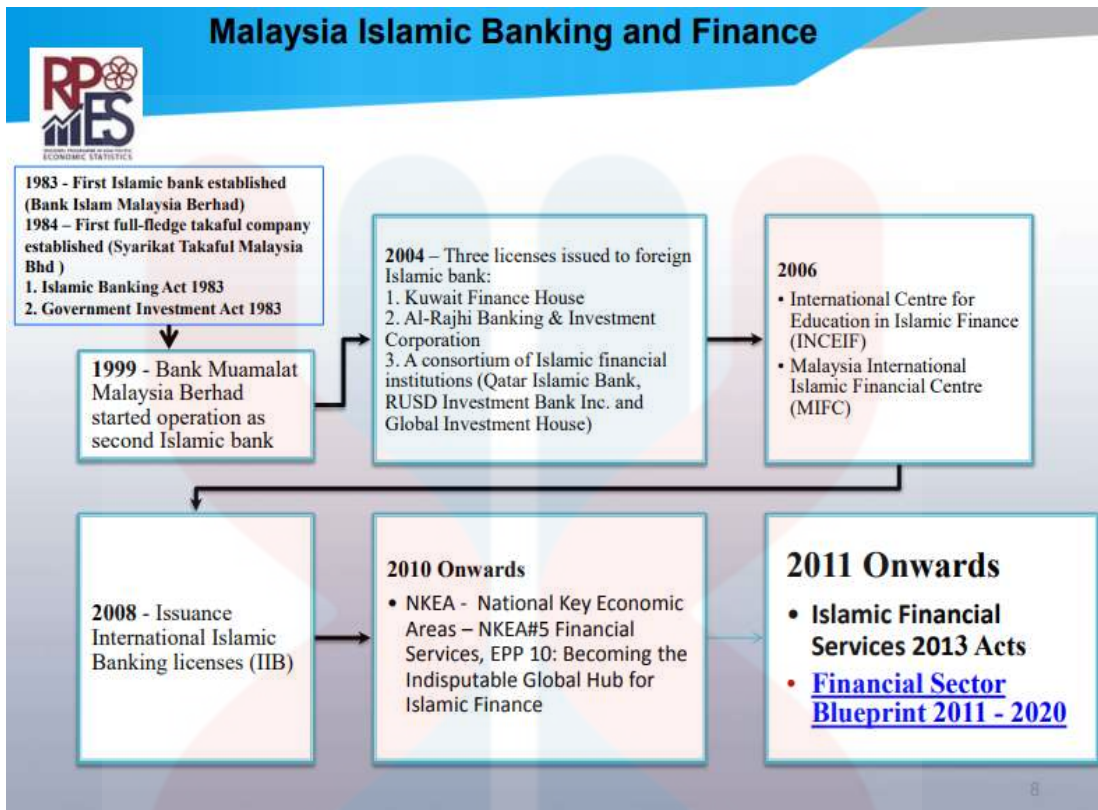


Figure 1: The evolution happened towards IF in Malaysia from 1983 – 2020

## Islamic Banking Statistics

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Number of Institutions</b>	43	42	47	54	54	55	56	56	55	54	54	54	54
Commercial Bank	27	22	22	22	22	23	25	27	27	27	27	27	27
Merchant/Investment Bank	10	10	14	15	15	15	15	13	12	11	11	11	11
Islamic Bank	6	10	11	17	17	17	16	16	16	16	16	16	16

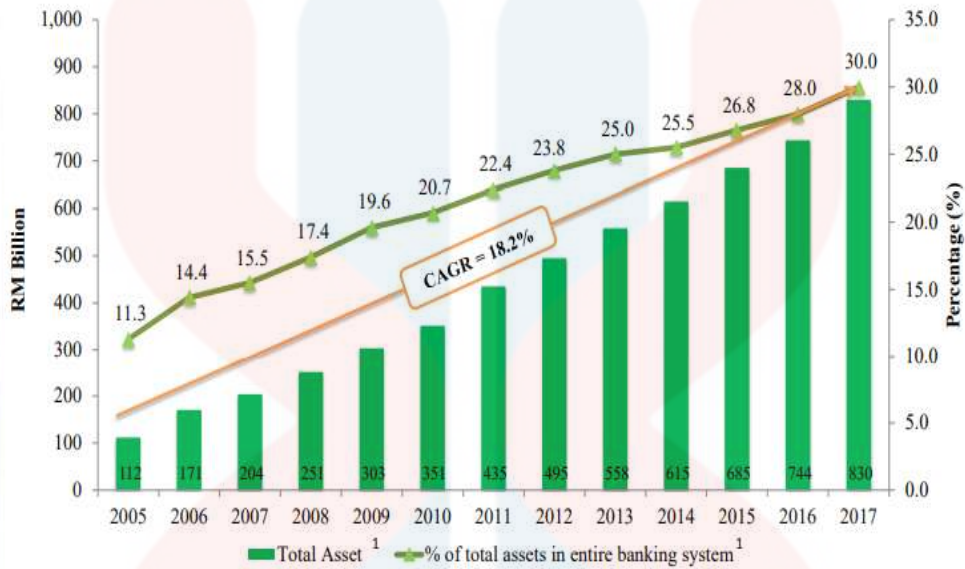
  

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Office Network</b>	2,244	2,139	2,245	2,271	2,298	2,312	2,435	2,481	2,479	2,494	2,500	2,498	2494
Commercial Bank	2,072	1,952	1,968	1,979	1,999	2,006	2,050	2,056	2,029	2,045	2,048	2,019	2,019
Merchant/Investment Bank	19	19	120	131	131	133	133	148	135	135	119	130	130
Islamic Bank <sup>1</sup>	766	1,167	1,272	2,039	2,087	2,102	2,147	2,171	2,177	2,192	2,206	2,197	2,196

<sup>1</sup> Includes Islamic bank branches that are shared with conventional bank branches  
<sup>\*</sup> Preliminary  
 source : Bank Negara Malaysia

Figure 2: The growth of expansion towards IBF in Malaysia from 2005 - 2017

### Islamic Banking Statistics – Asset

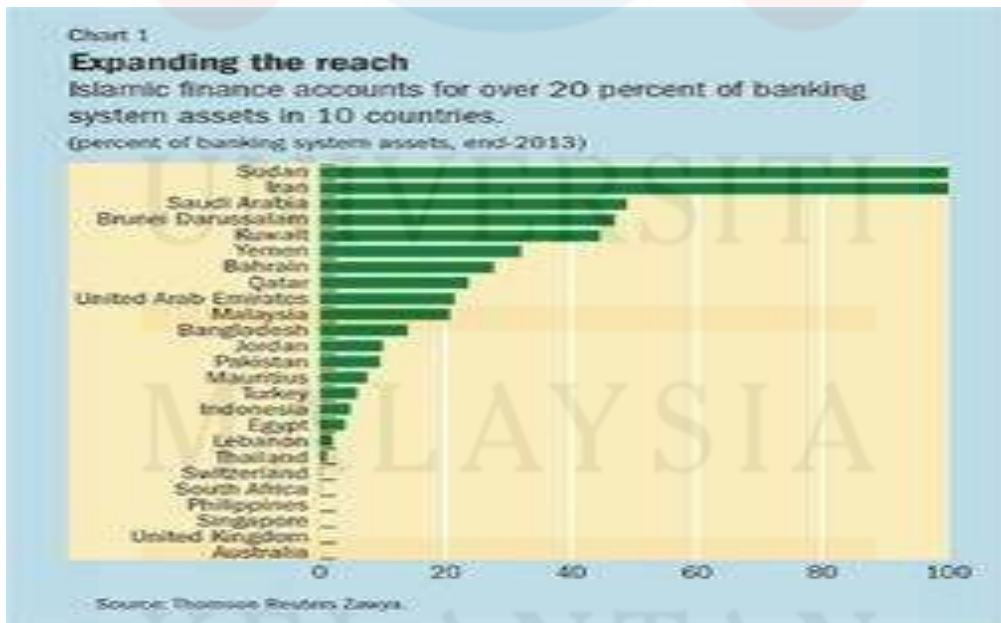


<sup>1</sup> Including development financial institutions under the Development Financial Institutions Act 2002

\* Preliminary

source: Bank Negara Malaysia

Figure 3: The growth of assets towards IBF in Malaysia from 2005 – 2017



Source: Thomson Reuters Zephyr

Figure 4: The growth of expanding the reach globally towards IBF

The all graph above clearly shows how the growth created by the users of IFIs has extremely moved up from the first year introduced in Malaysia which was in 1983. The first figure, clearly shows how rapidly it was expanded by the Islamic Finance industry which started up in 1983 until now. As the result, it can be seen in figures 2, 3, and 4 which shows the expansion of the Islamic Finance industry from time to time. It was shown how globally its growth. Figure 2 shows the increase in Islamic financial institutions from 2005 to 2017. It also shows the statistics of the increase in office networks involving the Islamic financial system. Figure 3 displays IFIs statistics on assets which shows the projected increase from 2005 to 2017. It also displays the percentage of total assets in the entire financial system acquired by Islamic Institutions. While Figure 4, shows the graph of expanding reach by Islamic Finance where Islamic finance account reached over 20 percent of financial systems assets in 10 countries in 2013. It is clear the positive growth that occurred to the Islamic Finance system.

There are several features of Islamic that can be differentiated the IFIs from the traditional ones. One of the features is practicing the base of Islamic law (prohibited elements) which included the Riba, Gharar, and Maisir. Other than that, Islamic serves a *Syumul* and *Kamil* system in practice. There is a lot of advantages that will be gained by consumers. They are the stands that be used by the IFIs, the avoidance of the prohibited elements.

The Sharia is which literally means "a clear route to be followed and respected" – emphasizes the spirit of collaboration in business by promoting, first and foremost, the idea of profit-loss sharing between financial institutions and businesses and assisting in the absorption of loss when it is shared equitably. The notion of asset-backing is common in Islamic thought, which discourages financial speculation, which is forbidden in Islam. Sharia law also promotes financial inclusion by encouraging ethical, sustainable, and environmentally friendly financing. As a result, these clear in-built qualities constitute the Islamic Financial system's backbone obtaining a stronger awareness for the particular character of Islamic Finance, which is in accord with Islam's core goals of stressing social welfare and promoting financial stability. These and other Sharia regulations have changed the kind of financial transactions employed by Islamic financial organizations.

As a result, they've created contracting models based on a no-interest, risk-free approach to meet market demands while also encompassing main schools of thought. Products and services of Islamic Finance are including the Financing of products, Deposits products, Insurances product,s and the services such as FinTech as mentioned below.

Profit sharing financing products such as Musharakah, Mudarabah, Qard Hasan, Wakalah, Hawalah. Musharakah is the equity participation, investment, and management from all partners; profits are shared according to a pre-agreed ratio, losses according to equity contributions. Second is the Mudarabah which Mudarabah is a profit-sharing partnership to which one contributes the capital and the other the entrepreneurship, or the bank provides the capital, the customer manages the project. Profit is shared according to a pre-agreed ratio. The third one is Qard Hasan. The Qard Hasan is a charitable loan free of interest and profit-sharing margins, repayment by installments. A modest service charge is permissible. Next is Wakalah. Wakalah is an authorization to the bank to conduct some business on the customer's behalf. Last but not least is Hawalah which is an agreement by the bank to undertake some of the liabilities of the customer for which the bank receives a fee. When the liabilities mature the customer pays back the bank.

The second is basically about the advance purchase financing products which included the Murabahah, Istithna, Mu'ajjal, and Ajaar. In terms of that Murabahah is a sales contract between a bank and its customers, mostly for trade financing. The bank purchases goods ordered by the customer; the customer pays the original price plus a profit margin agreed upon by the two parties. Repayment by installments within a specified period. About the Istithna, it is a sales contract between bank and customer where the customer specifies goods to be made or shipped, which the bank then sells to the customer according to a pre-agreed arrangement. Prices and installment schedules are mutually agreed upon in advance. In terms of Mu'ajjal, it is all about the purchase with deferred delivery: A sales contract where the price is paid in advance by the bank and the goods are delivered later by the customer to a designee. Lastly about the Ajaar which is all about the lease and hire purchase; A contract under which the bank equipment to a customer for a rental fee; at the end of the lease period the customer will buy the equipment at an agreed price minus the rental fees already paid.

There are a lot of deposits products offered by IF which included Wadiah, Mudarabah, and Qard al Hasanah. Wadiah is the deposits, including current accounts (*giro wadi'ah*). The mudarabah is the deposit product based on revenue-sharing between depositor and bank, including savings products withdrawable at any time and time deposit products. The Qard al Hasanah is the unremunerated deposit product, usually for charitable purposes (*widespread in Iran, but not found in Indonesia*). The insurance products offered by IF the Tadamun and Takaful are Islamic insurance with joint risk-sharing.

## 1.2 PROBLEM STATEMENT

The public's understanding of the Islamic financial industry is quite poor. This is because some people don't understand the concept of Islamic finance and at the same time much non-Muslim thought that Islamic finance is only for Muslims. Even Islamic finance is compliant with Shariah regulations but it's not only Muslims who can use it. Some non-Muslim thought that Islamic finance was just a name and not giving any difference from conventional finance. The key reason for the lack of acceptance of Islamic finance among Malaysians is due to ignorance and misconceptions regarding Islamic finance among customers, as well as the difficulties that Islamic finance would face (Monica Selvaraja, 2016). One of the difficulties in implementing and adapting the Islamic finance system is a lack of customer awareness of the Islamic finance systems and the goods available (Nur Aqilah Zainordin, 2016). One of the difficulties in implementing the Islamic finance system and getting customers to adopt it is a lack of awareness about the Islamic finance systems and goods available. The majority of customers believe that Islamic finance should only be used by Muslims (Nur Aqilah Zainordin, 2016).

According to Ali (2018), the majority of Islamic finance users in Pakistan are unfamiliar with FinTech. This approach to ignorance is relevant to all users, regardless of their degree of engagement, gender, age, or higher education institution. However, the degree of unconsciousness among user is significantly related to that of user, suggesting that demographics are crucial in determining FinTech's level of awareness.

Furthermore, consumers believe that Islamic finance does not provide benefits because it does not impose benefits on its customers. As a result, in order to introduce the Islamic financial system in Malaysia, the public must be informed of the advantages of Islamic alternative solutions in a certain way, as well as provide better value to Muslims (Ng Yee Man, 2016). As a result, to introduce the Islamic financial system in Malaysia, the public must be made aware of the advantages of Islamic alternative approaches in certain ways, as well as offering better services to Muslim and non-Muslim customers (Ng Yee Man, 2016). Overall, the average user of financial services is not clear about any information held by the Islamic financial system. They should already be able to differentiate between these two methods because they both have completely different characteristics. Many people, however, are still unable to discern between two ways. Islamic Finance is clearly based on Al-Quran and As-Sunnah which forbids 3 things, namely Riba, Gharar, and Maisir. However, not all users of the

service were aware of this considerable change. Perhaps among the things that make the information presented less clearly expensive, there are those that are not clear at all.

Other than that the consent from consumers is of course towards the security, privacy & lack of standard issues which how powerful Islamic Finance really have good control in terms of security, privacy and on the handhold the standard with the conventional one. Because the traditional way of financial practice is still getting problems in terms of security, privacy & lack of standard issues. So it makes it even more difficult for consumers to use services coordinated under Islamic Financial Institutions. In general, the conventional financial system first existed in the practice of the modern financial system in the world. Consumers believe that Islamic Finance Institutions will be worse off in terms of security, privacy, and a general lack of operational standards (Elasrag, Hussein, 2019).

For example in FinTech, there is a lot of security, privacy, and lack of standards issues such as threats in FinTech and financial privacy issues. According to Waqqas Nadim (2020) Threats are important concerns in the financial business that are constantly impacting current safety measures and technology's dynamic behavior. New service approaches, as well as Financial Service Institutes (FSIs), introduce new threats. The apparent reason of these attacks might have been owing to new security-related approaches or a new technological setup. Some of these dangers, which are typically generated by evolving strategies, can take the shape of data, network-traveling works, and malware, among other things. These threats, which are usually developed by evolving techniques, went undetected in cloud computing. In addition, disguised activities wreak havoc on cybersecurity infrastructure. It disables the security mechanism and renders it useless in the face of attacks, resulting in data spillage.

Overall, it is obvious that the Islamic financial system's difficulties are intertwined. When the information presented is not clear, then it will affect the awareness of the advantages of the Islamic financial system. Which is clearly based on strong legal sources namely Al-Quran and As-Sunnah. Finally, despite having good security regulations, privacy, and standards, the Islamic financial system will continue to be looked down upon if these difficulties are not resolved. The goal of this study is to figure out what factors impact Islamic finance's acceptance in Malaysia which is based on 3 independent variables and one dependent variable.



### **1.3 OBJECTIVE OF STUDY**

This study aims to:

1. To identify the relationship between awareness and implementing Islamic finance products and services.
2. To identify the relationship between unclear information and implementing Islamic finance Products and services.
3. To identify the relationship between security, privacy & lack of standard issues, and implementing Islamic finance products and services.
4. To determine the challenges influencing the implementation of Islamic finance products and services.

### **1.4 RESEARCH QUESTIONS**

1. What is the relationship between awareness and implementing Islamic finance products and services?
2. What is the relationship between unclear information and implementing Islamic finance products and services?
3. What is the relationship between security, privacy & lack of standard issues, and implementing Islamic finance products and services?
4. Is the challenges influencing the implementation of Islamic finance products and services?

### **1.5 SCOPE OF THE STUDY**

The purpose of this study is to investigate the challenges of creating Islamic finance products and services in Malaysia. The scope of the study was limited to Malaysian citizens who have knowledge and expertise with Islamic finance products and services. It means all acknowledge the matters consumers in Malaysia who are using Islamic finance products and services are involved in this study. The goal of this research was to find out the challenges of implementing Islamic finance products and services such as Mudharabah, Wadiah, and so on in Malaysia. This research would be completed through the application of the questionnaire to Islamic finance products and services users as a survey and reference.

### **1.6 SIGNIFICANCE OF STUDY**

They provide financial goods and services that are used in daily life. In this study, the researchers are going to focus on the usage of IF products and services. Islamic Finance products and services are significant with the society and consumer, finance industry, and government.

Firstly, it is significant to society and consumers as it gives benefits to them. For instance, consumers can use the products and services provided by the IFIs freely without any misunderstanding. The importance of this study to consumers is to eliminate the issues of misunderstanding that arise against Islamic Finance. Apart from that, it highlights the advantages found when using Islamic finance offers a variety of goods and services. As mentioned in the issue description, the goal of this study was to increase awareness among consumers of Islamic Finance's services (IF). It thus provides an equal opportunity to the Islamic Finance industry as well as the conventional has been treated.

Secondly, this study is significant to the finance industry. Furthermore, the importance of this study must involve industries that are affected as a result of misunderstandings that arise among consumers, namely Islamic Finance. Essentially, the level of consumer awareness on the existence of products and services offered by IFs is the same as that offered by conventional financial institutions. When consumers clearly understand the concepts displayed in the Islamic financial system. As a consequence of this research, the sector will be better able to balance the traditional and Islamic Financial Systems (IFIs) in Malaysia.

Last but not least, this study is significant to the government. The finance industry can help the government in generating the growth of the economy by money cash flow that happens between the IFIs and consumers. When all consumers are clear, then they can freely choose fairly and it will continue to boost the country's economic growth.



UNIVERSITI



MALAYSIA



KELANTAN

## 1.7 DEFINITION OF TERMS

TERMS	DEFINITION	SOURCES
<b>AWARENESS</b>	<p>The amount of comprehension of customers affects their awareness of utilizing Islamic Finance.</p> <p>In the literature, there are numerous distinct definitions of situation awareness. However, the most popular description is "perception of those aspects of the environment across a period of time and space, an understanding of its significance, and a forecast of its state in the near future</p>	<p>Albaity and Rahman, 2019, Kaakeh et al, 2019</p> <p>Sogand Hasanzadeh 2018</p>
<b>UNCLEAR INFORMATION (REGULATION)</b>	<p>Information is usable data that has been handled in such a manner that the person who utilizes the data gains more understanding.</p>	<p>Omar Alshikhi, 2018</p>
<b>SECURITY, PRIVACY AND LACK OF STANDARD</b>	<p>The issue of block chain security is one that will never go away. It's still getting acclimated to transaction finality via consensus (in whatever shape that consensus takes), rather than a more deterministic mechanism like "database commit."</p>	<p>Elasrag, Hussein, 2019</p>
<b>THE ISLAMIC FINANCE PRODUCTS AND SERVICES</b>	<p>Islamic Financial Institutions (IFI) product and services are expected to follow the core principles of the Qur'an. When further information or help is necessary, Islamic Finance may seek the counsel of qualified professionals or depend on their own reasoning based on knowledge and customary practices.</p>	<p>Almubarak, 2017</p>

## 1.9 ORGANISATION OF THE STUDY

This study is focused on the challenges of implementing Islamic finance products and services in Malaysia. Chapter 1 presents an overview of Islamic finances current practices, the problem statement of this study, the research objectives and question of the study, the scope of the study, the significance of the study, and the definition of the term. Chapter 2 discusses the literature review of the study, while Chapter 3 analyzes the title which is the discussion Islamic finance which based on four main indicators which are awareness, unclear information, security, privacy & lack of standard and challenges towards the Islamic finance products and services in Malaysia which can be reflected on the practices of Islamic Finance in Malaysia.



## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

The literature review section of this chapter covered independent & dependent variables, theoretical structure, and hypothesis growth. This section is about the past studies of customer awareness on the product and services offered by IF, unclear information towards that practices, the security, privacy & lack of the standard.

#### **2.2 THE CHALLENGES OF IMPLEMENTING THE ISLAMIC FINANCE PRODUCTS AND SERVICES IN MALAYSIA**

Islamic finance has been grown so fast over the last few years, however, the wider it becomes the more challenge and issues that Islamic Banking Finance has to face. That challenge and issue will make as a disadvantage for Islamic Banking Finance. Among the challenges that cause disadvantages are a lack of awareness of Islamic Finance, unclear information provided to consumers, and lastly, in terms of security, privacy, and lack of standards. These three challenges are used as independent variables because they are seen to be able to affect the implementation of Islamic finance in Malaysia.

##### **2.2.1 AWARENESS**

Awareness is the minimum acceptance of the level of service that can be provided awareness and place it as a key part and critical (Mwakaje, 2015). Awareness can also be understood as a value perceived value. According to Choi (2017), value refers to “what I get for what I give” which means when “get” is the same or more than “give”, awareness will increase.

In terms of banking, the majority of regulatory authorities are unfamiliar with Shariah. As a result, it becomes difficult for the supervisory body to regulate appropriately. Any support that Islamic banks may seek for their operations will not be provided. Furthermore, any monitoring and regulation will be based on the lessons learned from traditional banks. Such attempts, however, are thwarted by the distinctions between Islamic and regular banks. Islamic banks should be controlled and overseen by authorities with considerable knowledge and expertise in Islamic banking for the most effective supervision. Islamic banks, for example, should own the products that are being sold at a premium. Many regulatory regimes prohibit

banks from owning tangible assets (Alexandra Zins, 2017). As a result, Islamic banks are unable to issue invoices or ownership certificates. In murabahah deals, purchasers also have the option to cancel the contract. Following the purchase of goods, Islamic banks are unable to respect such cancellations.

Such issues should be resolved by regulatory authorities, who should also aid Islamic banks. Any issue that is settled outside of official records poses a danger to the Islamic bank and is not subject to legal examination. Any unsolved issues will be vulnerable to misbehavior, and regulatory authorities should offer answers. Consultation with the IFSB should be viewed as an alternative centralized effort to resolve Islamic banking-related difficulties in the case of a lack of expertise and understanding. (Alexandra Zins, 2017).

According to the definitions above, the implementation of awareness towards the Islamic finance products and services in Russia. There is significant potential for the establishment of an Islamic financial system in Russia, and most financial institutions in Moscow were interested in Shariah-compliant financial products, but they were unable to take the necessary steps to begin working in this direction for three primary reasons (Ahmad Rafiki, 2019). First, the Russian government owns the largest financial institutions, and they cannot make choices on their engagement in the Islamic financial market without the government's political will. As a result, the Russian political authorities must take a political choice to begin preparing a government plan to build an infrastructure for Islamic finance.

Second, no professionals are available in Moscow financial institutions to establish parts such as an independent Sharia Supervisory Board, which is required for the creation of Sharia-compliant products. As a result, financial institutions must either acquire qualified workers from overseas or provide Islamic finance training for their own personnel (Ahmad Rafiki, 2019).

Third, financial institutions in Russia lack the judicial infrastructure needed to deploy Shariah-compliant products. Most Shariah-compliant products cannot be issued by Russian banks because they violate Russian regulations, particularly tax law. As a result, Russian financial institutions must rely on foreign infrastructure to provide Shariah-compliant financial products in the absence of such infrastructure. Again, a political decision and engagement of the Russian Central Bank are required to build such infrastructure. Russian banks are now prohibited from participating in manufacturing, trade, or insurance operations (Suvorov

Svyatoslav, 2019). This key aspect renders participation in Islamic finance instruments like Murabahah, Istisna, and Takaful, which are some of the most significant Shariah-compliant financial products, extremely difficult, if not impossible, for Russian banks.

In addition, FinTech is one of the services provided under Islamic Finance. According to Ali's (2018)'s research, Islamic finance users have a low degree of comprehension of concepts and widely used FinTech terms. The study focused on the influence of respondents' demographics, including age, the field of interest, gender, and others, on their degree of awareness of the concept and terms used by FinTech.

### **2.2.2 UNCLEAR INFORMATION (REGULATION)**

Based on Elasrag, Hussein (2019) the confusion and ambiguity will continue to exist for everyone interested in the blockchain area as long as regulators' positions are not clear. The blockchain is a game-changing technology that affects a wide range of industries, thus it's conceivable that various forms of regulation will be applied to it. According to Elasrag, Hussein (2019) the regulators will have to grapple with a fundamental paradigm shift: trust is now more open and "free from central restrictions" than it was previously. Although the nature of trust is evolving, regulators are accustomed to policing "trust providers." Will they adapt when the trusted provider is a blockchain or a new form of intermediary that doesn't fit the prior paradigm of central chokepoint regulation? Because the blockchain is decentralized by default, regulating decentralized entities is more challenging than regulating centralized entities. As a result, the researchers will need to see regulatory innovation. For example, blockchains might be certified. When confronted with new technology, regulators and policymakers often react in one of three ways: (Elasrag, Hussein, 2019)

1. Do nothing and let the market to develop and expand naturally.
2. Keep an eye on the choke places. These chokepoints may, for example, be bitcoin exchanges or software vendors that will be needed to get licenses.
3. Incorporate automated regulation at the point of sale or along the path of the transaction. Making provision for direct data reporting via a backdoor, an information exhaust pipe, or a direct deduction on a transaction might be part of this.



Nowadays, this Islamic Finance might have to spread the information widely but then the problem is that the information gained by the consumers was not really given them a good of explanations for every information of IF that was the reason why it was not clear as a whole in terms of the practice by the IF. On behalf of the implementation towards Islamic Finance, which is based on the study of Low Soon Hoong (2016), she mentioned that the differences in Islamic cultures and civilizations within various countries cause Shariah principles to be interpreted differently by various Muslim schools. Because of the absence of standards, Western authorities struggle to grasp the fundamental notion of Islamic financial institutions, making the growth of the Islamic financial sector in Western nations difficult. The conformity towards the Shariah views and different methodologies make the concept of Islamic financial institutions become unclear. Monica Selvaraja (2016) argued that standardization of Islamic financing language is necessary, particularly in Islamic financial products such as Islamic financing instruments, paperwork, and related pricing formulae. For instance, in Islamic banking, Murabahah is a deferred payment financing mechanism. However, some people refer to it as Al Bai Bithaman Ajil /BBA. To minimize confusion, it is critical to standardize product names. The origins of Islamic banking terms may be traced back to Shariah Law, and the translation of Arabic terminology can be confusing at times. Murabahah, for example, is a type of deferred payment finance.

### **2.2.3 SECURITY, PRIVACY AND LACK OF STANDARD**

'Security implies a stable, reasonably predictable environment in which a person or organisation can pursue its goals without disruption or harm, and without fear of such disruption or injury,' write Fischer and Green (2004, p. 21). The condition of privacy is when an individual keeps himself inaccessible. In other words, privacy allows people to restrict others' access to themselves and their information. Privacy is a high value in a civilised society and a human desire that is rooted in social causes (Abu Bakar Munir, 2019). Standards make it easier to search for and organise inventory. They encourage consistency and uniformity. For example, the Dewey Decimal Classification (DDC) method aids in describing books in such a way that anyone using Dewey may readily identify them in any library. A lack of standards will result in poor information presentation quality and a lack of consistency in stock organisation (Sarah Meambalawa, 2016). The issue of blockchain security is one that will never go away. It is still getting acclimated to transaction finality through consensus (in

whatever shape that consensus takes), rather than a more deterministic mechanism like "database commit." Large corporations, notable banks, have been wary of using public blockchains for internal purposes, citing possible security concerns. The technical case against full security of public blockchains can be readily made the moment you cast a doubt on a conceivable circumstance that might jeopardize a transaction's finality (Elasrag, Hussein, 2019). That alone is enough to dissuade people from using public blockchains, despite the fact that there is a case to be made for their security. The default setting for each transaction's visibility in a public blockchain is openness and transparency. This implies that anybody can track a transaction's process, including the amount of money involved and the origin and destination addresses. In private blockchain implementations, that amount of openness was unthinkable. However, by encrypting the values, it is now possible to ensure transaction secrecy, and it is also viable to disguise identities using zero-knowledge proof techniques.

The questions that have been asked by the author is that why do the researchers need to establish trust inside a network, say blockchain skeptics because nowadays the researchers already trust one another, and the researchers have century-old organizations that perform that type of trust. It takes a mental adjustment to trust a network of computers that do mathematical computations rather than a "known, trusted" person that you can see. They ultimately understand that the trust is in the network and that it is a new sort of trust, according to the author (Elasrag, Hussein, 2019). Internet payments were not completely trusted, at least not by banks, throughout the early Web years (1994–1998), according to the author. Consumers had to travel via special "payment gateways" set up specifically to perform the trust function, keeping them separate from banking systems that didn't want to deal with untrustworthy technology. Despite the apparent similarities to trusting blockchains, paying using a credit card on the Internet has become widely accepted over time, and most current Web users are unlikely to recall the early days of dread and horror. (Mougayar, 2016)

Because all users were initially concerned about the availability of blockchain as a trusted service delivery network, this will continue to be common. Standards are usually divided into two categories. Both are created and agreed upon a priori by a standards committee or consortium group, or they are accepted as de facto standards by the market. Several network effects, simplified interoperability, shared implementation knowledge, potential cost savings, and overall risk reduction are among the benefits of the standard. Technical, platform and process concerns may all be addressed through standards. (Mougayar, 2016).

There is, however, a word of caution regarding standards. In most cases, Islamic Finance does not compete on the basis of standards. By adopting these standards in a certain way, they tend to level the playing field and allow firms to compete on their own terms. That competitive edge might come from how quickly you implement these standards, or from your ability to think beyond the box. The blockchain will have the same possibilities and disadvantages for regular usage. Although standards will be necessary, they will not be sufficient. Tens of thousands of software developers will be necessary to lift all of the boats. According to the author, there may be done to raise the number of developers by increasing market understanding of the blockchain, which will lead to a rise in interest and the popularity of certification programs. Third, official academic degrees with a concentration on this issue are accessible, and last, blockchain training programs are accessible.

### **2.3 THE ISLAMIC FINANCE PRODUCTS AND SERVICES**

Islamic banking has grown in popularity as a viable alternative to traditional banking in many nations throughout the world, notably in Muslim-majority countries (Da Jia Qian, 2017). “The Islamic Bank fundamentally implements a new banking idea in that it conforms closely to the laws of Islamic Shariah in the realms of finance and other dealings,” according to the International Association of Islamic Banks (IAIB). As a result, it should be evident that Islamic banking differs from conventional banking in terms of its goal, aims, and societal responsibilities. All of these tasks and obligations are taken more seriously by Islamic banks than by regular banks (Hamidah Ramlan & Mohd Sharrizat Adnan, 2016). Traditional banking is founded on the debtor-creditor relationship between depositors and banks on the one hand, and borrowers and banks on the other, with interest serving as the price of credit and reflecting the opportunity cost of money (Hamidah Ramlan & Mohd Sharrizat Adnan, 2016).

Islamic banking and Finance make a profit with practices that are in line with Islamic rulings, especially in Malaysia. Profits arising from the sale and purchase contracts, profit-sharing losses (investments), and several other contracts recognized by shariah. Islamic banking, guided by the principles of Islamic Shariah (law), is interest-free – based on profit and loss sharing (Qadri 2019). Now, Islamic banking and finance entities offer the Shariah-compliant versions of almost any financial products and services that are found in conventional banks (Bhatti, Al Rahahleh, and Qadri 2019). Islamic Banking and Finance practices have developed a number of financing products that comply with Shariah principles to the needs of

customers. Islamic Banking and Financial practices based on Islamic law (Shariah), namely Islamic Fiqh Muamalat (rules) in transactions. All rules and practices in Fiqh Mu'amalat come from al-Quran and al-Sunnah and other secondary sources. Islamic Banking and Finance introduces various Shariah-compliant contracts to customers such as Murabahah, Musyarakah, Ijarah, and Istisna.

As a whole, the researchers are going to measure independent variables and dependent variables by using differences measurement. For the awareness, the researchers will measure the level of awareness. The higher the level of awareness, the higher the implementation of Islamic finance products and services. Second, for the unclear information, the researchers will measure based on the level of understanding of the information provided by the IFIs. As the result, it will remain of the level of understanding of the information provided by the IFIs, the higher the implementation of the Islamic finance products and services. The third independent variable is security, privacy, and lack of standards. The researchers will measure based on the level of understanding of the security, privacy, and the standards practiced by Islamic Finance. As the result, it will remain of the level of understanding of the security, privacy, and the standards provided by the IFIs, the higher the implementation of the Islamic finance products and services.

## 2.4 CONCEPTUAL FRAMEWORK

Based on the discussion and the previous article, Theoretical Framework for this study is as below:

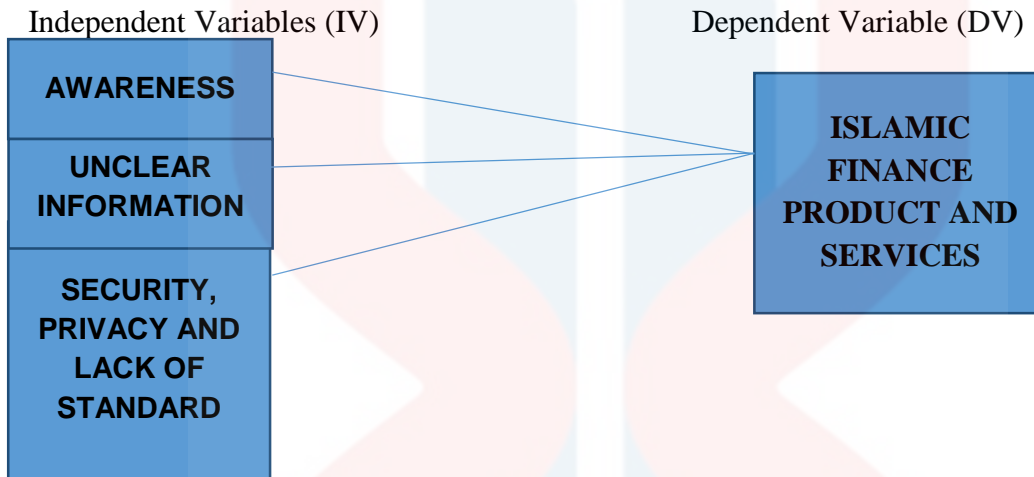


Figure 1: Conceptual Framework between Independent Variable (IV) and Dependent Variable (DV)

## 2.5 HYPOTHESIS STATEMENT

In this research, the researcher identifies several hypotheses:

- 1) **H1:** There is a significant relationship between awareness toward the Islamic Finance product and services.
- 2) **H2:** There is a significant relationship between unclear information toward the Islamic Finance product and services.
- 3) **H3:** There is a significant relationship between security, privacy & lack of standards toward the Islamic Finance product and services.
- 4) **H4:** There is a significant challenge that influencing the implementing toward the Islamic Finance products and services.

## 2.7 SUMMARY/ CONCLUSION

This chapter focuses on the ongoing research efforts of earlier researchers. These findings contribute to a better understanding of challenges that is implemented on Islamic finance products and services. Hypotheses were developed using the theories and literature review. The techniques employed in this investigation are detailed in the next chapter.

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.1 INTRODUCTION**

The research methodologies employed in this analysis, as well as the technique, are discussed in this chapter. Research design, population, sample size, sampling procedure, research instruments, measurement scales, and data analysis are all included.

### **3.2 RESEARCH DESIGN**

This study's research approach is quantitative, and it employs an e-questionnaire created in Google Form. The survey was sent out to a random sample of IFIs users. Through this study design, which involves planning and arranging study design and activities, the researchers will be able to access the link between independent factors and dependent variables. The questionnaire consists of the demographic profile, the factors that influence the implementation of Islamic Finance in Malaysia.

The researchers intended to look into the issues that have been introduced into the Islamic finance products and services in this study. A questionnaire is used in this study as part of a quantitative research technique. The researchers will be able to access the relation between independent factors and dependent variables using this study design, which entails planning and preparing study design and activities. The demographic profile, as well as the factors that influence the implementation of Islamic Finance in Malaysia, are all included in the questionnaire.

### **3.3 POPULATION**

Based on the study's aims and questions, the population selected by the researcher is the consumers of IFIs in Malaysia. The target population is a Malaysian country that used the IFIs practices in their lives. According to World Bank's Findex database in the Malaysia Islamic Finance and Financial Inclusion Report (2020) stated the user of the Islamic Finance system that has accounted for it were 85% of the total population in Malaysia. Currently, the total population in Malaysia nowadays is 32,776,194 million. Meaning to say that the total number of users of Islamic Finance in Malaysia is around 27,859,765 million.

### **3.4 SAMPLE SIZE**

Since the total users of Islamic Finance in Malaysia is around 27,859,765 million so that according to Krecjie and Morjan (1970), the sample would be around 384 respondents.

Table 1: A Sample size of Krejcie and Morgan (1970)

<i>Table for Determining Sample Size of a Known Population</i>									
N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

*Note: N is Population Size; S is Sample Size* *Source: Krejcie & Morgan, 1970*



### 3.5 SAMPLING PROCEDURE

This study, it is utilizing simple random sampling in this study, which is a sort of probability sampling in which the researcher picks a subset of participants at random from a population. This approach is the simplest of all probability sampling methods since it just requires a single random selection and very little previous knowledge about the population. Due to the randomization used in this technique, any research done on this sample must have a high level of internal and external validity. Therefore, by using random sampling simple, every consumer of IFIs has the same opportunity to be selected as study respondents.

### 3.6 RESEARCH INSTRUMENTS

The research method used is quantitative data collected through questionnaires. The questionnaire consists of demographic profiles, the factors that influence the implementation of Islamic Finance in Malaysia. The researcher has used regression methods to analyze the data collected.

Table 2: Overview of the Research Instruments

<b>PART</b>	<b>VARIABLES</b>	<b>ITEMS</b>	<b>AUTHORS</b>
A	Demographic	6	Mohamed Sharif Bashir, 2016
B	Awareness	5	Mohamed Sharif Bashir, 2016
	Unclear Information	10	Chung Foo Liang, 2013
	Security, Privacy, and Lack of Standards	5	Chung Foo Liang,2013
C	Islamic Finance Products And Services	9	Mehdi Bouania,2016

## Questionnaire Design

In the study, the researchers used questionnaires to collect data. The questionnaire consists of a network of questions and other indicators for the purpose of gathering information from the community respondents of the user of the Islamic finance products and services. Researchers' questionnaires were developed in English. This study area consists of sections A, section B, and section C. The question consists of a demographic profile of respondents, an independent variable that focused on the challenge and the dependent variable is on the Islamic finance products and services. The demographic questions in section A are about gender, age, race, education level, income level and religion of each respondent i.e. whether Muslim or Non-Muslim.

The questions in this section B relate to independent variables which the challenge that implementing the Islamic finance products and services in Malaysia. This section uses 5 points of likes the skills to measure respondents about how much they agree or disagree with the statement. Section C also requires respondents to answer questions about dependent variables which are the Islamic finance products and services. The 5-point skills method of Likert will also be used in this section.

### 3.7 MEASUREMENTS SCALE

A Likert scale is a type of scale that asks responders to agree on a set of claims about the stimulus items. It will be divided into five answer categories, starting with 1-Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, and 5- Strongly Agree on a five-point scale.

Figure 3.2: Five-Point Likert Scale

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Nominal, ordinal, interval and ratio scales are the four types of scales. The questionnaire will be utilized as the research instrument in this study, and the measuring scales employed in this survey questionnaire are nominal, interval, and ratio. As a result, ordinal scale measuring will not be used in this study. Section A and Section B of the questionnaires are separated into two sections. Because it will be asked about the demographic profile of the

targeted respondents, Section A will employ nominal and ratio scales. Section B, on the other hand, used an interval scale for dependent and independent variables based on the framework used in prior studies. In addition, in this second segment, 5-point Likert scales are used to obtain precise data. Because the data obtained will be analyzed, this questionnaire will aid researchers in examining each variable of scales involved.

### 3.7.1 Nominal Scale

The term nominal refers to a classified variable whose values cannot be rated. This scale is commonly used to measure qualitative factors. It will assist researchers in categorizing and grouping subjects. Gender (male or female), age (19 years old to above 35 years old), race (Malay, Chinese, Indian, or others), level of education (SPM to Ph.D.), and income level are all nominal scales in our questions. To develop the demographic profile of each targeted responder, all of these questions will be grouped.

### 3.7.2 Interval Scale

The interval scale is the variable's values may be sorted, and the disparities between them reflect the distances between them. Intervals are made up of equidistant points on a continuum. This scale was based on numerical qualities. The Islamic finance products and services in Malaysia are represented by the number of responses on a Likert scale ranging from 1 to 5. There is no actual 0 point on this scale. It categorizes and ranks-orders categories in some meaningful way to signify differences. In this study, the central tendency was measured using the mean, mode, median, and standard deviation.

### 3.7.3 Ratio scale

The ratio of values, if defined as the variable having a genuine zero point, is the difference of the values show the distances between the values. As a result, even numbers of zero will have significance. For the age and income level of respondents, researchers employed a ratio scale in Section A of surveys.

### **3.8 DATA ANALYSIS**

Data analysis is the act of assessing data and identifying each component of the data set using analytical and logical reasoning. To analyze and interpret the data acquired in this study, the Statistical Package for the Social Sciences (SPSS) will be used. Frequency analysis, reliability and validity tests, descriptive research, correlation analysis, and multiple regression analysis were among the five steps of data collecting in this study.

#### **3.8.1 DESCRIPTIVE RESEARCH**

According to Kumar et al., 2012, descriptive research clarifies patterns, present state, or characteristics of people and organizations. The SPSS program will be used to do the analysis.

#### **3.8.2 RELIABILITY TEST**

The reliability test was carried out to determine the instrument's consistency and dependability. Cronbach's alpha is a measure of how consistent the ratings of the respondents are. When Cronbach's alpha scores are less than one, there is a stronger link between the independent and dependent variables. The figures are suitable for further investigation.

#### **3.8.3 PEARSON CORRELATION ANALYSIS**

This study contains three independent variables. The independent variables are awareness, unclear information and security, privacy, and lack of standards. Correlation analysis is to determine how independent variables (awareness, unclear information and security, privacy, and lack of standards) interrelate with dependent variables which is the Islamic finance products and services.

### 3.8.4 MULTIPLE REGRESSION ANALYSIS

Multiple linear regression is developed to predict the factors that influence the implementation of Islamic Finance in Malaysia. There are three explanatory variables used in this study which are awareness, unclear information, security, privacy & lack of standards. The researchers use a regression methodology to analyze the data they have gathered.

Table 3: Plan for data analysis

RESEARCH OBJECTIVES	STATISTICS
To investigate the challenges influencing the implementation of Islamic finance products and services.	Multiple Linear Regression (MLR)

### 3.9 SUMMARY / CONCLUSION

The research approach is discussed in this chapter. This study is a quantitative web-based study. People who utilize the system of Islamic financial system in Malaysia make up the study's population. Simple random sampling was utilized as the sampling method. The data were collected using a web-based questionnaire created in Google Form. There are two components to the questionnaire: Section A contains demographic information, while Section B contains replies to study-related questions. Social networking is used to collect replies.

MALAYSIA

KELANTAN

## **CHAPTER 4: FINDINGS**

### **4.1 INTRODUCTION**

These chapters provide the study's analysis and significant research findings in accordance with the objectives established in Chapter 1. The data analysis was presented in three sections. The first segment used frequency analysis to describe the respondent's demographic characteristics. The reliability test was presented in the second portion by independent and dependent variables. Finally, in part three, the results of correlation tests are presented. Statistical Packages for Social Science (SPSS) version 26 for Windows 10 was used to analyze the data using multiple linear regression.

### **4.2 DEMOGRAPHIC PROFILE OF RESPONDENTS**

This study's fundamental analysis included frequency analysis. For this study, the researcher focused on the respondent's profile as well as their overall attitude and behavior. Part A of the data includes questions about the respondents' demographic factors such as age, gender, marital status, races, and level of education, occupations, religion, and experiences in using Islamic banking and finance products and services. Part A was supplied in the form of a table by the researcher.

Table 4.2 Demographic Profile of Respondents

		Frequency	Percentage (%)
<b>Age</b>	<b>16-25</b>	318	82.8
	<b>26-35</b>	29	7.6
	<b>36-45</b>	25	6.5
	<b>46-55</b>	10	2.6
	<b>56 And Above</b>	2	.5
<b>Gender</b>	<b>Male</b>	158	41.1
	<b>Female</b>	226	58.9
<b>Marital Status</b>	<b>Single</b>	336	87.5
	<b>Married</b>	46	12.0
	<b>Other</b>	2	.5
<b>Races</b>	<b>Malay</b>	351	91.4
	<b>Chinese</b>	8	2.1
	<b>Indian</b>	10	2.6
	<b>Other</b>	15	3.9
<b>Education</b>	<b>Secondary School</b>	10	2.6
	<b>Diploma/Any Certificate</b>	42	10.9
	<b>Degree</b>	318	82.8
	<b>Master</b>	9	2.3
	<b>PHD</b>	5	1.3
<b>Occupation</b>	<b>Student</b>	298	77.6
	<b>Professional</b>	16	4.2
	<b>Government</b>	35	9.1
	<b>Non-Government</b>	18	4.7
	<b>Self-Employed</b>	6	1.6
	<b>Other</b>	11	2.9
<b>Religion</b>	<b>Muslim</b>	364	94.8
	<b>Non-Muslim</b>	20	5.2
<b>Experience</b>	<b>Yes</b>	286	74.5
	<b>No</b>	98	25.5

The table above show the distribution of respondents according to age. It illustrates that the highest percentage of respondents (82.8%) were aged 16 - 25 years old followed by 26 - 35 years old with the percentage of (7.6%), 36 - 45 years old with (6.5%), 46 - 55 years old with (2.6%) and 56 and above with (0.5%). The distribution of respondents according to gender. It illustrates that the highest percentage of respondents (58.9%) were female and (41.1%) respondents were male.

As for marital status, it illustrates that 336 respondents which is equal to 87.5% are single. Meanwhile, there are 12% of respondents are married and (0.05%) respondents are others which maybe they have divorced. The respondents according to their races have illustrates the highest number of respondents 351, with the highest percentage about 91.4% are

Malay followed by other races such as ethnic in Sabah and Sarawak with the percentages of (3.9%), Indian with (2.6%), and Chinese with 2.1%.

As for their Education Level, it illustrates the highest number of respondents 318, with the highest percentage about 82.8% are from Degree graduates. Meanwhile, there are 42 Diploma/any certificate graduated followed by secondary school graduated with 2.6%. For Master and Ph.D. graduates there were 2.3% and 1.3% respectively.

According to their occupation, it illustrates the highest number of respondents 298, with the highest percentage about 77.6% are students. Meanwhile, there are 35 Government Servants with 9.1% followed by Non-Government Servants with 4.7%. For Professional and other occupations there were 4.2% and 2.9% respectively. Last but not least, there were 6 respondents which represent 1.6% in this survey.

The distribution of respondents according to religion, it illustrates that the highest percentage of respondents (94.8%) were Muslim and (5.2%) respondents were Non-Muslim. Lastly, the distribution of respondents according to experience in use. It illustrates that the highest percentage of respondents (74.5%) had experience in using Islamic Finance products and services and (25.5%) respondents were don't have any experience in using Islamic Finance products and services.



### 4.3 RELIABILITY TEST

	Cronbach's Alpha	N of Items
Reliability Analysis for Awareness on Islamic Finance Product and Services	.814	5
Reliability Analysis for Unclear Information on Islamic Finance Products and Services	.925	8
Reliability Analysis for Security, Privacy & Standard on Islamic Finance Products and Services	0.902	5
Reliability Analysis for Islamic Finance Products and Services	.889	9
All Variables	.942	27

The Cronbach's alpha coefficient shows a value of 0.942 for the all variables. Thus, the questionnaire is reliable and can be used for the study. The reliability analysis for Awareness on Islamic Finance Product and Services. Cronbach's alpha coefficient shows a value of 0.814. Thus, the questionnaire is reliable and can be used for the study. The reliability analysis for Unclear Information on Islamic Finance Products and Services. Cronbach's alpha coefficient shows the value of 0.925 Thus, the questionnaire is reliable and can be used for the study. The reliability analysis for Security, Privacy & Standard on Islamic Finance Products and Services. Cronbach's alpha coefficient shows the value of 0.902 Thus, the questionnaire is reliable and can be used for the study. The reliability analysis for Islamic Finance Products and Services. Cronbach's alpha coefficient shows the value of 0.889 Thus, the questionnaire is reliable and can be used for the study.

#### 4.4 DESCRIPTIVE ANALYSIS

##### Descriptive Statistics

Table 4.3 Awareness on Islamic Finance Product and Services

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
I am familiar with the instrument employed in Islamic financial offerings.	384	1	5	3.81	.920
I do believe that Islamic Finance should engage in more promotional initiatives to get recognition.	384	1	5	4.26	.770
I think it is necessary for traditional financial institutions to change to Islamic financial institutions.	384	1	5	4.17	.839
I am aware of the distinctions between the conventional and Islamic financial systems.	384	1	5	3.99	.876
Before interacting with the Islamic Financial Institutions, I am evaluating the profit of the transaction.	384	1	5	3.87	.889
Valid N (listwise)	384				

Table 4.3 shows the mean values for independent variables, Awareness on Islamic Finance Product and Services. As it showed from the table above, the highest mean score is 4.26, which is **I do believe that Islamic Finance should engage in more promotional initiatives to get recognition** which is the respondents think the Islamic Finance industry should be engaged in more promotional initiatives to get recognition. Meanwhile, the lowest mean score is 3.81 which is **the respondents familiar with the instrument employed in Islamic financial offerings** and it shows that the Islamic Finance user isn't familiar with product and services provided by Islamic Finance.

### Descriptive Statistics

Table 4.4 Clear Information on Islamic Finance Products and Services

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
I think Islamic Finance gives all customers truthful and honest information about their goods and services.	384	1	5	4.31	.758
Islamic Finance institutions, in my opinion, are superior to traditional financial institutions in achieving the following goals of Islamic finance: maximization of profits (a high rate of return on investment)	384	1	5	4.09	.834
I feel that Islamic Finance institutions are achieving the following goals of Islamic finance, which are assisting in poverty alleviation (poverty eradication).	384	1	5	4.05	.808
I feel that Islamic Finance institutions are achieving the following goals of Islamic finance: encouraging sustainable development initiatives.	384	1	5	4.11	.782
In my perspective, Islamic Finance institutions are achieving Islamic finance's goal of encouraging sustainable development initiatives.	384	1	5	4.10	.793

Islamic Finance institutions, in my opinion, are attaining the following Islamic finance goals: decreased operational expenses.	384	1	5	4.01	.795
Islamic financial institutions, in my opinion, are meeting the following Islamic finance objectives: enhancing product and service quality.	384	1	5	4.13	.758
Islamic financial institutions, in my opinion, are achieving the goal of Islamic finance, which is to generate sustainable and competitive financial products.	384	1	5	4.15	.769
Valid N (listwise)	384				

Table 4.4 shows the mean values for independent variables, Clear Information on Islamic Finance Products and Services. As it showed from the table above, the highest mean score is 4.31, which I **think Islamic Finance gives all customers truthful and honest information about their goods and services** which is the respondents think the Islamic Finance industry should be transparent in terms of information. Meanwhile, the lowest mean score is 4.01 which is **Islamic Finance institutions, in my opinion, are attaining the following Islamic finance goals: decreased operational expenses** and it shows that the Islamic Finance user aren't attaining enough following Islamic Finance goals.

### Descriptive Statistics

Table 4.5 Security, Privacy & Standard on Islamic Finance Products and Services

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
In my opinion, Islamic financial institutions offer a wide range of services (Front-desk, e-banking, SMS banking )	384	1	5	4.22	.818
I feel confident in the security mechanism of Islamic finance products and services.	384	1	5	4.26	.736
I have faith in the Islamic financial system's account and operational openness.	384	1	5	4.21	.802
I like Islamic finance because it rigorously protects the privacy of users.	384	1	5	4.26	.810
I do believe that the Islamic financial institutions' terms and conditions are acceptable.	384	1	5	4.33	.762
Valid N (listwise)	384				

Table 4.5 shows the mean values for independent variables, Security, Privacy & Standard on Islamic Finance Products and Services. As it has shown from the table above, the highest mean score is 4.33, which is **I do believe that the Islamic financial institutions' terms and conditions are acceptable** which is the respondents believe that all the terms and conditions are still acceptable and do not burden the user. Meanwhile, the lowest mean score is 4.21 which is **I have faith in the Islamic financial system's account and operational openness** and it shows that the Islamic Finance user doesn't believe enough in the systems of Islamic Finance.

## Descriptive Statistics

Table 4.6 Islamic Finance Products and Services

<b>Descriptive Statistics</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
I do believe that the Shariah scholars play their role while issuing different products and services of Islamic finance.	384	1	5	4.09	.844
I think when various items are issued, the Shariah board works as a watchdog?	384	1	5	3.66	1.064
I do believe Islamic Finance organizations abuse their customers?	384	1	5	3.27	1.322
I do believe Islamic Finance organizations engage in deceptive advertising?	384	1	5	3.53	1.158
I do believe Islamic Finance organizations make money in an unethical way?	384	1	5	3.27	1.382
I do believe Islamic finance products and services are devoid of exploitation, dissatisfaction, and conflict?	384	1	5	3.55	1.180
I do believe that Islamic finance products and services adhere to the ideals of fairness, justice, and benevolence?	384	1	5	3.97	.899

I do believe Islamic finance products and services adhere to Islamic principles?	384	1	5	4.01	.872
I feel that the Islamic finance product and services are achieving the following Islamic Finance aims via maximizing earnings (a good percentage of return to investors)	384	1	5	4.06	.868
Valid N (listwise)	384				

Table 4.6 shows the mean values for dependent variables, Islamic Finance Products, and Services. As it showed from the table above, the highest mean score is 4.09, which is **I do believe that the Shariah scholars play their role while issuing different products and services of Islamic finance** which is the respondents believe that the Shariah scholar plays their role in issuing the best product and services to the user. Meanwhile, the lowest mean score is 3.27 which is **I do believe Islamic Finance organizations abuse their customers** and it shows that the Islamic Finance user believes that systems of Islamic Finance aren't abusing the customers. One more indicator lowest mean is **I do believe Islamic Finance organizations make money in an unethical way** and it shows that the Islamic Finance user believe that systems of Islamic Finance make money in an ethical way.

Table 4.7: The overall mean of descriptive analysis for all variables

Items		Std. Deviation(SD)	N
<b>Independent Variables</b>			
Awareness	4.02	0.86	384
Unclear Information	4.12	0.79	384
Security, Privacy and Lack of Standard	4.26	0.79	384
<b>Dependent Variables</b>			
Islamic Finance Products and Services	3.71	1.07	384

#### 4.5 PEARSON CORRELATION

Pearson's correlation coefficient is a test statistic that determines the statistical link, or association, between two continuous variables. In this study, the researchers performed correlation analysis to determine the link between the dependent and independent variables. As a result, contentment is the dependent variable in this study. The independent variables, on the other hand, are awareness, unclear information and security, privacy & lack of standards. The Pearson correlation analysis was utilized in this study to examine the link between independent factors and dependent variables. The correlation coefficient  $r$ , according to Deborah et al. (2016), assesses the degree and direction of a linear link between two variables on a scatterplot.  $r$  always has a value between +1 and -1. A perfect uphill (positive) linear connection has an  $r$ -value of precisely +1, whereas a perfect downhill (negative) linear relationship has an  $r$ -value of exactly -1.

#### Correlations

Table 4.8 Pearson Correlation Result

		<b>Correlations</b>			
		Customer Awareness	Unclear Information	Security, Privacy and lack of standards	Islamic Finance Products and Services
Customer Awareness	Pearson Correlation	1	.687**	.620**	.506**
	Sig. (2-tailed)		.000	.000	.000
	N	384	384	384	384
Unclear Information	Pearson Correlation	.687**	1	.759**	.494**
	Sig. (2-tailed)	.000		.000	.000
	N	384	384	384	384
Security, Privacy and lack of standards	Pearson Correlation	.620**	.759**	1	.456**
	Sig. (2-tailed)	.000	.000		.000
	N	384	384	384	384
Islamic Finance Products and Services	Pearson Correlation	.506**	.494**	.456**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	384	384	384	384
**. Correlation is significant at the 0.01 level (2-tailed).					



## 4.6 HYPOTHESIS TESTING

1) **H1:** There is a positive and significant relationship between awareness toward the Islamic Finance product and services.

According to table 4.8, the relationship between awareness toward Islamic Finance and services is a moderately positive correlation with a score of 0.506. Meaning to say that the awareness among Islamic Finance product and services user were still moderate which also affected in using and believing the systems provided by Islamic Finance.

2) **H2:** There is a positive and significant relationship between unclear information toward the Islamic Finance product and services.

According to table 4.8, the relationship between unclear information toward the Islamic Finance product and services is a high positive (negative) correlation with a score of 0.494. Meaning to say that the unclear information among Islamic Finance products and services user were still shown in negative growth which also affected in using and believing the systems provided by Islamic Finance.

3) **H3:** There is a positive and significant relationship between security, privacy & lack of standards toward the Islamic Finance product and services.

According to table 4.8, the relationship between security, privacy & lack of standards toward the Islamic Finance product and services is a high positive (negative) correlation with a score of 0.456. Meaning to say that the security, privacy & lack of standards among Islamic Finance products and services user were still shown in negative growth which also affected in use and belief of the systems provided by Islamic Finance.

MALAYSIA

KELANTAN

#### 4.7 Multiple Linear Regressions

Table 4.9 Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.550 <sup>a</sup>	.303	.297	.660

a. Predictors: (Constant), IV3, IV1, IV2

According to Table 4.9, the R-squared multiple linear regression value of the driving the challenges of implementing Islamic finance products and services practice in Malaysia is 0.550, indicating that awareness, unclear information, security, privacy & lack of standard are closely related to Islamic finance products and services practice in Malaysia. The R-squared coefficient of determination is 0.303, indicating that 30.3% of the change in the challenges of implementing Islamic finance products and services practice can be explained through changes in three independent variables. However, the 69.7% change in the challenges of implementing Islamic finance products and services practice cannot be explained. This suggests that other key criteria have an impact on the challenges of implementing Islamic finance products and services practice, but they are not taken into account in this study.

Table 4.10 ANOVA

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.901	3	23.967	54.968	.000 <sup>b</sup>
	Residual	165.689	380	.436		
	Total	237.590	383			

a. Dependent Variable: DV

b. Predictors: (Constant), IV3, IV1, IV2

For ANOVA table F-value need to be analysed, F-value is equal to 54.968 at three (3) degrees of freedom with P value significant at 0.000 ( $0.000 < 0.05$ ). By mean, three independent variables namely awareness, unclear information, security, privacy & lack of standard predict the percentage of the challenges of implementing Islamic finance products and services practice in Malaysia.

Table 4.11 Coefficients

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.654	.243		2.696	.007
	AVE_Ia	.352	.073	.292	4.834	.000
	AVE_Ib	.248	.090	.201	2.763	.006
	AVE_Ic	.145	.079	.123	1.828	.068

a. Dependent Variable: DV

Based on table 4.11, the results show that the significant value for all variables are show difference of significant but then less than 0.1 where  $P < 0.1$  is significant. Meanwhile, the  $\beta$  value for awareness is 0.292 which is the strongest challenges of implementing Islamic finance products and services practice. Security, Privacy and Lack of Standard obtained the weakest  $\beta$  value, 0.123 which is the weakest challenges of implementing Islamic finance products and services practice and  $\beta$  value for unclear information is 0.201. Also, the R-squared multiple linear regression value of the driving challenges of implementing Islamic finance products and services practice in Malaysia is 0.303, indicating that awareness, unclear information and security, privacy & lack of standard are closely related to challenges of implementing Islamic finance products and services practice in Malaysia.

## **CHAPTER 5: DISCUSSION**

### **5.1 INTRODUCTION**

From this chapter, the research discussed and explained the result of the research via Pearson correlation coefficient analysis, which is presented in chapter 4. The summary of the result was constructed according to the issues presented in chapter 2. The researcher also has discussed the hypothesis test whether the research hypothesis was accepted or rejected. This chapter also discussed the conclusion of the result objective according to the research objective presented in chapter 1. Finally, the discussion on the limitations and recommendations for future research are presented.

### **5.2 RESEARCH FINDING**

This chapter describes the discussion of research finding compare with the literature review. The main objective of this study is to identify the relationship between awareness, unclear information and security, privacy, and the lack of standards with the implementation of Islamic finance products and services in Malaysia. Based on findings in chapter 4, the researcher agreed that awareness, unclear information and security, privacy, and the lack of standard influence the implementation of Islamic finance products and services in Malaysia. Table 5.1 exhibits the summary of the result in regard to objectives that is to find the relationship with awareness, unclear information and security, privacy, and the lack of standard influence to the factors that influence the implementation of the Islamic finance products and services in Malaysia. Based on the result table 5.1, there is showing a result for the significance of this research.

## 5.3 DISCUSSION

### 5.3.1 Awareness

H1: Awareness positively influences the implementing of Islamic finance products and services in Malaysia.

In the analysis of the first factor, it related to awareness, the researchers assume that there is a relationship between awareness and implementation. Firstly, the researchers had obtained that there is a significant relationship between awareness and the implementation of Islamic finance products and services in Malaysia.

Based on the previous study, according to Albaity and Rahman, Kaakeh et al (2019) customers' awareness of using Islamic banks was influenced by their level of understanding. There are many different definitions of situation awareness in the literature; however, the most popular description is "perception of those aspects of the environment within a volume of time and space, comprehension of their significance, and projection of their status in the near future by Sogand Hasanzadeh (2018). For instance, constant with past research papers, the results also support the hypothesis that giving greater awareness would be strong to implement Islamic finance products and services in Malaysia. Therefore, to make them aware of the need for them to get involved in the use of Islamic financial products and services so that the community and consumers are not left behind in certain sectors in Islamic finance.

### 5.3.2 Unclear Information

H2: Unclear information positively influences the implementing of Islamic finance products and services in Malaysia.

Information is using data that has been handled in such a manner that the person who utilizes the data gains more understanding, according to by Omar Alshikhi, (2018). Therefore, the finding of this study matches with the studies of effort expectancy in chapter 2. Consumers need to know clearer information about Islamic financial products and services in Malaysia. This is because many are still confused about the difference between Islamic Banking and Conventional Banking. Although at first glance it looks similar, these two systems have big differences.

About this factor, there is significant toward unclear information and Islamic Finance product and services. Table 4.19 of the Pearson correlation coefficient in independent variable

2 (unclear information) showed that index  $r$  gave a significance of  $p$ -value of 0.494\*\* which is greater than alpha 0.05.

### **5.3.3 Security, Privacy and Lack of Standard**

H3: Security, privacy and the lack of standard positively influences the implementing of Islamic finance products and services in Malaysia.

According to by Elasrag, Hussein, (2019) the issue of blockchain security is one that will never go away. It's still getting acclimated to transaction finality via consensus (in whatever shape that consensus takes), rather than a more deterministic mechanism like "database commit." The security aspect in the implementation of products and services related to Islamic finance should not be taken lightly.

About this factor, there is significant toward security, privacy & lack of standard and Islamic Finance product and services.

### **5.3.4 Islamic Finance Products & Services**

H4: There is a significant challenge that influencing the implementing toward the Islamic Finance products and services.

The results show that the significant  $P$  value for all variables are show difference of significant but then less than 0.1 where  $P < 0.1$  is significant. Meanwhile, the  $\beta$  value for awareness is 0.292 which is the strongest challenges of implementing Islamic finance products and services practice. Security, Privacy and Lack of Standard obtained the weakest  $\beta$  value, 0.123 which is the weakest challenges of implementing Islamic finance products and services practice and  $\beta$  value for unclear information is 0.201. Also, the R-squared multiple linear regression value of the driving challenges of implementing Islamic finance products and services practice in Malaysia is 0.303, indicating that awareness, unclear information and security, privacy & lack of standard are closely related to challenges of implementing Islamic finance products and services practice in Malaysia. It is similar to several previous study of Islamic Finance Products & Services by (Da Jia Qian, 2017), (Hamidah Ramlan & Mohd Sharrizat Adnan, 2016) and (Bhatti, Al Rahahleh, and Qadri 2019), all studies show that awareness, unclear information and security, privacy & lack of standard has a significant relationship with Islamic Finance Products & Services.

## **5.4 CONCLUSION**

It is hoped that this research has given a clearer view of the challenges of implementing Islamic finance products and services in Malaysia. Specifically, it is hoped that the current study gives a clear view of the by awareness, unclear information and security, privacy, and the lack of the standard. Therefore, the challenges were represented by an implementation of Islamic finance products and services in Malaysia which was a dependent variable. Moreover, there were three independent variables in this study which are awareness, unclear information and security, privacy, and the lack of the standard. Those independent and dependent variables were analyzed by Pearson Correlation Coefficient. It shows that the dependent variable is influenced by the independent variable. Then the result shows the correlation between awareness, unclear information and security, privacy, and the lack of standards and challenges is highly significant. In conclusion, the finding of this study proves that there is a connection between awareness, unclear information and security, privacy, and the lack of standards toward the implementing of Islamic finance products and services in Malaysia. In conclusion, the findings from the study of the challenges of the implementation of Islamic financial products and services show that it is very important to conduct this study so that it can be extended to the importance of Islamic-based consumption to Muslims and non-Muslims to ensure well-being.

## **5.5 IMPLICATION OF THE STUDY**

In this section, the discussion covers the implications of the study through a discussion of the findings of previous studies. Islamic financial products and services can contribute to the economic growth of the country in Malaysia. This has a positive impact on Islamic banking to continue to develop and stabilize in various sectors, thus involving the growth and internationalization of Islamic finance. Islamic financial products and services are matters that comply with Islamic law, which is sharia-compliant law. Thus, Islamic financial products and services provide well-being to consumers and do not offer products and services that contain illegal elements such as riba, gharar, and maysir. The main basis of Islamic financial products and services, in a nutshell, is based on Islamic beliefs, based on faith and piety, taking into account the rewards and sins and seeking the pleasure of Allah in every affair carried out compared to the products offered by conventional. The comprehensive adoption of Islamic products and finance in Malaysia will give a new impetus to Islamic financial institutions as

one of the important needs of consumers, especially Muslims. Compared to most other financial products and services, the main goal of Islamic finance is not to generate profit alone. On the other hand, Islamic finance is seen as a risk-sharing service that works with the community to provide Shariah-compliant products and services in various finance-related fields.

## **5.6 LIMITATION AND RECOMMENDATIONS FOR FUTURE RESEARCH**

There are several aspects that can be improved in order to make future research on this topic more accurate and more meaningful. Proposed for the next study, the researcher can get a wider and larger sample covering consumers of Islamic finance products and services throughout Malaysia. This is to develop a wider and more encouraging impact in ensuring challenges in the implementation of Islamic finance products and services in Malaysia.

This study uses a closed-ended questionnaire that resulted in less cooperation from respondents to obtain real information. This study expects that each respondent will give a thorough response to the questions but there is no way to know whether the respondent really understood the question or read it carefully before answering it as opposed to a face-to-face survey. Through the survey of the questionnaire, the respondents were limited to give their views or actual answers because the respondents only chose the specified answers. Questionnaires present difficulties in collecting data for analysis and interpretation and require more time.

Recommendations for future studies can use better research methods to obtain more accurate and valid data. The face-to-face interview method is one of the more effective methods to detect challenges in the implementation of Islamic financial products and services in Malaysia. This is because interviews can generate higher responses than questionnaires. In addition, questions that are not understood by the respondents can be explained by the researcher directly to be clearer.



## REFERENCES

- Advance praise for blockchain, fintech, and Islamic Finance. (2018). *Blockchain, fintech, and islamic finance*. <https://doi.org/10.1515/9781547400966-202>
- Ahmed, s. (2021). Inclusive and sustainable growth with Islamic Finance. *Contemporary issues in islamic social finance*, 150–168. <https://doi.org/10.4324/9781003050209-10>
- Alam, N., Gupta, L., & Zamani, A. (2019). Challenges and success factors for Islamic Fintech. *Fintech and Islamic Finance*, 159–173. [https://doi.org/10.1007/978-3-030-24666-2\\_9](https://doi.org/10.1007/978-3-030-24666-2_9)
- Ali, M., Raza, S. A., Khamis, B., Puah, C. H., & Amin, H. (2021). How perceived risk, benefit and trust determine user fintech adoption: a new dimension for islamic finance. *Foresight, ahead-of-print* (ahead-of-print). <https://doi.org/10.1108/fs-09-2020-0095>
- An economic theory of Islamic Finance. *Isra international journal of islamic finance*. (n.d.). <https://www.emerald.com/insight/content/doi/10.1108/ijif-07-2017-0007/full/html>.
- Ayedh, A., Echchabi, A., Battour, M., & Omar, M. (2020). Malaysian muslim investors' behaviour towards the blockchain-based bitcoin cryptocurrency market. *Journal of islamic marketing*, 12(4), 690–704. <https://doi.org/10.1108/jima-04-2019-0081>
- Blockchains for Islamic Finance: obstacles challenges. (n.d.). [https://mpra.ub.uni-muenchen.de/92676/1/mpa\\_paper\\_92676.pdf](https://mpra.ub.uni-muenchen.de/92676/1/mpa_paper_92676.pdf).
- Challenges and opportunities of Islamic banking and ... (n.d.). [https://www.researchgate.net/publication/348663785\\_challenges\\_and\\_opportunities\\_of\\_islamic\\_banking\\_and\\_financial\\_institutions\\_in\\_malaysia](https://www.researchgate.net/publication/348663785_challenges_and_opportunities_of_islamic_banking_and_financial_institutions_in_malaysia).
- Conventional banking and Islamic banking: do the different philosophies lead to different financial outcomes? *Islamicmarkets.com*. (n.d.). <https://islamicmarkets.com/publications/conventional-banking-and-islamic-banking-do-the-different-philosophies-lead>.
- Customer awareness and satisfaction of local Islamic banks ... (n.d.). [http://www.ijib.uum.edu.my/jan2018/ijib%20vol.2%20no.2%20dec%202017\\_18-37.pdf](http://www.ijib.uum.edu.my/jan2018/ijib%20vol.2%20no.2%20dec%202017_18-37.pdf).

- De anca, c. (2019). Fintech in Islamic Finance. *Fintech in islamic finance*, 47–61. <https://doi.org/10.4324/9781351025584-4>
- Factors influencing the perception of customers in Islamic (n.d.). <https://www.irnbrjournal.com/papers/1467436798.pdf>.
- Firmansyah, E. A., & Anwar, M. (2019). Islamic financial technology (fintech): its challenges and prospect. *Proceedings of the achieving and sustaining sdgs 2018 conference: harnessing the power of frontier technology to achieve the sustainable development goals (assdg 2018)*. <https://doi.org/10.2991/assdg-18.2019.5>
- Hasan, R., Hassan, M. K., & Aliyu, S. (2020). Fintech and Islamic Finance: literature review and research agenda. *International journal of islamic economics and finance (ijief)*, 3(1). <https://doi.org/10.18196/ijief.2122>
- Hidayat, S. E., rafiki, a., & svyatoslav, s. (2020). Awareness of financial institutions' employees towards Islamic Finance principles in russia. *Psu research review*, 4(1), 45–60. <https://doi.org/10.1108/prr-08-2019-0026>
- Hossain, D. (N.D.). 34. Issues and challenges for Islamic Finance and banking in Bangladesh in the perspective of global development. *Academia.edu*. [https://www.academia.edu/32292605/34\\_issues\\_and\\_challenges\\_for\\_islamic\\_finance\\_and\\_banking\\_in\\_bangladesh\\_in\\_the\\_perspective\\_of\\_global\\_development](https://www.academia.edu/32292605/34_issues_and_challenges_for_islamic_finance_and_banking_in_bangladesh_in_the_perspective_of_global_development).
- Ishak, M. S. (2019). The principle of maṣlaḥah and its application in Islamic banking operations in Malaysia. *Isra international journal of Islamic Finance*, 11(1), 137–146. <https://doi.org/10.1108/ijif-01-2018-0017>
- Laldin, M. A., & Furqani, H. (2018). Islamic financial services act (ifsa) 2013 and the shari' ah-compliance requirement of the Islamic Finance industry in Malaysia. *Isra international journal of islamic finance*, 10(1), 94–101. <https://doi.org/10.1108/ijif-12-2017-0052>
- Laldin, M. A., & Furqani, H. (2019). Fintech and Islamic finance. *Fintech in Islamic finance*, 113–119. <https://doi.org/10.4324/9781351025584-8>

- Lemma, V. (2020). Fintech, regtech and supotech towards a new market structure. *Fintech regulation*, 447–491. [https://doi.org/10.1007/978-3-030-42347-6\\_8](https://doi.org/10.1007/978-3-030-42347-6_8)
- Lodhi, R. N. (2020). Awareness, understanding, and usage of islamic banking products and services: a case of customers' satisfaction towards islamic banking in pakistan. *Islamic banking and finance review*, 7, 1–1. <https://doi.org/10.32350/ibfr/2020/0700/757>
- Malaysia Islamic finance and financial inclusion. (n.d.). <https://openknowledge.worldbank.org/bitstream/handle/10986/34519/malaysia-islamic-finance-and-financial-inclusion.pdf?sequence=1&isallowed=y>.
- Malaysia. (n.d.). Islamic finance: instruments and markets. <https://doi.org/10.5040/9781472920379.0056>
- Mehrban, S., Khan, M. A., Nadeem, M. W., Hussain, M., Ahmed, M. M., Hakeem, O., Saqib, S., Kiah, M. L., Abbas, F., & Hassan, M. (2020). Towards secure fintech: a survey, taxonomy, and open research challenges. *Ieee access*, 8, 23391–23406. <https://doi.org/10.1109/access.2020.2970430>
- Mirakhor on uncertainty and Islamic finance: comment. (n.d.). <https://core.ac.uk/download/pdf/322976019.pdf>.
- Mohamad, J., & Che Majid, M. F. (2016). A study on the customer's acceptance towards islamic banking products among non-muslim in dual banking system. *International journal of management studies*. <https://doi.org/10.32890/ijms.23.1.2016.10463>
- Morrison-Smith, S., & Ruiz, J. (2020). Challenges and barriers in virtual teams: a literature review. *Sn applied sciences*, 2(6). <https://doi.org/10.1007/s42452-020-2801-5>
- Musleh Alsartawi, A. (2019). Performance of islamic banks. *Isra international journal of islamic finance*, 11(2), 303–321. <https://doi.org/10.1108/ijif-05-2018-0054>
- Naser, K., Salem, A. A., & Nuseibeh, R. (2013). Customers awareness and satisfaction of islamic banking products and services: evidence from the kuwait finance house. *International journal of marketing studies*, 5(6). <https://doi.org/10.5539/ijms.v5n6p185>

- Naser, K., Salem, A. A., & Nuseibeh, R. (2013). Customers awareness and satisfaction of islamic banking products and services: evidence from the kuwait finance house. *International journal of marketing studies*, 5(6). <https://doi.org/10.5539/ijms.v5n6p185>
- Objectives of Islamic finance achieved by islamic banks. (n.d.). [Http://pu.edu.pk/images/journal/szic/pdf/english/4-%20iftakhar%20ahmad%20artical.pdf](http://pu.edu.pk/images/journal/szic/pdf/english/4-%20iftakhar%20ahmad%20artical.pdf).
- Perception of non-Muslims customers towards Islamic banks ... (n.d.). [Http://www.ijbssnet.com/journals/vol\\_3\\_no\\_11\\_june\\_2012/18.pdf](http://www.ijbssnet.com/journals/vol_3_no_11_june_2012/18.pdf).
- Pramono, S., & Suzuki, Y. (2020). Comparative study of islamic banking regulation frameworks in indonesia and malaysia. *Growth of islamic banking in indonesia*, 51–65. <https://doi.org/10.4324/9780429268946-5>
- Rabbani, M. R., Abdulla, Y., Basahr, A., Khan, S., & Moh'd Ali, M. A. (2020). Embracing of fintech in islamic finance in the post covid era. *2020 international conference on decision aid sciences and application (dasa)*. <https://doi.org/10.1109/dasa51403.2020.9317196>
- Rahman, A., & Hassan, R. (2019). Issues and challenges in islamic estate planning in malaysia. *Proceedings of the 7th asean universities international conference on islamic finance*. <https://doi.org/10.5220/0010115000670075>
- Ramlan, H., & Adnan, M. S. (2016, march 4). The profitability of islamic and conventional bank: case study in malaysia. *Procedia economics and finance*. <https://www.sciencedirect.com/science/article/pii/S2212567116000447>.
- Rasheed, R., Siddiqui, S. H., & Rahman, M. A. (2018). Influence of awareness on sme's intention towards adoption of islamic finance in pakistan. *Review of economics and development studies*, 4(1), 51–59. <https://doi.org/10.26710/reads.v4i1.224>
- Reforming Islamic finance: why and how? (n.d.). [https://www.researchgate.net/publication/350524081\\_reforming\\_islamic\\_finance\\_why\\_and\\_how](https://www.researchgate.net/publication/350524081_reforming_islamic_finance_why_and_how).

- Regulation and supervision of Islamic banks. (n.d.). <https://www.islamicfinance.com/wp-content/uploads/2014/12/imf-regulation-and-supervision-of-islamic-banks.pdf>.
- Regulatory challenges. (2015). *Islamic finance and economic development*, 93–94. <https://doi.org/10.1002/9781119204343.part3>
- Risk sharing and the islamic finance paradigm. (2015). *Risk sharing in finance*, 69–93. <https://doi.org/10.1002/9781119199328.ch4>
- Saiti, B. (2015). The awareness and attitude towards islamic banking: a study in malaysia. *Global review of islamic economics and business*, 2(3), 172. <https://doi.org/10.14421/grieb.2015.023-02>
- Science, health and medical journals, full text articles and books. *Scencedirect.com | science, health and medical journals, full text articles and books.* (n.d.). <https://www.sciencedirect.com/science/article/pii/S1877042812051397/pdf?md5=ae6f964715e5c16eb5590783666c8eba&pid=1-s2.0-S1877042812051397-main.pdf>.
- Stein, N. L., Trabasso, T., & Albro, E. R. (2001). Understanding and organizing emotional experience: autobiographical accounts of traumatic events. *Empirical studies of the arts*, 19(1), 111–130. <https://doi.org/10.2190/khdg-165t-2ten-yc8a>
- The objectives and performance measures of islamic banking ... (n.d.). [http://eprints.usm.my/41086/1/the\\_objectives\\_and\\_performance\\_measures\\_of\\_islamic\\_banking\\_based\\_on\\_maqasid\\_al-shari%e2%80%9fah\\_framework..pdf](http://eprints.usm.my/41086/1/the_objectives_and_performance_measures_of_islamic_banking_based_on_maqasid_al-shari%e2%80%9fah_framework..pdf).
- The shariah and law: an analysis. (n.d.). <http://www.ijlgc.com/pdf/ijlgc-2017-05-09-06.pdf>.
- Trakic, A. (2019). Settlement of islamic finance disputes in malaysia. *Dispute resolution in islamic finance*, 95–119. <https://doi.org/10.4324/9781351188913-6>

**APPENDIX: QUESTIONNAIRE DRAFT**



**TITLE: THE CHALLENGES OF IMPLEMENTING THE ISLAMIC FINANCE PRODUCTS AND SERVICES IN MALAYSIA.**

Dear Respondent,

The following questionnaire was created for the purpose of study. Your assistance in completing this study by answering the following questions as honestly as possible would be highly appreciated. Please do not sign your name because all replies are confidential.

**A) PERSONAL INFORMATION**

1) AGE: \_\_\_\_\_

2) GENDER:

<input type="checkbox"/>	MALE
<input type="checkbox"/>	FEMALE

3) MARTIAL STATUS:

<input type="checkbox"/>	SINGLE
<input type="checkbox"/>	MARRIED
<input type="checkbox"/>	OTHER

4) RACE:

<input type="checkbox"/>	MALAY
<input type="checkbox"/>	CHINESE
<input type="checkbox"/>	INDIAN
<input type="checkbox"/>	OTHER

5) LEVEL OF EDUCATION:

<input type="checkbox"/>	PRIMARY SCHOOL
<input type="checkbox"/>	SECONDARY SCHOOL
<input type="checkbox"/>	DIPLOMA/ANY CERTIFICATE
<input type="checkbox"/>	DEGREE
<input type="checkbox"/>	MASTER
<input type="checkbox"/>	PHD

6) OCCUPATION:

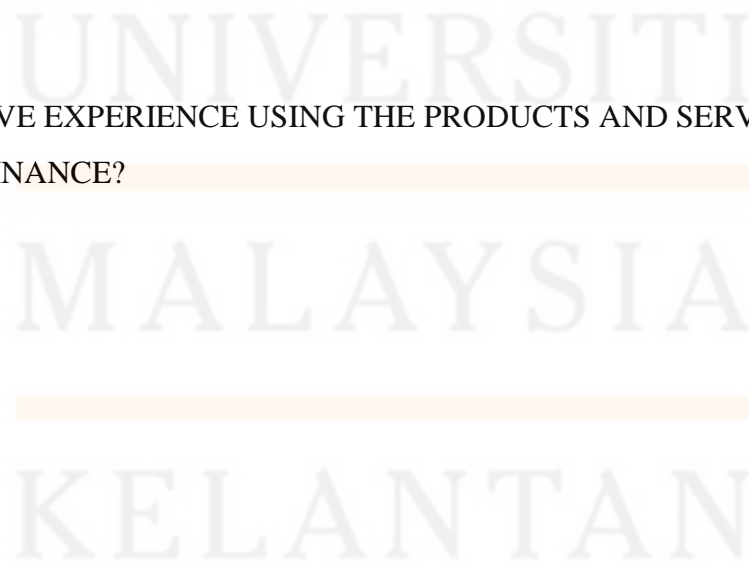
<input type="checkbox"/>	STUDENT
<input type="checkbox"/>	PROFESSIONAL
<input type="checkbox"/>	GOVERNMENT
<input type="checkbox"/>	NON-GOVERNMENT
<input type="checkbox"/>	SELF-EMPLOYED
<input type="checkbox"/>	OTHER

7) RELIGION:

<input type="checkbox"/>	MUSLIM
<input type="checkbox"/>	NON-MUSLIM

8) DO YOU HAVE EXPERIENCE USING THE PRODUCTS AND SERVICES OFFERED BY ISLAMIC FINANCE?

<input type="checkbox"/>	YES
<input type="checkbox"/>	NO



**B)**

AWARENESS	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I am familiar with the instrument employed in Islamic financial offerings.					
Islamic Finance should engage in more promotional initiatives to get recognition.					
Is it necessary for traditional financial institutions to change to Islamic financial institutions?					
I am aware of the distinctions between the conventional and Islamic financial systems.					
Before interacting with the IFIs, I am evaluating the profit of the transaction.					



<b>CLEAR INFORMATION</b>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I think Islamic Finance gives all customers truthful and honest information about their goods and services.					
IF institutions, in my opinion, are superior to traditional financial institutions in achieving the following goals of Islamic finance: maximization of profits (a high rate of return on investment)					
I feel that IF institutions are achieving the following goals of Islamic finance, which are assisting in poverty alleviation (poverty eradication).					
I feel that IF institutions are achieving the following goals of Islamic finance: encouraging sustainable development initiatives.					
In my perspective, IF institutions are achieving Islamic finance's goal of encouraging sustainable development initiatives.					
IF institutions, in my opinion, are attaining the following Islamic finance goals: decreased operational expenses.					
Islamic financial institutions, in my opinion, are meeting the following Islamic finance objectives: enhancing product and service quality.					

Islamic financial institutions, in my opinion, are achieving the goal of Islamic finance, which is to generate sustainable and competitive financial products.					
Some various processes and rules must be followed in Islamic Finance.					

<b>SECURITY, PRIVACY, AND STANDARDS</b>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
IFIs offer a wide range of services (Front-desk, e-banking, SMS banking )					
I feel confident in the security mechanism of Islamic finance products and services.					
I have faith in the Islamic financial system's account and operational openness.					
I like Islamic finance because it rigorously protects the privacy of users.					
The Islamic financial institutions' terms and conditions are acceptable.					

**C) ISLAMIC FINANCE PRODUCTS AND SERVICES**

<b>ISLAMIC FINANCE PRODUCTS AND SERVICES</b>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Shariah scholars play their role while issuing different products and services of Islamic finance?					
When various items are issued, the Shariah board works as a watchdog?					
I do believe IF organizations abuse their customers?					
I do believe IF organizations engage in deceptive advertising?					
I do believe IF organizations make money in an unethical way?					
I do believe Islamic finance products and services are devoid of exploitation, dissatisfaction, and conflict?					
I do believe that Islamic finance products and services adhere to the ideals of fairness, justice, and benevolence?					
I do believe Islamic finance products and services adhere to Islamic principles?					

I feel that the Islamic finance product and services are achieving the following Islamic Finance aims via maximizing earnings (a good percentage of return to investors)

--	--	--	--	--	--



APPENDIX B – GANTT CHART

	March 2021	April 2021	May 2021	June 2021	July 2021
1. Identify research title					
2. Finding 3 main articles					
3. State DV and IV and present to our SV					
4. Briefing with our SV related to research project					
5. Start writing for chapter 1					
6. Chapter 1 submission					
7. 1 <sup>st</sup> correction chapter 1					
8. 2 <sup>nd</sup> correction chapter 1					
9. 3 <sup>rd</sup> correction chapter 1					
10. Start writing for chapter 2					
11. Chapter 2 submission					
12. 1 <sup>st</sup> correction chapter 2					
13. 2 <sup>nd</sup> correction chapter 2					

14. Start writing for Chapter 3					
15. Chapter 3 submission					
16. 1 <sup>st</sup> correction chapter 3					
17. 2 <sup>nd</sup> correction chapter 3					
18. Turnitin check full proposal research report					
19. Submission of full report final year research project 1					
20. Presentation final year research project 1				26 <sup>th</sup>	