THE FACTORS INFLUENCING THE INTENTIONS OF SME'S IN CHOOSING ISLAMIC FINANCE IN KELANTAN, MALAYSIA

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The Factors Influencing The Intentions Of SME's In Choosing Islamic Finance In Kelantan, Malaysia

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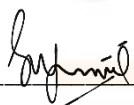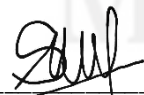NAME: MUHAMMAD TARMIZI BIN JAMIL

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		POOR (1 MARK)	FAIR (2 MARKS)	GOOD (3 MARKS)	EXCELLENT (4 MARKS)		
1.	**Content (10 MARKS)** (Research objective and Research Methodology in accordance to comprehensive literature review) Content of report is systematic and scientific (Systematic includes Background of study, Problem Statement, Research Objective, Research Question) (Scientific refers to researchable topic)	Poorly clarified and not focused on Research objective and Research Methodology in accordance to comprehensive literature review.	Fairly defined and fairly focused on Research objective and Research Methodology in accordance to comprehensive literature review.	Good and clear of Research objective and Research Methodology in accordance to comprehensive literature review with good facts.	Strong and very clear of Research objective and Research Methodology in accordance to comprehensive literature review with very good facts.	____ x 1.25 (Max: 5)	
		Content of report is written unsystematic that not include Background of study, Problem Statement, Research Objective, Research Question	Content of report is written less systematic with include fairly Background of study, Problem Statement, Research Objective, Research Question	Content of report is written systematic with include good Background of study, Problem Statement, Research Objective,	Content of report is written very systematic with excellent Background of study, Problem Statement, Research Objective, Research Question	____ x 1.25 (Max: 5)	

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			and unscientific with unsearchable topic.	and less scientific with fairly researchable topic.	Research Question and scientific with good researchable topic.	and scientific with very good researchable topic.		
2.	**Overall report format (5 MARKS)**	*Submit according to acquired format*	The report is not produced according to the specified time and/ or according to the format	The report is produced according to the specified time but fails to adhere to the format.	The report is produced on time, adheres to the format but with few weaknesses.	The report is produced on time, adheres to the format without any weaknesses.	____ x 0.25 (Max: 1)	
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		Reference list (APA Format)	No or incomplete reference list.	Incomplete reference list and/ or is not according to the format.	Complete reference list with few mistakes in format adherence.	Complete reference list according to format.	____ x 0.25 (Max: 1)	
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No.	Criteria					Marks
	(cover page, spacing, alignment, format structure, etc.)	with no transitions or closure.	Transitions are weak and closure is ineffective.		clear transitions and a focused closure.	(Max: 1)
3.	**Research Findings and Discussion (20 MARKS)**	Data is not adequate and irrelevant.	Data is fairly adequate and irrelevant.	Data is adequate and relevant.	Data is adequate and very relevant.	___ x 1 (Max: 4)
		Measurement is wrong and irrelevant	Measurement is suitable and relevant but need major adjustment.	Measurement is suitable and relevant but need minor adjustment.	Measurement is excellent and very relevant.	___ x 1 (Max: 4)
		Data analysis is inaccurate	Data analysis is fairly done but needs major modification.	Data analysis is satisfactory but needs minor modification.	Data analysis is correct and accurate.	___ x 1 (Max: 4)
		Data analysis is not supported with relevant output/figures/tables and etc.	Data analysis is fairly supported with relevant output/figures/tables and etc.	Data analysis is adequately supported with relevant output/figures/table and etc.	Data analysis is strongly supported with relevant output/figures/table and etc.	___ x 1 (Max: 4)
		Interpretation on analyzed data is wrong.	Interpretation on analyzed data is weak.	Interpretation on analyzed data is satisfactory.	Interpretation on analyzed data is excellent	___ x 1 (Max: 4)
4.	**Conclusion and Recommendations (15 MARKS)**	Implication of study is not stated.	Implication of study is weak.	Implication of study is good.	Implication of study is excellent	___ x 1.25 (Max: 5)
		Conclusion is not stated	Conclusion is weakly explained.	Conclusion is satisfactorily explained.	Conclusion is well explained.	___ x 1.25 (Max:5)
		Recommendation is not adequate and irrelevant.	Recommendation is fairly adequate and irrelevant.	Recommendation is adequate and relevant.	Recommendation is adequate and very relevant.	___ x 1.25 (Max:5)
					TOTAL (50 MARKS)	

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ABSTRACT

This study examines the factors that influence the intention of SMEs in choosing Islamic finance in Malaysia, among the factors SMEs choose Islamic finance for awareness, religion, reputation and satisfaction. In this study, we use a quantitative design to obtain a study on the factors that influence SMEs in choosing Islamic Finance in Kelantan, Malaysia. Small and Medium Enterprises (SMEs) have been key drivers contributing to the economic system and economic growth. In developing countries, SMEs hold the largest share of employment with a contribution to the global labor market of 43.5%. The study design of the study acts as a reference to ensure that the objectives of the study are achieved before answering the research questions. Survey questionnaires were used to collect data using quantitative methods and questionnaires were used for 380 SME owners operating in Kelantan, Malaysia.

Keywords: Small and Medium Enterprises(SME), Awareness, Reputation, Religion, Satisfaction, Islamic Finance, Intention, Kelantan Malaysia

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LIST OF ABBREVIATIONS

ANOVA	Analysis of Variance
BDS	Business Development Service
BD	Business Development
BNM	Bank Negara Malaysia
COVID-19	Coronavirus Disease
GDP	Gross Domestic Product
IBM	International Business Machines Corporation
IME	Input Method Editors
IMI	Integrated Micro-Electronics Inc
IMF	International Monetary Fund
KAP	Knowledge, Attitude and Practices
MCC	Micro Crystalline Cellulose
MENA	Middle East and North Africa
MITI	Ministry of International Trade and Industry
MLR	Multiple Linear Regressions
NSDC	National SME Development Council
PhD	Doctor of Philosophy
PLS	Profit and Loss Sharing
SBP	State Bank of Pakistan
SERVQUAL	The Service Quality Model
SPSS	Statistical Programmers for Social Sciences
SSFS	Shariah-compliant SME Financing Scheme
TRA	The Theory of Reasoned Action
TPB	Theory of Planned Behaviour
UAE	United Arab Emirates
UK	United Kingdom
UKM	Universiti Kebangsaan Malaysia

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Enterprising firms are those that seek to profit from new economic activity by assembling unique packages of resources to take advantage of market opportunities (Arbaugh et al., 2008). Small and Medium-size Enterprises (SMEs) have long been important contributors to the economic system and economic growth. In developing countries, SMEs hold the largest shares of employment (Ayyagari Demirgüç Kunt & Maksimovic, 2011), with a contribution to the global labor market of 43.5 percent. SMEs can dominate sub-sector industries such as computer services, marketing, and human resources because of their expertise in multiple business and operations and large networking throughout different sectors. SMEs also contribute to gross domestic product (GDP) (Al Balushi, Locke & Boulanouar, 2019) with the contribution of 50 percent of global GDP (World Trade Report, 2016). As a result, the goal of this research is to figure out what factors that influence SMEs' intentions to use Islamic finance in Malaysia.

Particularly for highly technical products like banking products, knowledge and awareness are two complementing components (Ahmad, 2010). Awareness is described as a person's ability to make an informed decision based on the information available to them (Abdullah and Wahab, 2015). Religion is very important in Islam because it directs and organizes the lives of believers. Adam Smith in Anderson (1988) defined religion as a rational tool for determining customers' self-interest in maximizing their satisfaction from a variety of options. In their study, Metawa and Almossawi (1998) discovered that the religious element plays the most crucial part in the patronizing process while dealing

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with Islamic banks. Organizations' reputations are based on public perceptions of their trustworthiness, credibility, social responsibility, and reliability. According to a previous study, the social welfare duty component has a significant effect on consumer bank selection (Al-Ajmi et al, 2009; Dusuki and Abdullah, 2007). This encompasses both community participation such as sponsoring or donating as well as environmental practice and influence. Customers should be educated about Islamic beliefs and societal goals should be preserved through Islamic banks (Dusuki, 2008). The dependent variable in this research is the intention to use Islamic finance.

In 2015, SMEs accounted for 97.3% of all registered companies and 57.5% of total employment in Malaysia, exhibiting significant performance and development (Chin & Lim, 2018). In the 14 years after the National SME Development Council (NSDC) was founded in 2004, the performance of SMEs has been improved.

The SME Masterplan 2012-2020 (the Masterplan) aims to take SMEs' participation in the national economy to the next level. According to the Masterplan, SMEs' contribution to growth should result in a 41% growth rate in the country's overall GDP by 2020. To achieve this aim, SMEs must maintain annual GDP growth of 9.3%, compared to the current 'business as usual' average of 6.3% annually (BNM, 2013). Malaysia is regarded as having the most extensive halal ecosystem in the world. Unfortunately, there is still an insufficient supply of halal-certified items by local producers to fulfill global demand, with 98% of them coming from SMEs with limited access to mentoring, capital, and markets (SMECorp, 2019).

However, Islamic financing is the most popular form of demand financing in emerging countries (Elasrag, 2016). A financial institution's preference and demand towards Shariah-compliant goods are incredibly strong. Aside from it, throughout recent years,

Islamic financial institutions have already been increasingly adopting a broad range of Sharia contracts. According to The Star (2017), the SME Corporation, as an agency of the Ministry of International Trade and Industry (MITI), has granted RM1,595 billion in finance for the Shariah-compliant SME Financing Scheme (SSFS) since 2012. It demonstrates that Islamic SME finance has now become popular and has gotten positive feedback from Malaysian SMEs. Furthermore, according to Ozkan in 2015, the demand for shariah-compliant products is very high.

1.2 Problem Statement

Islamic finance is still a relatively new concept and the number of Islamic banks around the world, particularly in the West, has decreased over the last decade. According to Ali (1981), the majority of Islamic banks were established in the late 1970s and early 1980s. According to Wilson (1999), Islamic banking did not acquire maturity until it was already in existence for 20 years.

Islamic banks operate in three sorts of environments: which is that operate in Islamic Shariah-compliant countries (e.g., Iran, Pakistan, and Sudan); primarily Muslim countries with convex borders (e.g., Iran, Pakistan, and Sudan); and predominantly Muslim countries with convex borders (e.g., Iran, Pakistan, and Sudan) (Western countries).

The most significant impediment to the expansion of Islamic banking in the West is public perception. According to Dixon (1992), Saleh stated, "The west has refused to adopt a constructive stance towards to the needs of Islamic banks". Conceptual concerns about Islamic banks are also impeding the establishment of Islamic banks in the West. The Islamic banking system, in particular, has obstacles in the Western world.

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The modern financial industry has such a long history of strong regulatory and oversight authorities. Legislative and supervisory methods to accommodate Islamic banks were yet to be devised, as the Islamic banking structure is still relatively young. The existing legal framework is among the greatest hurdles to the creation of Islamic banks. Due to a lack of awareness and enforcement, tensions have arisen between Islamic banks and regulators, limiting the regulators' ability to aid particular groups. Western regulators will not provide a banking license to a company that is unable to guarantee its customers' deposits. The United Kingdom regulatory authorities appear to have rather strict standards in place when it comes to banking (Carlson, 1986). They contend that a bank is a legal entity capable of guaranteeing deposits and paying a set rate of interest on them. Islamic banks are ineligible for admission as banks by the Bank of England because they refuse to guarantee deposits or dividends (Temple,1992). However, some argue that the security of savings in conventional banking is in jeopardy, stating that any bank can fail. During the 1980s, Al-Baraka was the first Islamic bank in the United Kingdom to act as a full-service deposit-taking institution (Wilson, 1999). Al-Baraka, from the other side, is no longer a registered deposit-taking entity in the United Kingdom, having resigned its authorization in 1993 owing to regulatory pressure. As a result of the country's policies and legislation, there are no Islamic institutions with banking licenses in the United Kingdom. There are, however, a slew of Islamic finance companies that are registered as finance corporations, as well as ordinary banks that offer Islamic funding.

The tax code, like other existing rules, evolved long before Islamic banking became widespread in the West. Carlson (1986) emphasized the difficulties that Western regulators would encounter when it came to taxing an Islamic bank. By allowing interest to be deductible from income, most tax rates appear to lead one to

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believe conventional banks over Islamic banks, whereas benefit, which is an alternative to interest in Islamic banking, is not (Temple,1992). The vast majority of Islamic banks and financial organizations despise this additional burden and insist that all procedures be equally controlled.

Mudaraba and Musharaka, which are part of the benefit and loss sharing (PLS) methods, are the main techniques utilized by Islamic financial institutions in concept. The use of these gadgets, on the other hand, is severely limited. Based on statistics from the Directory of Islamic Banks, Kahf (1999) estimates that PLS accounts for less than 20% of Islamic finance in practice. However, we believe that it is primarily owing to the numerous hurdles that come with putting PLS techniques into practice. The PLS methodology, for example, has a number of drawbacks, including the fact that it takes a long time to complete and is more sophisticated. According to Abdul Gafoor (1995), this entails banks' ongoing participation in systematic evaluations, assessments, and estimates procedures to determine the likelihood and rewards of a long-term investment. Furthermore, the longer an expense is kept, the longer it takes for the cash and profit or loss to be returned. Depositors would be unable to pay for an extended period of time as a result. Regular banks, which pay depositors more frequently, will undoubtedly fall behind Islamic banks.

Another issue with Islamic banks' financial instruments is a lack of short-term instruments to address short-term capital requirements and liquidity issues (Nienhaus, 1986). The supply of short-term funding is important to the activity of a normal bank. On the other hand, providing this service without collecting interest has its drawbacks. These issues arise as a result of the use of PLS on short-term loans, which forces costs and returns to be examined over short time periods. A short-term loan is one that lasts between one day and a year. These loans should then be granted as interest-free loans,

according to Uzair (1980). This, however, cannot be deemed a feasible option because the Islamic bank is intended to be a business rather than a charity. This challenge, according to Parker (1993), stems from Islamic financial organizations' lack of interest in research.

1.3 Research Question

In order to meet the research objective, research questions for the proposal of the study are as follows:

1. Does the level of awareness influence the SME'S intention to choose Islamic Finance?

2. Does the religion influence intention SME's to choose Islamic Finance?

3. Do reputation effects the intention of SME's to choose Islamic Finance?

4. Does the satisfaction of SMEs influence the intention SME's to choose Islamic Finance?

1.4 Research Objectives

The aim of this study was to examine the relationship between the importance of Islamic finance towards SME'S and its organizational performance in Kelantan, Malaysia. More specifically, the proposed study is:

1. To identify the level of awareness SME's influence the intention to choose Islamic Finance.

2. To determine the effects of religious SME's intention to use Islamic Finance.

3. To examine the effects of the reputation of SME's on the intention of using Islamic Finance.

4. To evaluate the effects of satisfaction for SME's to intention to choose Islamic Finance.

1.5 Scope of the Study

This study focuses on the intention among SME's in Kelantan, Malaysia in using Islamic Finance. Different SMEs have different intentions that are impacted by a variety of factors. This study focuses on the local SME in Kelantan, Malaysia as a respondent. Kelantan, Malaysia has been chosen as the study's location. Respondents might come from any states in Kelantan. This choice was made because researchers can identify SME's needs by understanding through factors. In this study, researchers can understand the intention and decisions of SME's on the choice. Therefore, this study aimed to examine the relationship of factors that influence the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

1.6 Significance of Study

Access to Finance for Small and Medium-Sized Enterprises (SME) despite its socioeconomic importance, SME relevance and influence is not matched with support mechanisms and channels that would foster the expansion of existing SMEs as well as the establishment of new ones, so increasing their economic and social magnitude. These findings are significant for the organization because they will provide an overview of how culture is implemented in terms of philosophy, beliefs, operations, goods, and services, as well as help organizations by analyze, improve, and even re-evaluate their organizational culture. SME's confront comparable issues around the world, particularly in developing countries, such as restricted access to capital, high transaction costs, a dearth of trained human resources, unfavourable legal and regulatory environments, limited access to technology, and insufficient market access.

1.7 Definition of Term

1.7.1 Awareness and knowledge

Awareness is having or displaying realization, perception, or knowledge of a situation or fact. While knowledge is defined as the fact or condition of knowing something with familiarity gained through experience or education (Writz and Matilla, 2003).

1.7.2 Religion Obligation

Religion obligation refers to the role of religion in influencing a person's decisions or activities (Amin et al., 2011).

1.7.3 Reputation

Reputation is based on the organization's reliability, credibility, social responsibility, and trustworthiness (Fombrun, 1996).

1.7.4 Satisfaction

Satisfaction is defined as the achievement of the desired result that is influenced by a quality level expectation (Festinger, 1957).

1.7.5 Intentions

The intention is a direct antecedent of actual behaviour, and the stronger the intention for behaviour, the better the forecast or actual behaviour will be. Most planned behaviour, including entrepreneurial behaviour, is best predicted by intentions. (Kolvereid & Isaksen, 2006).

1.8 Organization of the Proposal

Despite the fact that SMEs employ the majority of the population and account for a considerable amount of the country's economy. Small firms have a lower chance of

obtaining bank loans than large businesses, thus they must rely on internal or "personal" capital to start and run their businesses. Formal loans are unavailable to 50% of formal SMEs. When banks would ordinarily fund large firms and prefer to deal with them because of their low risk and capacity to supply the necessary guarantees, SMEs confront high loan rates and a lack of adequate collateral. Islamic banking and the use of Islamic financial products have exploded in popularity in recent years. Due to cost advantage, Islamic banks should be able to develop a foothold in the market for lending to SMEs. In light of changing global macroeconomic and financial conditions, the various sections of this chapter go into greater detail on the Islamic finance industry's growth momentum and structural shifts, as well as financial stability issues. This reflects the fact that in most nations, SMEs account for the great majority of businesses and are substantial employers. The individual needs and context of their project portfolios often dictate such classifications. The number of employees, asset size, yearly sales, and annual production, among other characteristics, are used to define SMEs.

CHAPTER 2
LITERATURE REVIEW

2.1 Introduction

Awareness, faith, reputation, and contentment are some of the variables that impact an SME's decision to use Islamic finance in Kelantan, Malaysia. According to Erol and El-Dour (1989), in the context of Islamic banking and finance, family and neighbors are progressively impacting the awareness of Islamic bank clients with knowledge of Islamic banking in Jordan. A study of Muslim and non-Muslim clients was undertaken by Haron et al. (1994), 63 percent of respondents are aware of the distinctions between Islamic and conventional banking as a consequence of his research. Religion or religious commitment refers to a person's level of devotion to his or her religion. It also acknowledged the truth of his teachings, such as the fact that one's attitude and behavior will reflect one's commitment. A customer's opinion of the amount of honesty and good reputation displayed by the organization from which they get services or goods is called reputational trust. According to El-manstrly et al. (2011), trust is the perception of a brand's or service provider's reliability. Customers feel a firm is trustworthy, honest, and has a good reputation if they believe it is trustworthy, honest, and has a good reputation. Satisfaction is a new approach to quality in businesses that encourages the development of true customer-centric leadership and culture. The importance of customer satisfaction in determining an organization's success cannot be overestimated. Customers who are completely satisfied with the service will spread the word about the company.

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2.2 Underpinning Theory

The Multi-Attribute Attitude Model (Jahoda and Fishbein, 1968) is the foundation of this research, which states that what customers think about a product is determined by two key factors: the customer's belief in the object's merits and the customer's judgment of those merits (Schiffiman and Kanuk, 2007). In this theoretical paradigm, the notion of reasoned actions and planned behavior has been researched to stress the link between attitude and intention. An individual's intention is defined as the total amount of effort they are willing to put in to achieve a specific objective (Ajzen, 1991). Fishbein and Ajzen (1975) proposed reasoned actions (TRA), which states that intention is determined by two factors: the individual's attitude toward the act and subjective norms or societal influence. It considers attitude to be a significant indicator of intent. By applying TRA to empirical Islamic finance research, Sabirzyanov (2016) found the results to be in accord with the theory, proving its validity.

Fishbein and Ajzen's (1975) notion of reasoned actions was refined into the concept of planned behavior. As a novel indicator of purpose, this theory adds perceived behavior to the attitude and subjective norms. A few research on Islamic banking and economics have effectively employed the theory and extended the model to incorporate new characteristics such as religion and product Islam city (Amin Abdul-Rahman and Abdul Razak, 2014). Integrating all three ideas into a single theoretical framework is crucial for identifying factors that impact attitude and, by extension, intention. This research can help us better understand the direct and indirect consequences of these factors on attitude and intention.

In this study, the decision to adopt Islamic finance is influenced by the attitude toward Islamic financing, subjective norms, and perceived behavioral control. Because this

research focuses on attitudes toward Islamic finance, it's critical to understand the beliefs that impact the creation of attitudes before forming an opinion. A previous study by Amin et al. (2011) indicated that attitude is positively associated with using Islamic personal financing. Subjective norms refer to the perceived societal influences that influence a person's behavioural intention (Ajzen, 1991). Previous research shows that subjective norms directly impact the intention to use Islamic personal financing in the context of Islamic finance (Amin et al., 2011). Furthermore, the study's findings imply that entrepreneurs are more likely to use Islamic finance in their businesses if they believe they have control over their conduct or are less likely to use Islamic finance if they don't. The researchers modified the Multi-Attribute Attitude Model for this study to fit the situation.
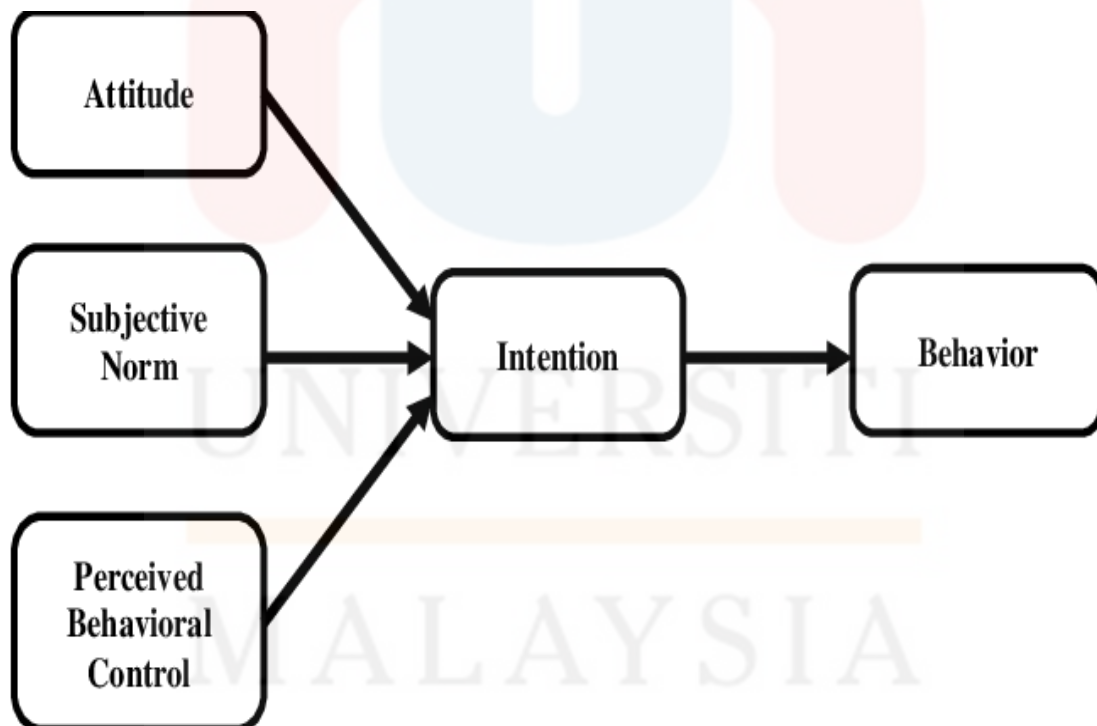
Figure 2.1: Theory of Planned Behaviour from Ajzen (1991)

2.3 Previous Studies

2.3.1 Intention using Islamic banking

In this study, the intention of using Islamic Banking is the dependent variable. Since the establishment of shariah banking, many studies have been done to analyze this system from various aspects. It is not seen as a perfect financial institution, its advantages and disadvantages being the two mainstays of the analysts 'study. Sharia banking is also always associated with the socio-economic development of the people, whether in the agricultural, trade or industrial sectors. The purpose of Islamic banking was established is to facilitate the affairs of Muslims because the majority of the population on earth is mostly Muslim. The use of Islamic banks can help Muslims from being deceived and persecuted by conventional banks that charge high-interest rates. According to the 2019 annual report, released by Bank Negara Malaysia (BNM), at the end of 2019, Islamic financial institutions accounted for 39.2% of total banking sector financing (2018: 37.7%), representing 38.0 percent of total banking sector deposits (2018: 36.6 percent), while takaful's net contribution to total insurance and takaful business increased to 18.3%. (2018: 16.6 percent). According to the report and growing at a faster rate than the conventional financial system, as a result of the response of some financial institutions adopting strategies to prioritize Islamic finance at the group level and this also proves that SMEs need to work together with Islamic banks to increase the use of Islamic banks.

Small and Medium Enterprises (SMEs) have emerged as key contributors to the economy and growth, according to Ayyagari Demirgüç Kunt & Maksimovic (2011). SMEs employ the most people in developing nations, accounting for 43.5 percent of the worldwide labor market. SMEs are able to dominate sub-sector industries such as

computer services, marketing, and human resources because of their strengths in numerous businesses and operations, as well as vast networks in many sectors. With a 50 percent contribution to global GDP (Al Balushi, Locke, & Boulanouar, 2019), SMEs also contribute to gross domestic product (GDP) (World Trade Report, 2016). This demonstrates that SMEs and Islamic finance are mutually beneficial because both are quickly evolving and should follow the Islamic path.

According to research undertaken by Mallin et al., (2014), Islamic banking has developed steadily since the mid-1970s, and Islamic banks have evolved into one of the most significant banks in the worldwide market. This shows why it is necessary to use the Islamic bank itself because the Islamic bank is a shariah-compliant bank, an honest and orderly system and is a friendly bank for all human beings. According to Bellalah and Ellouz (2004), profit and loss sharing is the operating premise of the Islamic financial system. This shows that an Islamic bank is a transparent bank in carrying out its responsibilities. The most important reason why this Islamic bank was created is that the majority of the world's population is made up of Muslims. Islam is very concerned with where the source gets money from and forbids things that harm others. For example, Islam prohibits riba because it can make a person have to bear a lot of debt and burdensome. This is very suitable for SMEs who are small traders to get transparent financial resources such as Islamic banks.

Research by Ahmed (2010), Islamic finance is characterized as a self-contained financial system based on shariah principles and a set of banking arrangements that prevent usurious practices. Prohibitions against unlawful and usurious activities, the decrease of uncertainty, and the elimination of speculation offer a stable foundation for company growth independent of macroeconomic volatility. To make Islamic banking continue to excel globally, the Islamic banking system must always focus on all human

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beings and not just focus on Muslims. The Islamic banking system is very organized and responsible for everyone. SME traders can make loans through Islamic banks because Islamic banks do not charge high interest.

According to Kaakeh et al. (2018), Islamic financial markets in European nations such as the UK, Netherlands, France, and Luxembourg Germany have shown excellent improvement despite being Muslim minority countries. This astonishing rise suggests that Islamic banking's demand and benefits have been expanding over time in order to address the Muslim community's dire need for alternative financial institutions. Because Islam has given an outline in many parts of life, the Islamic banking framework is not a new notion in Islam.

According to Alharbi (2015), Zubair bin Awwam laid the groundwork of the framework in the early days of Islam, accepting deposits from those with surplus money as loans. Finally, his son computed that the debt had been paid in the amount of 2,200 dinars. Deposit as a loan has several advantages, where we use the funds in business activities and depositors can pull back whenever they need to. It can be seen here that Islamic finance is not coercive and very transparent in its services.

Kunhibava, (2012), Tabung Haji Institution is a Shariah-compliant institution that provides Malaysian Muslim Keepers with interest-free investing alternatives. Malaysia is a trailblazer in the creation of Islamic financial institutions in Southeast Asia, having applied the concept and notion of Islamic banking in early 1963 by soliciting cash for incoming pilgrims known as Tabung Haji. In 1983, this movement was followed by the establishment of formal Islamic financial institutions, known as Bank Islam Malaysia. After ten years, the Malaysian government implemented an Islamic banking program that provides Islamic banking services throughout the country (Nakagawa, 2009).

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Therefore, Islamic financial institutions have been remarkably developed from the very beginning. This illustrates to us that SMEs and Islamic banking are capable of merging to become one good system like Tabung Haji.

Ernst & Young, (2016), despite the fact that Islam banking is not developing as quickly in the southern hemisphere as it is in the northern, this does not imply that a country like New Zealand is not interested in this particular industry. This shows that Islamic banking is not only for Islamic countries but also for all countries and illustrates that Islamic banking is very orderly. Many Muslim populated nations across the world use the Islamic banking system to conduct interest-free commercial transactions. It needs to be aware of stakeholder-cantered transactions that ensure fairness for both loans and receipts parties through relics based on interest transactional philosophy. This banking philosophy is centered on achieving social fairness, and the bank participates in the investment scheme as a party to share the risk of the investment on an agreed-upon basis.

According to the International Monetary Corporation, (2014), Moroccan and Yemeni SMEs had comparable levels of interest in Shariah-compliant products (54% and 37%, respectively). In conclusion, this indicates that SMEs have a large demand for Islamic banking. For example, in Saudi Arabia, 90 percent of SMEs have a strong preference for Shariah-compliant items. However, because they are not open to non-Muslim financing, a huge proportion of SMEs do not engage in the credit market. Adults in the MENA area exhibited a significant hypothetical preference for Islamic banking products, even if the price is higher, according to Demirguc-Kunt et al. (2014). These findings point to a substantial potential demand for Islamic finance in the Middle East and North Africa (MENA), where 35% of enterprises are unable to obtain regular banking funding due to a lack of Shariah-compliant products (International Finance

Corporation, 2014). In conclusion, Islamic banking has grown rapidly in many countries and needs to be further expanded to become the most important source of finance in the world.

According to Abdesamed and Wahab (2015), banking in cooperation with Islamic entrepreneurs can produce better results since working together yields better commercial results than working alone. Because the thoughts and perspectives of SME owners and managers on Islamic banks are significant when considering future development and expansion (Abdesamed and Wahab, 2015), it is critical to understand their attitudes toward Islamic finance. To summarise, business firms contribute to the success of the banking sector in many economies, and banks, on the other hand, are important business partners for business firms since the bank provides a variety of services to them. As a result, it is critical for businesses to exercise caution when selecting a bank, particularly considering the development of Islamic banks, and it is preferable that they use Islamic banks.

2.3.2 Factors of using Islamic Finance

2.3.2.1 Awareness

SMEs sponsored by Islamic banks are more efficient and developed than those supported by conventional banks, according to Masuduzzaman, Akther, and Ara (2018). However, the most pressing problem that SMEs confront is a lack of knowledge and awareness regarding Islamic financing options that are suitable for their needs (Elasrag, 2016).

Due to ambiguities regarding eligibility in the application procedure, SMEs are not completely aware of Islamic business financing facilities as financial institutions, according to Ying (2019). Islamic funding is not only targeted at Muslim businesses,

but it is also open to everyone. Furthermore, for the same industry, conventional banking has a lower credit cost than Islamic banking. SME response to Islamic financing products has been disappointing due to a lack of acceptable Islamic finance supply, poor management, and a cumbersome application flow (Alam, 2015). The halal industry's continued expansion centers on the usage of Islamic financing products by small businesses. As a result, Malaysia and other Islamic nations should offer more competitive products to compete with traditional financial institutions. In order to be competitive for all consumers, not only Muslims, Islamic banking must have a broad focus (Yusof, 2018). There is a pressing need to improve Islamic SME finance since the importance of SMEs is becoming increasingly apparent. The correct framework for Islamic SME financing is critical, and it should be shown with the finest approaches for improving Islamic financial institutions' facilities and services.

Khan & Asghar, (2012), consumer awareness is significantly higher in Pakistan for generic goods like as deposit accounts and current accounts, but it is considerably lower for specialized goods such as Murabahah, Musarakah, Ijarah, and others. Based on, Jaffar and Musa (2016) and Tolba et al. (2014) investigated awareness and knowledge as factors influencing the adoption of financial products in the context of MCC. The majority of researches, on the other hand, look at people's awareness of Islamic banking. Academics, on the other hand, are not doing enough study to determine the level of understanding of SMEs in the context of Islamic banking.

According to a study conducted by KAP SBP (2013), just 3% of customers are aware of Islamic goods and only 5% are aware of the Islamic banking paradigm (KAP SBP, 2013). According to a survey performed in Pakistan, the major reason for the lack of adoption of Islamic banking is a lack of understanding among SMEs. The majority of SMEs are unfamiliar with Islamic techniques and Shariah compliance systems. As a

result, SMEs are uninformed of the Islamic goods and services that they would want to employ to fund their operations. Next, this study shows a very small percentage who have awareness of Islamic banking and this research shows that Islamic finance needs to market their products more rapidly, this is very suitable for an increasingly sophisticated country. Islamic banking also needs to plan a plan with SMEs in order to improve the country's economy more rapidly. SMEs are businesses that contribute a lot to the country's economic development.

Khattak and Rehman (2010) looked at the level of contentment and understanding of Islamic banking customers in Pakistan based on demographic factors including age and income level. The Islamic banking customer profile in Pakistan has been revealed to be highly educated and middle-income, with an age range of 21-40 years, and they rate working with a bank that offers additional benefits at 67 percent. According to Metawa and Almossawi (1998), Islamic banking has gained international acceptance, and many foreign institutions are beginning to offer Islamic banking products. Jordan conducted a survey of customer satisfaction and awareness of Islamic banking. Customers of Islamic banking are content with their goods and services, according to the survey's findings, however, they are uninformed of specific Islamic banking products such as Murabaha, Musharaka, and Mudaraba. This shows that they still lack knowledge and awareness about the importance of using Islamic banks. Certain parties such as banks and the government need to play their role by promoting or conducting campaigns on the importance and advantages of using Islamic banks.

The quantity of consumer awareness and satisfaction with organizations that provide interest-free financing options was assessed, according to Naser et al. (2013). In Kuwait, they distributed surveys to 429 Islamic bank clients. According to the findings of the survey, clients are unaware of many of the products and services available. Due

to a lack of awareness and expertise about Islamic banking, SMEs are less likely to employ its services. Despite the fact that Malaysia has a predominantly Muslim population, many people are still unaware of the benefits of utilizing Islamic banks.

Çobankaya (2014), has looked at how Islamic banking is seen in terms of its place in the financial system. According to the findings of the survey, the common perception is that Islamic banking is distinct from interest banking, but an understanding of the distinctions remains poor; nonetheless, awareness of Islamic banking is constantly expanding. This shows that the community knows very little about Islamic banking but is given less exposure by the right parties. SME traders themselves need to be sensitive to the surrounding conditions such as the advantages of Islamic banks compared to conventional banks and so on.

According to Kirfi et al. (2019), awareness is a fundamental factor that develops a good attitude as well as a knowledge base. Therefore, it is important for a person to be conscious in making decisions. To give awareness to us is with the presence of knowledge. To improve the economy of SMEs, they need to have the awareness that using Islamic banks is able to improve their business. In addition, researchers also studied the effect of moderate awareness on attitudes and knowledge towards the acceptance of Islamic microfinance banks. This study was conducted by researchers to identify the problems that cause less awareness of SMEs on Islamic finance and targets this study to find the policy implications to encourage faster finance participation for faster elimination of social crime.

Knowledge and awareness, according to Ahmad (2010), are two connected components, especially for distinct goods like Islamic banking products, which are extremely sophisticated. Knowledge may lead to consciousness, which is described as

a person's ability to make educated decisions based on the information they have. Nonetheless, past researchers indicated that awareness and understanding of banking goods supplied by any major banks be a crucial component in deciding whether or not to utilize banking goods and services (Crossan, Feslier, & Hurnard, 2011). For example, Islamic banks provide a description of the advantages and disadvantages of loans through Islamic banks to SMEs and they decide whether to choose Islamic banks or conventional banks.

Abduh (2017), investigate the factors that influence Russians' desire to adopt Islamic banking services and products. The study used the theory of planned behavior (TPB) and distributed questionnaires to two Russian areas. The structural equation model was also utilized by the researchers to evaluate the link between latent components. The findings indicate that perceptions of Islamic financial services and products in Russia are highly influenced by awareness and subjective norms. This study presented awareness as a moderating variable to help enhance the association between attitude, knowledge, and acceptance of Islamic microfinance, as a complement to prior studies.

2.3.2.2 Religion

According to Muhamat, Jaafar, & Basri, 2017, the Islamic Banking System established by Islam which rejects usury, speculation and excessive gambling in its operations, is considered as a socially responsible alternative banking system, and at the same time can be implemented commercially. As a result, Islamic banking is a religiously universal banking system because it is based on universally accepted principles and institutions that do not spread Islamic teachings to customers, even if the bank is required to follow Shariah rulings, which are primarily related to business transactions rather than religious ceremonies like prayers, supplications, and others. Islamic banking

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does not just benefit Muslims; it also allows other people to benefit from the advantages of adopting transparent Islamic banking. Shariah Committee of Oversight Islamic banking management is another governing body designed to guarantee that Shariah-compliant business practices are followed, as well as the rights of depositors and borrowers, are protected (Hasan, 2011). Furthermore, Islamic Financial is regularly promoted in Western nations such as the United Kingdom, France, and others as a socially responsible banking system that runs with high moral standards. These nations' people are praised for their understanding of human rights, environmental concerns, and wildlife conservation. As a result, Islamic banks in these nations position themselves in accordance with the high degree of moral requirements that form the foundation of their stance.

Customer contentment, customer participation, and religion are all elements to consider, according to Abror et al (2019). A survey of 335 consumers at Islamic banks in West Sumatra, Indonesia, provided the shape, technique, and strategy for this study. This study used structural equation modelling based on covariance to conduct purposeful sampling and data analysis. According to the findings, service quality has a positive and significant effect on customer satisfaction. Religion has a powerful and negative moderating effect on the relationship between service quality and customer pleasure. Customer loyalty is unaffected by the quality of services provided. Consumer pleasure is a prerequisite for customer loyalty and engagement. Finally, consumer involvement has a good and considerable influence on customer loyalty. The study's limitations or implications are that it is a mixture of cross-sectional and one-country examples. As a result, the outcome may not be indicative of other nations.

Amin et al., (2011), the function of religion in influencing one's decisions or behavior is referred to as a religious duty. The perception of adherence to the core Islamic ideals

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of interest-free lending, investing in Halal businesses, and equitable income distribution are all measures of religious duty. This study shows that getting bigger adherence to Sharia principles, a better attitude is formed. For those who are Muslims it will be easy to accept Islamic banking but for those who are fewer Muslims need to have knowledge of the advantages of new Islamic banks they want to join Islamic banks. For example, for non-religious SMEs Islam will assume that this Islamic bank is a religious activity. Therefore, the importance of knowledge and awareness of consumers and SMEs about the advantages of using Islamic banks.

Mokhlis, 2009; Rehman & Shabbir, 2010; Mokhlis, 2009; Mokhlis, 2009; Mokhlis, 2009; Many research on religious people's views and intents regarding Islamic banking products have revealed that religious people's beliefs differ from those of non-religious people, and this influences their financial decisions significantly. We assume, based on past research, that religious views have a substantial impact on the purpose of SMEs using Islamic finance modes. Religious beliefs have a favorable impact on Moroccan SMEs' desire to employ Islamic financing methods. Religion is a global component that has an impact on people's attitudes and behavior. As a result, it is one of the most important aspects of our research.

Furthermore, despite Kuwait's Muslim majority, most Kuwaiti businesses do not prioritize Islamic banking standards when selecting banks; instead, the quantity of the bank's assets is the most important consideration. Religion is not a factor influencing SMEs' decision to use Islamic banks, according to Abdesamed and Wahab (2015), because SMEs who use conventional financing have fewer options for Islamic financing than SMEs who use informal loans. These findings suggest that businesses who engage with traditional banks have a solid relationship with them, and as a result, these businesses are more likely to employ Islamic banks.

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According to Rustam et al. (2011), Islamic banking products and services have a lot of potential in Pakistan, and most corporate sector customers consider that religious and economic factors are equally important when choosing Islamic banking. Although Islamic banking has been practiced in Pakistan for 30 years, the majority of Pakistan's corporate sector customers still have little knowledge of Islamic banking products and services, and Islamic banks in Pakistan have yet to market their products and provide good service.

Jamaludin, 2013; Ahmad and Haron 2002, says that Islamic banks should not depend too much on religious issues to attract business because religion is not the primary factor affecting a company's decision to employ an Islamic bank. Furthermore, as previously indicated, SME ideas and impressions of Islamic financing are actually the polar opposite. The attitude of SMEs toward Islamic banking differs, for example, in the setting of Arab nations with comparable languages, religions, and cultures. Next, we'll look at some of the causes behind these discrepancies. In conclusion, though there is empirical evidence that the religious part of Islamic financing is important in the spread of Islamic finance throughout Islamic and non-Muslim nations, many academics contend that Islamic banks are not dependent on religious elements. Islamic banks must develop innovative products that are relevant and accessible to people from all walks of life.

According to Jaffar and Musa (2013), the majority of Halal-certified micro and small to medium firms in Malaysia should employ Islamic finance because they are Halal enterprises. Only 40% of members utilize and borrow Islamic money, with the other 60% using it for non-consumptive purposes. Indeed, half of the participants knew nothing about Islamic financial institutions, which might explain why they don't borrow from them.

Haque (2010), Shariah compliance or religious concerns are major motivators for Muslim business owners and managers to use Islamic financing or Islamic banks. Prior to considering selecting formal financial goods and services, SME owner-managers assess, among other things, the bank's reputation, image, profitability, and cost benefits. SME attitudes are influenced by social stress, according to researchers, who discovered that family and friend recommendations impact owner-managers willingness to use Islamic finance (Amin, Abdul Rahman & Abdul Razak, 2014).

The suitability of Islamic banks to Shariah (Islamic law) or Islamic banking principles, according to the majority of research, is a crucial factor affecting customers' decision to adopt Islamic financing, according to Ullah and Lee (2012). Consumer opinions regarding Islamic banks are shaped by religious and functional ideas all over the world (Butt and Aftab, 2013). However, according to this study's evaluation of the literature, only a few research include personal traits as a factor affecting Islamic finance decisions. To that aim, the characteristics of small businesses and the Islamic financial expertise of their owners-managers are investigated in this study, as well as how their capital decision structure influences their decision to adopt Islamic financing. Given the lack of studies addressing SME preferences for Islamic finance, the purpose of this study is to contribute to the process of filling this vacuum by analyzing the variables that impact the use of this new financing option in Oman.

2.3.2.3 Reputation

The level of honesty and great reputation demonstrated by the firm from which they obtain services or commodities is referred to as trust or reputation by the client. El-Manstrly et al. (2011) define trust as the belief in the dependability of a brand or service provider. To put it another way, clients trust a business if they feel it is reputable,

trustworthy, and honest. In relationship marketing, it is vital for management to generate and manage consumer trust as firms want to build long-term profitable relationships with their customers in order to ensure their loyalty and repurchase. Next, El-manstrly et al. (2011) further claim that because banking transactions are recognized to be dangerous, clients who trust a bank's operations are less likely to be concerned about the danger of moving to a new or alternative bank, and hence are more loyal.

Customers' perceptions of a company's reputation are a key factor in determining client loyalty. A good reputation, according to Clemes et al. (2010), will have a positive impact on consumer loyalty, particularly in the banking industry, because customers cannot completely assess the quality of service before acquiring it. A company's reputation is connected to its legitimacy and is seen as a valuable asset. Customers' buy and repurchase habits, particularly in the service sector, are influenced by reputation, which is a strategic instrument employed by banks to produce additional profits.

Rasheed et al. (2012) looked at the impact of several bank selection factors on customer satisfaction. The authors found empirical evidence of a positive relationship between bank selection factors (such as bank reputation) and competitive positioning and customer satisfaction. Clemes et al. (2007) succeeded in gaining the approval of the banks. Reputation may impact a customer's decision to choose a bank, and a good reputation will enhance bank clients' confidence. Clients are more likely to abandon a bank if the service provider has a poor reputation.

Trust and reliability involve involvement, training, and effect, according to Rashid, Abdullahi Noor, Kassim, and Akbar (2018) and Al-ajmi (2009) Durrani (2016) investigations. Islamic financial institutions protect and recognize social fairness, and they exemplify Islamic ideals when it comes to consumer reputation. Reputation is built

on people's impressions of the trustworthiness and assessment of reputable Islamic financial institutions, which showcase business and trade financing potential via SMEs and highly respectable Islamic financial institutions all over the world. The usage of these financial services, on the other hand, influences the measuring process, and this study aims to uncover the primary aspects that influence it.

This component has been incorporated in previous studies' empirical studies. Albaity and Rahman (2019) found that the reputation of Islamic banks as a corporate image has a significant influence in determining consumers' willingness to patronize an Islamic bank. Customers' attitudes about Islamic banking in the UAE were also impacted by image, according to Kaakeh et al (2019).

According to organizational experts, a corporation's reputation is one of its physical intangible assets (Jang et al., 2016; Kantoet al., 2016; Walsh and Wiedmann, 2004). Managers use corporate reputation as a strategy because it may help them gain a competitive advantage. For example, Ozdora et al. (2016) conducted research on company reputation as a crucial intangible asset for business performance.

Religious convictions, bank reputations, and cost-benefit analysis are all elements that may influence customers' decisions to utilize Islamic bank goods and services in Malaysia, according to Selvanathan et al. (2018). As a consequence, such requirements might be included in the framework to encourage SMEs to utilize Islamic banks for financing. However, Md Azmi (2020) claims that SMEs in Malaysia rely too heavily on mindsets that affect networking opportunities and daily business routines. Negative attitudes, such as a refusal to seek assistance, demotivation, and a lack of financial support, can result in poor performance for both the owner and the firm (Md Azmi,2020).

Bushman & Wittenberg-Moerman, 2012, Dinç, 2000, the relevance of a bank's market reputation, which has been linked to improved profitability and bank sustainability, has been discovered to have a role in influencing people's decisions when choosing their banks. On the other side, the bank's reputation is very subjective, as it is mostly reliant on the thoughts and impressions of its customers (Abdul Hamid, 2000 as cited in Almejyesh & Rajha, 2014). According to Echchabi and Olaniyi (2012), the bank's Islamic reputation was the most important element in choosing an Islamic bank, while financial reputation and image were also important, albeit to a lesser level.

Furthermore, Muhamad et al. (2015) discovered that consumers of various educational levels had no differences in bank choosing criteria except for bank reputation and image, with electronic service being the most important selection criterion. More precisely, when the bank has a solid reputation and image, the two respondents feel more protected and safer. Despite the fact that client bank decisions have been demonstrated to be influenced by bank reputation on several occasions, the findings are far from definitive (Sayani & Miniaoui, 2013)

Muslim et al. (2010), according to this study, branding and image, as well as the bank's excellent reputation, can impact bank selection, since a strong image is a crucial factor for banks in preserving their market position and developing long-term connections with clients. Erol & El-Bdour (1989) discovered that bank reputation is one of the most significant selection factors for banking, whether for Islamic or conventional banks, in the early research on Islamic banking. These findings were backed up by Boyd et al. (1994) and Kennington et al. (1996), who discovered that bank reputation is the most significant factor determining bank client selection. In conclusion, the reputation of the bank is very important to attract someone to use the services of Islamic banking.

2.3.2.4 Satisfaction

Satisfaction is an important element in service. It symbolizes the success of a company in meeting the needs of customers. Satisfaction is also very important in banking, such as Islamic banking and conventional banking because it determines how much interest the customer is in using the service. In this study, we examine several independent variables such as the satisfaction of SMEs towards Islamic banking. Based on previous studies, in Pakistan, Khattak and Rehman (2010) studied consumer satisfaction and awareness of the Islamic banking system. They looked into the association between consumer satisfaction and awareness and several demographic characteristics. The majority of clients use Islamic banking for religious reasons, but other aspects such as efficiency, secrecy, business hours, and others also encourage customers to safeguard the Islamic banking system, according to the survey. Furthermore, most of the customer satisfaction indicators were found to have a strong link with income level in this study.

Nupur (2010), performed research in Bangladesh that looked at e-banking and consumer satisfaction. This study examined five service quality variables dependability, responsiveness, certainty, empathy, and tangible value, using the SERVQUAL model in e-banking to determine the connection between service quality and customer satisfaction. Nupur discovered that the fundamental service quality dimensions for customer satisfaction in e-banking are five service quality factors. Furthermore, the study discovered that dependability, responsiveness, and assurance all contribute to e-banking clients' happiness in Bangladesh.

Janahi and Almubarak (2015) and Ali and Raza (2015) emphasize the importance of customer service quality in Islamic financial institutions, focusing on compliance, responsiveness, empathy, tangibility, dependability, and assurance. Customer

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satisfaction in Islamic financial institutions is an element that is important to raise the Islamic bank itself. Islamic banks are the most consistent banks because they conduct honest and interest-free business. Therefore, customers will be more satisfied using Islamic banking services.

In his research, Abduh et al. (2012) indicated that satisfying customers measured in relation to a group of consumer wants the total performance of a product of a business. Therefore, financial institutions should focus more on enhancing the happiness of customers in the financial services industry in order to sustain it by enhancing the quality of service of their institutions.

The degree of sensitivity and client satisfaction of organizations offering free interest financial products was studied by Naser et al. (2013), 429 clients of Islamic banks in Kuwait received questionnaires. The researchers in the study found that consumers do not know many of the products and services supplied, and so they are not able to appreciate contentment since they are not fully aware of the benefits of the items supplied.

Fahmi & Abduall (2014) performed a study on the modest effect of company growth in the link between Islamic Microfinance Institutions' business development services and owner satisfaction. The relationship between SME owner satisfaction with SME system in Yemen and corporate development services in particular shows how strong and effective the service quality provided by IMI is to satisfy its SME customers and how it is dependent on the opportunity for business growth to test its hypothesis model with the method of quantification and querying used to collect key information. The results demonstrate the impact of business expansion services on the happiness of SME owners and the significance of moderate company growth in that connection.

Mazani & Fatok (2011), study was evaluated by previous studies such as BDs, overall satisfaction with Business Growth (listener and gold Smith 1999) and (Angelova & Zekivi 2011) As noted earlier, the purpose of this website is to examine the impact of BD by the IMF institutions in Yemen are considered the building blocks of any economy, as they are mostly run by startups and new businesses, which require micro -consulting for providers. In Yemen, the IMF is satisfied with the role and satisfaction of small company owners and is also moderating the growth of SMEs. Since they are a new company or UKM, they must focus on business advisors to help grow and return the microfinance money.

The contract legal agreement and satisfaction, in accordance with Wikipedia's (2016) Free Dictionary, is the acquisition of debt relief, but, in a religious way, a notion of redeeming relates to the Christian side of salvation. Referred to in the Oxford Learner's Dictionary (2000), satisfaction is the nice thing when something is accomplished or something that you desire to happen; anything that provides you the sensation of something being satisfied. Next, according to Locke (1979), satisfaction is the emotional response of attachment for a product or service offered by the producer (Elegba and Adah, 2019). On the other hand, satisfaction is described as the attainment of expected outcomes influenced by past expectations and pertaining to the degree of quality of services supplied (Festinger's, 1957; Rosnee et al., 2021; Roszi et al., 2021; Mohd Norazmi et al., 2021; Nik Nurhalida et al., 2021).

According to Rai (2013), contentment is defined as "Desire satisfaction, pleasure, or completion. Satisfaction is a sensation that results from the fulfillment of one's needs and desires". According to Rai (2013) and Saadiah et al. (2021), satisfaction may be defined as an emotional or cognitive experience, and its evaluation is based on what is received against what is expected. In other words, contentment occurs when a person is

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pleased with the service provided. SMEs traders, for example, are pleased with the service provided by Islamic banks.

Next, Ramadhani et al. (2011) investigated the influence of customer satisfaction service quality on Islamic banking services in Indonesia; the study's findings show that service quality has a significant impact on customer satisfaction. These elements aid in the development of service quality standards that adhered to Islamic principles (Syariah). According to the findings of this study, contentment plays a vital part in guaranteeing the highest quality of service given by Islamic banks.

2.4 Hypotheses

The important variable in this study is factors influencing an SME's intention. Thus, the hypotheses should then establish a relationship between the variables selected and test whether the theorized relationship holds true. Every factor has a huge impact and influence on the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia. Therefore, the hypotheses will be postulated as:

H1: There is a positive and significant relationship between awareness and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

H2: There is a positive and significant relationship between religious and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

H3: There is a positive and significant relationship between the reputation provided and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

H4: There is a positive and significant relationship between satisfaction obtained and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

2.5 Conceptual Framework

The framework depicts the link between the independent variables, which are the aspects of awareness, religion, reputation, and satisfaction, and the dependent variable, which is the factors that impact the intentions of SME's towards Islamic Finance in Kelantan, Malaysia. These factors will influence the probability of increasing client demand for Islamic banking goods and services, hence strengthening the system. To better analyze the market dynamics, evaluate the business potential, design relevant propositions, and execute the ideal operating model, banks would need to use particular market segmentation methodologies. Islamic banks may meet this need by effectively branding and marketing Islamic solutions to SMEs, as well as developing separate business units or divisions with specialized SME strategies. Non-borrowing services such as cash management, payroll administration, payments, collections, and trade finance solutions should be added to Islamic banks' product and service offerings.

Independent variable   Dependent variable
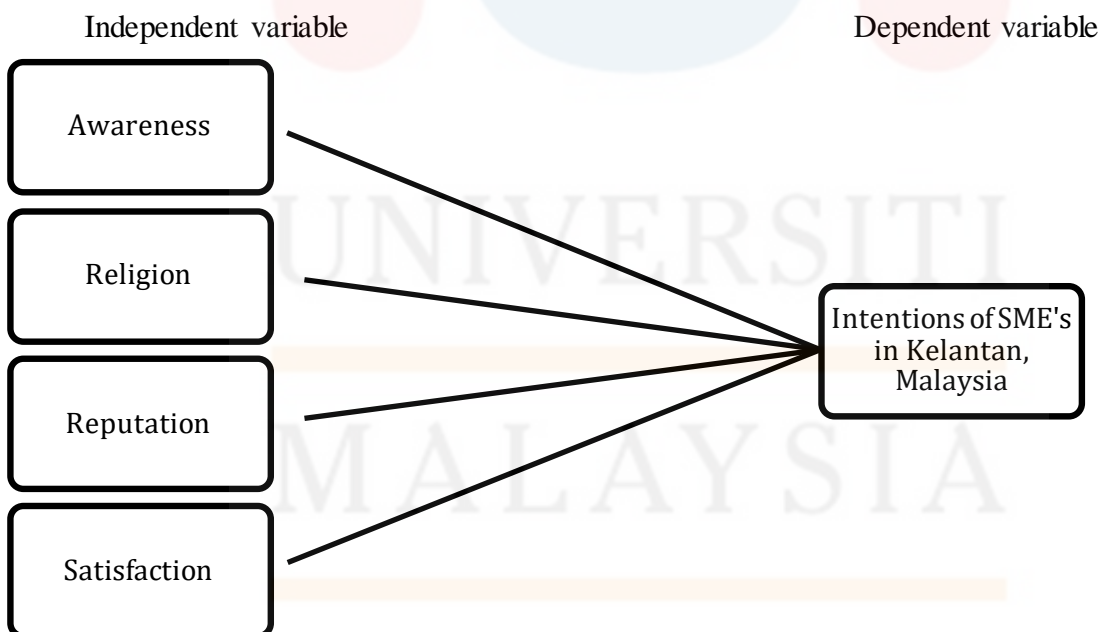
Figure 2.2: The Relationship Between Awareness, Religious, Reputation and Satisfaction With Factors That Influences The Intentions Of SME's In Kelantan, Malaysia

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2.6 Summary of the Chapter

In this chapter, the researcher can define that they have to give some introduction, discuss the need for theatrical framework in this research, search for the previous empirical studies, describe three main types of variables then develop a theatrical framework that includes all the relevant components and develop a set of hypotheses to be tested. For the previous study, the researchers have found at least ten latest piece of literature to be reviewed each of the independent variables and dependent variable to support this research. From that literature review by the previous study, we can see that there are many SMEs of non-Muslim and Muslims itself is still lack awareness about Islamic finance and mostly the rest that already uses the Islamic finance application in their SME's have a certain intention for example because of religious obligation that influencing their choice, reputation and also the satisfaction that the SME's can obtain. Intention can be the main reason for any SME's owner to decide whether to use Islamic finance applications in their SME's or not.

CHAPTER 3

RESEARCH METHOD

3.1 Introduction

The research design, data collection method, study population, sample size, sampling technique, research instrument development, variable measurement, and data analysis procedure are all covered in this chapter. The methodology section will describe in-depth the research operations and instruments that will be used to conduct the study. The methodology section will go into the research procedures and tools that will be used to carry out the study in detail. The objective of this research is to determine SME's awareness of the intention to use Islamic Finance, to determine how religious the SME's intention to use Islamic Finance is, to recognize SMEs' reputation with regard to using Islamic Finance, and to assess SME satisfaction with the intention to use Islamic Finance.

3.2 Research Design

The framework that is utilized to organize and carry out a study is referred to as research design in general. The research design must take into account the strategy, conceptual framework, identification of who and what to study, as well as the tools and methods to be employed for data collection and analysis. The research design is divided into numerous categories, such as qualitative and quantitative research.

In this study, a quantitative design is utilized to investigate the characteristics that drive SME's in Kelantan, Malaysia, to choose Islamic Finance. Before answering the research questions, the research design of a study serves as a guide to guarantee that the study's objectives are satisfied. This study is fundamental research into the factors that influence SMEs' decisions to use Islamic finance in Kelantan, Malaysia. Quantitative

approaches are used to acquire data through survey questions. Survey methods are a great approach to gathering data from a large number of people, but they have the drawback of being limited to the use of questionnaire forms to collect data (Cherry, 2015; Schmitz, 2012). This research was carried out among small and medium business entrepreneurs in Kelantan, Malaysia.

3.3 Data Collection Method

Data collection is the process of gathering and evaluating information on variables of interest in order to address specific study concerns, test hypotheses, and analyse data (Taherdoost, 2016). In order to solve a mystery, primary data is knowledge that is collected for the first time. The questionnaire is the most important source of data since it provides a variety of questions that respondents can answer by ticking the ones that are relevant to them (Ajayi, 2017).

Researchers created a set of questions using Google Form and distributed them to respondents via social media platforms such as WhatsApp and Instagram. During the COVID-19 pandemic, when social distancing between researchers and respondents was encouraged and face-to-face approaches were discouraged, as well as researchers' desire to reduce paper consumption and cost, Google Form appeared to be appropriate for use. A cover letter is required for each questionnaire set. The cover letter may provide information about the research's purpose to respondents. The motivation and objective of the report would then be clear to respondents. This section had five components to which respondents had to complete before submitting their replies, and the result was the data we gathered for the study.

3.4 Study Population

A population is a group of items (people or objects) that share a common trait that the researcher defines using sampling criteria. As a result, the participants in this study are all Kelantan SME owners. Small and medium businesse enterprises (SMEs) are businesses with less than a certain amount of revenue, assets, or employees. Each country has its own definition of a small and medium business (SME). SMEs, despite their tiny size, have a significant impact on the national economy.They outnumber major corporations, employ a large workforce, and are typically entrepreneurial in nature, influencing innovation. The total population in this research is 900000 owners of SMEs in Kelantan, Malaysia.

3.5   Sample Size

According to Krejcie & Morgan (1970), the sample size illustrative of the respondent in Malaysia is 46260 small business firms. Hence, a total of 380 forms would be spread to the target population.

Formula 3.1: Formula Sampling Procedure

S = sample size
X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).
N = Population Size of a small business firm in Kelantan, Malaysia
P = Population proportion (assumed to be 0.5 since this would provide the maximum sample size)
d = the degree of accuracy expressed as a proportion (0.5)

$$S = \frac{x^2 \, NP(1-P)}{d^2(N-1) + (x^2 P(1-P))}$$

$$S = \frac{3.841(46260)(0.5)(1-0.5)}{(0.05)^2(46260-1) + [3.841(0.5)(1-0.5)]}$$

$$S = \frac{44421}{116.61}$$

S = 380.94

S = 380

Table 3.1: Table for Determining Sample Size from a Known Population.

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

3.6 Sampling Techniques

Sampling is the process of referring to the selection number of subjects from a population to be the study's responders. In quantitative science research and scientific research in general, random sampling is the most basic and widely used sampling method. The most significant benefit of a simple random sample is that everyone in the population has an equal chance of being chosen for this study. This assures that the sample chosen is representative of the population and that the sample was chosen unbiasedly. In this study, random sampling was employed to acquire respondents, and data was collected by the respondents themselves using a self-administered questionnaire. Random sampling is a sampling strategy in which each sample has an equal probability of being chosen. The purpose of this paper is to know the factors influencing the intentions of SMEs in choosing Islamic Financing in Kelantan, Malaysia. As a preliminary investigation, a survey questionnaire is distributed to all entrepreneur SMEs in Kelantan, Malaysia using a random sampling technique.

3.7 Research Instrument

The term "research instrument" refers to measurement methods such as questionnaires, tests, or scales used to assist researchers in gathering information from research subjects on a specific issue. The research method will include details about the community analyzed, the project's purpose, and the measured factors. Researchers may use several calculation methods for their studies, depending on the purpose of the analysis (Sugiyono,2015). Given the possibility that a variety of respondents would have completed the questionnaire, it would be published in two languages: English and Malay, to make things easier for the respondents.

The questionnaire had been used to gather data from respondents for the analysis on mobile wallets. As a result, the questionnaires sent to respondents evolve with a range of items. The questionnaire consisted of five parts (Section A, Section B, Section C, Section D, Section E, and Section F). The first section addressed demographic segmentation. A demographic profile is a segmentation of the market based on the respondent's age, gender, monthly income, ethnicity, and level of education (Shaw, 2018). Section B until section E examines many of the researchers' independent variables, including awareness, religious, accessibility and satisfaction. The dependent variable in Section F was the intention of SMEs to use Islamic Finance in Kelantan, Malaysia.

Additionally, the respondent would fill out a questionnaire with multiple-choice questions and a Likert scale. Previously, multiple-choice questions were used to respond to a set of choices included in the article. The Likert scale would be one to five, with strongly disagreeing to strongly agreeing. A five-point Likert scale ranging from 1 to 5 was used in each section of the questionnaire because it more precisely reflects the respondent's actual assessment.

Table 3.2: Measurement of Likert Scale

Strongly Disagree				Strongly Agree
1	2	3	4	5

3.8 Measurement of the Variables

A measurement scale has been used to describe and grade the variables or figures. The nominal, ordinal, interval and ratio scales are the four types of measurement scales. Each measurement scale has its own unique qualities that govern whether or not it is

appropriate to use particular statistical analyses. For this study, we employed two types of scales of measures in the questionnaire. The first portion of the questionnaire was measured using the nominal type variable. This metric can help researchers respond to questions that ask about their age, religion, gender, and educational background. While the ordinal variable was applied to measure the next components of the questionnaire, researchers might utilize it to examine independent and dependent factors.

The entire questionnaire was created in two languages: English and Malay, to make it easier for respondents to understand and react to the questions. On a five-point Likert scale, 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), and 5 (strongly agree) are numerical values.

In the meanwhile, we apply the interval scale since it aids in the generation of perfect mathematical data from opinion and feedback surveys. Respondents must know and emphasize completing the questionnaires in Google Form.

3.9 Procedure for Data Analysis

A data analysis procedure is a road map for organizing and analyzing survey data, and it should help us meet our objectives, which include answering our top research questions, understanding those answers with more specific survey questions, and segmenting survey respondents to compare the opinions of different demographic groups. When we were organizing our survey, we came up with general research questions that we intended to address by sending out a questionnaire, and we always remind ourselves of the objectives when we begin our data analysis procedure.

A data analysis procedure will usually start with a questionnaire that asks respondents to directly respond to our main research question. Then, in order to obtain a more in-depth knowledge of what our data signifies, we need to arrange our thoughts by

attributing our specific survey questions to each broad research question. As a result, when it comes to putting together an effective final report, we know exactly what information we'll need to answer our bigger questions. One of the most significant aspects of comprehending the value of our data is determining what we need to do better, which involves segmenting our responses and finding distinct demographic groupings. We must also consider the responses of diverse demographic groups to our survey questions. The data or information acquired by the survey or questionnaire must then be interpreted as the final step. In order to answer our research question, we can study the output or outcomes from the collected data.

3.9.1 Descriptive analysis

The purpose of descriptive analysis is to describe a phenomenon in terms of how we perceive it. It attempts to examine occurrences in order to establish a standard (Waliman,2011). In order to pave the path for the discovery of new facts, the descriptive analysis aims to describe what already exists. It entails collecting data on things, people, individuals, events, and conditions, as well as arranging, tabulating, displaying, and describing the findings. This type of research is usually guided by one or more research questions, and it isn't always correlated to a formal research hypothesis (Travers R., 1978). It is suggested that the data analyzed can provide insightful information if appropriately evaluated which will lead to hypothesis creation.

3.9.2 Reliability analysis

Reliability refers to the degree to which a measurement of a phenomenon delivers a consistent result (Carmines and Zeller, 1979). The ability to repeat something is also referred to as "reliability." If repeated measurements collected under the same conditions give the same result, a measure or test is said to be dependable (Moser and

Kalton, 1989). Because it corresponds to the consistency of a measuring instrument's component, reliability testing is important (Huck, 2007).

The internal consistency of the scale items was measured using Cronbach's Alpha. It measures how well each item in the construct corresponds with the others (Sekaran, 2005). As a rule of thumb, a scale is considered reliable if the Cronbach's Alpha value is at least 0.7. (Nunally and Bernstein, 1994). Hair et al. (2010) indicated that for early research and scale development, a lower Cronbach's alpha value (above 0.6) is acceptable.

3.9.3 Pearson Correlation Coefficient

Each sample participant is frequently measured on a number of quantitative variables. When taking into consideration a set of such variables, it's natural to want to determine if there's a relationship between them to see if they're related. The result of the test statistic of statistical correlation, or association, between two continuous variables, is measured using Pearson's correlation coefficient. It is recognized as the best approach for measuring the relationship between variables of interest as it is based on the method of covariance. It reveals the magnitude and direction of the relationship or correlation.

3.10 Summary of The Chapter

The preliminary study of SMEs and Islamic finance in Kelantan, Malaysia will identify a few areas for survey instruments with a focus on the constructs of awareness and knowledge, religion obligation, reputation, and satisfaction. The religious obligation constructs will acknowledge the financial institutions' obligation or Shariah compliancy in implementing Islamic financing in ways that are relevant to non-Muslim respondents when taking questions. Open-ended questions on important motivations and obstacles

to Islamic financing in a firm would be added to achieve better the data's trustworthiness.
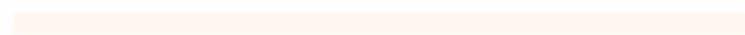
CHAPTER 4

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter discussing on the result and findings that the researcher conducted through the data collected from the sample of population on this study. The data obtained are through 380 of the questionnaire. All the data obtained were analyzed by using Statistical Programmers for Social Sciences (SPSS) version 22.0. Thus, the results will explain the hypotheses that showed in chapter 2 literature review whether dependent variables is significant with independent variable or not. The last result of statistical analysis was presented in this chapter.

The main purpose of this chapter is to investigate preliminary analysis, reliability test, descriptive analysis, normality test, person correlation coefficient and multiple regression. Firstly, the researcher will explain about preliminary analysis. Next, the reliability test to access the internal consistency and content validity instrument. Then, the descriptive analysis was used to summarize the data collection through frequency and percentage to examine profile respondents such as religion, gender, education level, age others. After that, the normality test is used to know all variables and the Pearson correlation coefficient is used to find out the relationship between two variables. Lastly, the researcher use multiple regression to analyze the factors that significantly relate to customer loyalty toward telecommunication plans.

4.2 Preliminary Analysis

In this section, Cronbach's Alpha has been used as an instrument to evaluate the test on reliability analysis on independent variable and dependent variable to analyze the reliability of data that was gathered. The value of Cronbach's Alpha basically starts

from 0 to 1. If the value of Cronbach's Alpha is near 1 which is more than 0.7 the result is indicated as reliable and the value I less than 0.6 will indicate unreliable data. Table 4.1 will show the result of the reliability analysis for 40 resrespondent whether the variable data is reliable or not for the research.

Table 4.1: Pilot Test Result

Variable	Cronbach's Alpha	Number of Items
Knowledge and Awareness	0.884	10
Religion Obligation	0.932	9
Reputation	0.947	10
Satisfaction	0.981	10
Intentions of SME's in Choosing Islamic Finance	0.910	4

4.3 Profile of Respondents

In this section, the researcher has analyzed the demographic characteristic of the respondent that the researcher gained. This section of part A in the questionnaire generates information on demographic profiles and business of SME's characteristics. The purpose of the collection of demographic data is to identify the background of the respondent which is SME's in Kelantan.

4.3.1 Religion
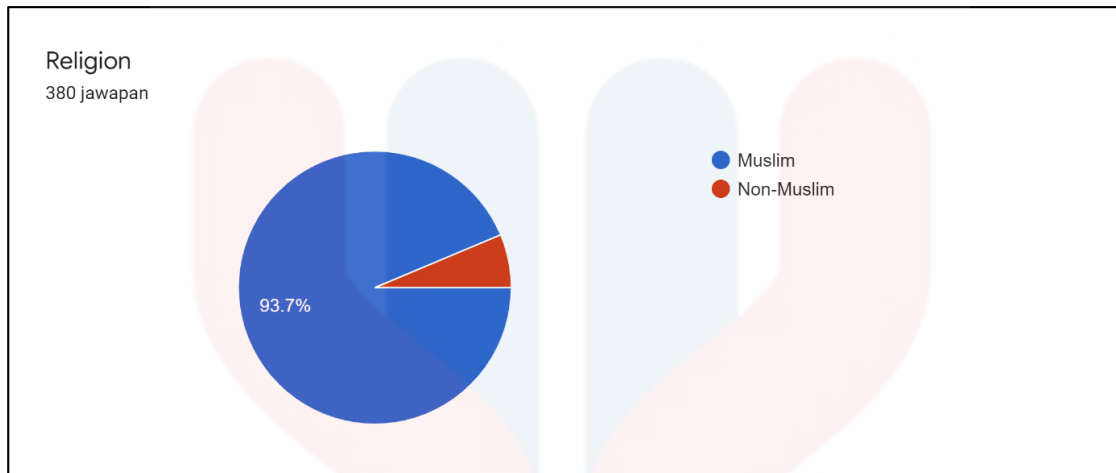
Figure 4.1: Religion of The Respondent

Figure 4.1 shows that the majority of respondents are Muslims which is 356 people which is equivalent to 93.7% of the total number. Meanwhile, the remaining 24 people, which is equivalent to 6.3% of the total number of respondents who answered the questionnaire are non-Muslims.

4.3.2 Gender
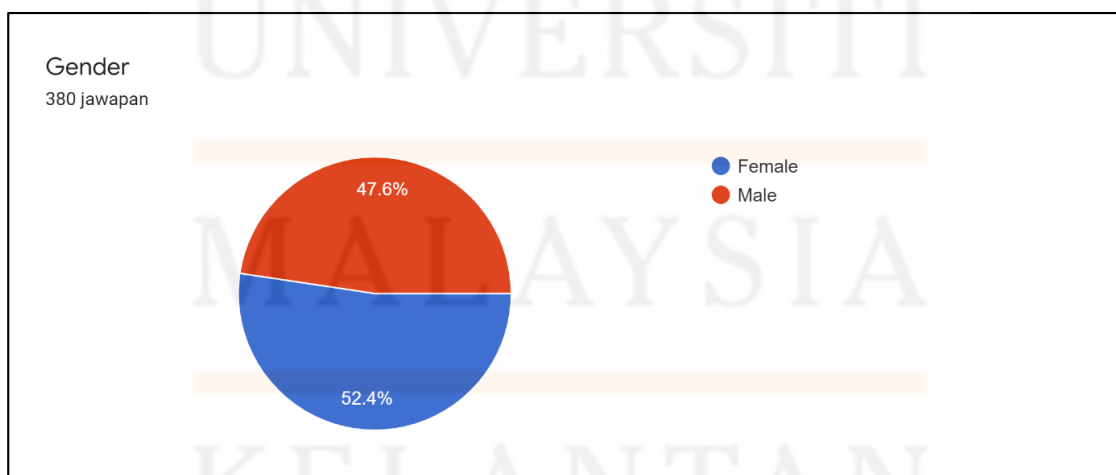
Figure 4.2: Gender of The Respondent

Figure 4.2 shows that 47.6 % (181 respondents) are male, while the remaining 52.4 % (199 respondents) are female. The majority of respondents are female with a difference of 18 people compared to males.

4.3.3 Education Level
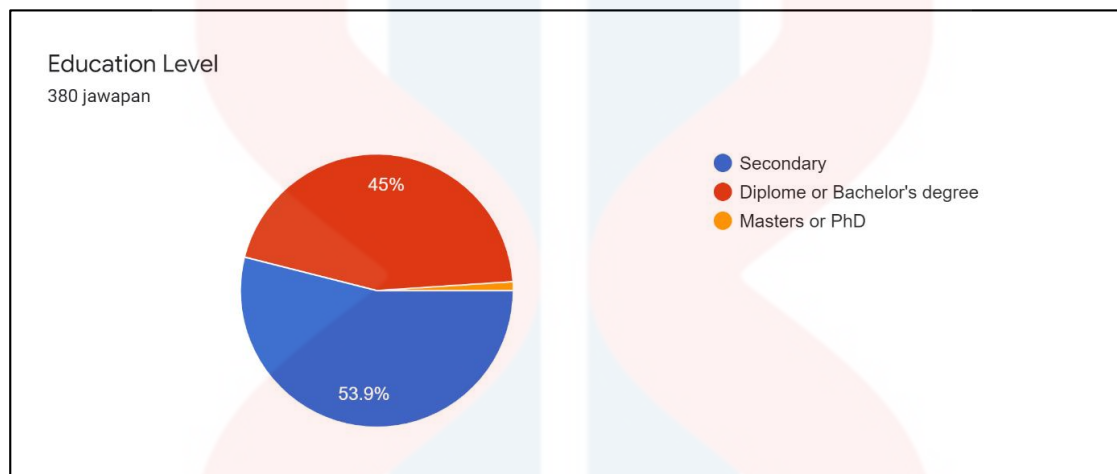
Figure 4.3: Education Level of The Respondent

Figure 4.3 shows the education level of the respondents whose majority value is to the Secondary education level which is 53.9% (205 people). Education Level for the highest value is then followed by Diploma or Bachelor's degree with 45% (45 people), while the lowest value is the education level Master or Ph.D. which is only 4 people which leads to 1.1%.

4.3.4 Age
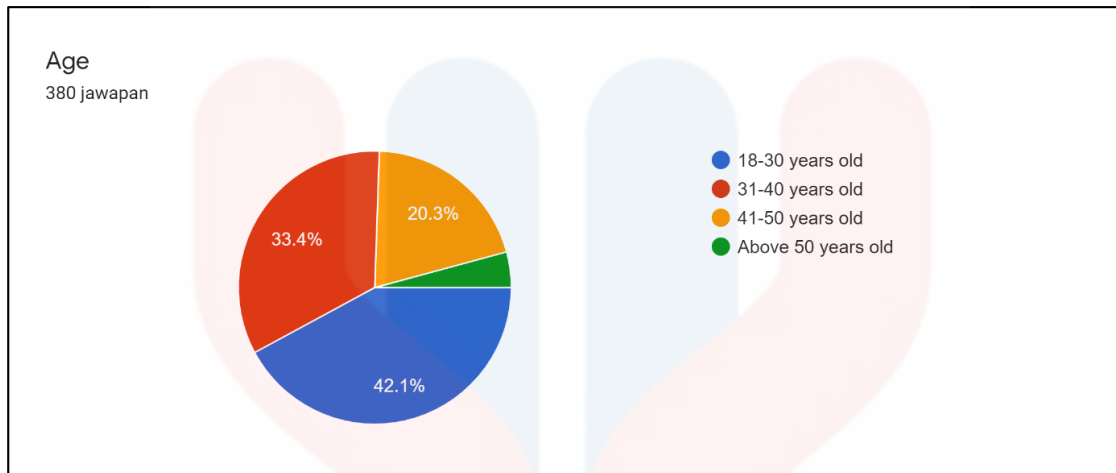
Figure 4.4: Age of The Respondent

Figure 4.4 shows that the majority of the age of the respondents for the questionnaire that has been answered is 18-30 years old with a percentage value of 42.1% (160 people). The second-highest percentage of respondents is 33.4% along with 127 people are aged 31-40 years old. Meanwhile, respondents with 41-50 years old occupy 20.3% (77 people) followed by the respondent above 50 years old occupy 4.6% (16 people).

4.3.5 Establishment Period of The Business
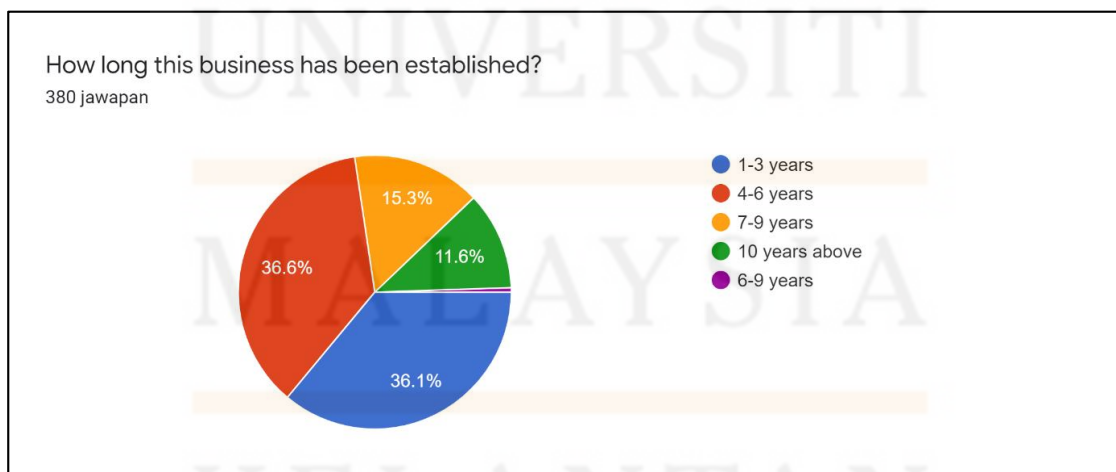
Figure 4.5: Establishment Period of The Business of The Respondent

Figure 4.5 shows that the majority establishment period of the business of the respondent is 4-6 years which is 36.6%. the percentage value that is close to the highest percentage value for the establishment period of the business of the respondent is for 1-3 years which is 36.1%. while the remaining percentage was contributed by 7-9 years (15.3%), 10 years above (11.6%) and 6-9 years (0.4%) respectively.

4.3.6 Annual Sales Turn Over
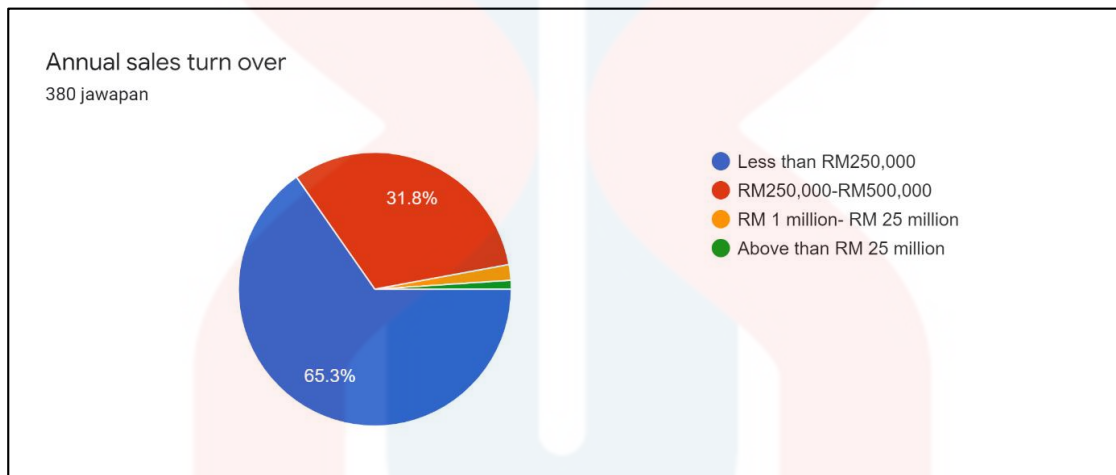
Figure 4.6: Annual Sales Turn Over of The Business of The Respondent

Figure 4.6 shows that the annual sales turnover of the business by the majority of respondents is less than RM 250,000 which is 65.3%. the second-highest annual sales turnover value of the business is RM 250,000 - RM 500,000 which is 31.8%. annual sales turnover of the business by the respondent for RM 1 million - RM25 million is 1.8% while the lowest value is contributed by sales turnover of the business above RM 25 million (1.1%).

4.3.7 Numbers of Employees
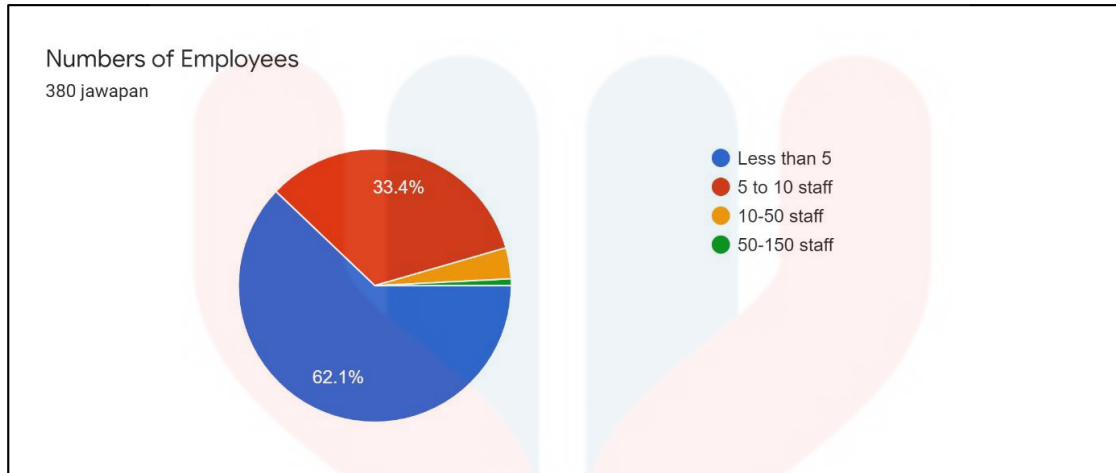
Figure 4.7: Numbers of Employees of The Respondent

Figure 4.7 shows that the highest number of employees of the respondent is less than 5 staff (62.1%) and the second-highest value is 5 to 10 staff (33.4%). For the number of employees of the respondent which is 10-50 staff, the percentage value is 3.7% and then for 50-100 staff, the percentage is only 0.8% of the total percentage.

4.3.8 Usage of Islamic Financing
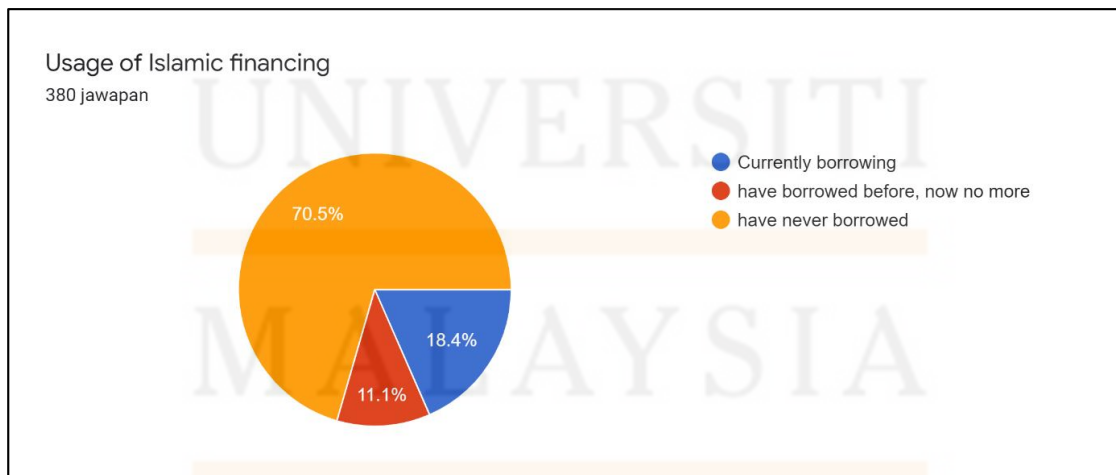
Figure 4.8: Usage of Islamic Financing of The Respondent

Figure 4.8 shows the percentage of usage of Islamic financing of the respondents which is the highest is 70.5% who stated that they have never borrowed in Islamic financing. Meanwhile, the percentage for currently borrowing is 18.4% and the lowest percentage is contributed by respondents who have borrowed before, now no more which is 11.1%.

4.3.9 Knowledge on Islamic Financial System
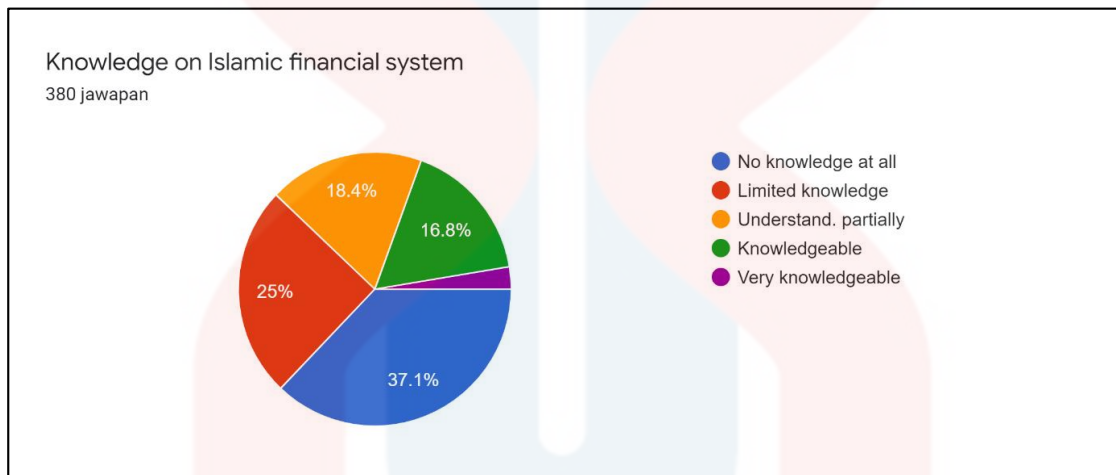
Figure 4.9: Knowledge on Islamic Financial System of The Respondent

Figure 4.9 shows that the respondents stated that the majority of their Knowledge on the Islamic Financial System is no knowledge at all, which is 37.1%. the lowest percentage is dominated by respondents who stated that their knowledge in Islamic financial is very knowledgeable, which is only 2.6% of the total respondents' answers on the question. The remaining percentage of Knowledge on the Islamic Financial System of The Respondent is contributed by limited knowledge (25%), Understand partially (18.4%) and knowledgeable (16.8%).

4.3.10 Summary of demographic profiles and business of SME's

(respondent) characteristics

Table 4.2 Summary of Demographic

Variable	Frequency	Percentage (%)
Religion		
Muslim	356	93.7
Non-Muslim	24	6.3
Total	380	100
Gender		
Female	199	52.4
Male	181	47.6
Total	380	100
Education Level		
Secondary	205	53.9
Diploma or Bachelor's degree	171	45
Masters or PhD	4	1.1
Total	380	100
Age		
18-30 years old	160	42.1
31-40 years old	127	33.4
41-50 years old	77	20.3
Above 50 years old	16	4.2
Total	380	100
How long this business has been established?	137	36.1
1-3 years	139	36.6
4-6 years	58	15.3
7-9 years	44	11.6
10 years above	2	0.4
6-9 years		
Total	380	100
Annual sales turnover		
Less than RM250,000	248	65.3
RM250,000-RM500,000	121	31.8
RM 1 million- RM 25 million	7	1.8
Above than RM 25 million	4	1.1
Total	380	100
Numbers of Employees		
Less than 5	236	62.1
5 to 10 staff	127	33.4
10-50 staff	14	3.7
50-150 staff	3	0.8
Total	380	100
Usage of Islamic financing		
Currently borrowing	268	18.4

have borrowed before, now no more	70	11.1
have never borrowed	42	70.5
Total	380	100
Knowledge on Islamic financial system		
No knowledge at all	141	37.1
Limited knowledge	95	25
Understand. partially	70	18.4
Knowledgeable	64	16.8
Very knowledgeable	10	2.6
Total	380	100

4.4 Descriptive Analysis

The researcher evaluated by running the experiment the mean and standard deviation for the independent variable and dependent variable in sections B, C, D and F. Descriptive statistics are used in this study to disclose the ordinary pattern of response, summarize and describe the characteristics of the respondents. Parametric statistics such as measures of mean, standard deviation and variance will be used to describe the characteristics of the interval data. Besides, the frequency analysis will be used in calculating the frequency or number of occurrences of each response chosen by the respondents. The data set from 380 respondents with a standard deviation lower than 1, shows the value was more reliable.

4.4.1 Range of mean for knowledge and awareness.

Table 4.3 Descriptive Statistics of Knowledge and Awareness

Items Description	N	Mean	Standard Deviation
I am aware of the existence of Islamic financing for SME's in Kelantan, Malaysia.	380	3.12	1.290
I know the contrasts between Islamic and conventional financing.	380	2.98	1.196
Islamic financial products and services are similar to conventional financial products and services, with the exception that banks call them by different names to distinguish them.	380	3.06	1.111
I am familiar with the basic principles or concepts that are used in Islamic finance.	380	2.97	1.202

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	380	3.34	1.108
I know that both Muslims and non-Muslims have access to Islamic financial products and services.	380	3.34	1.108
I know that Islamic finance, which is in banking involves an interest reward system.	380	3.11	1.082
I am aware that the Islamic financial system involves a profit and loss sharing system.	380	3.43	1.018
I know that Islamic finance cannot invest in an Industry that provides haram products or services.	380	3.74	1.040
I am aware that every Islamic finance is an interest-tree system.	380	3.15	1.074
I know that bank which uses Islamic finance system follows the guideline of Shariah.	380	3.79	0.951

Table 4.3 showed that the mean and standard deviation analysis of the independent variable which is knowledge and awareness. The highest mean value was question 10 which is 3.79, where the respondents know that bank which uses the Islamic finance system follows the guideline of Shariah. The lowest mean value was question 4 which was 2.97, where the respondents agreed that they are familiar with the basic principles or concepts that are used in Islamic finance.

4.4.2 Range of mean for religion obligation.

Table 4.4 Descriptive Statistics of Religion Obligation

Items Description	N	Mean	Standard Deviation
Shariah or Islamic law is followed by Islamic financial institutions and agencies which provide Islamic financing.	380	3.78	0.923
Interest-free are provided by Islamic financial institutions and agencies.	380	3.59	0.942
Muslims are prohibited from associating themselves with the element of interest practiced by the conventional system.	380	3.75	0.974
I borrow Islamic financing because of my religious belief.	380	3.58	1.071
As an owner of the business in the SMEs category, I should be using Islamic financing in business.	380	3.64	0.971
I agree that the Islamic banking system is better than conventional banking.	380	3.49	1.039

	380	3.56	0.985
I will get many advantages that will be available if I choose this Islamic banking.	380	3.56	0.985
I know that this Islamic Finance is interest rate free and its source is halal but only for Muslims only.	380	3.63	0.973
The method used by Islamic Finance is better because the profit collected is fixed.	380	3.62	0.996

Table 4.4 showed that the mean and standard deviation analysis on the independent variable which is religion obligation. The highest mean value was question 1 which is 3.78, where the respondents agreed that Shariah or Islamic law is followed by Islamic financial institutions and agencies which provide Islamic financing. The lowest mean value was question 6 which was 3.49, where the respondents agreed that the Islamic banking system is better than conventional banking.

4.4.3 Range of mean for reputation.

Table 4.5 Descriptive Statistics of Reputation

Items Description	N	Mean	Standard Deviation
Islamic financial institutions and agencies uphold the Islamic religion's reputation and image.	380	3.90	0.832
Islamic financial institutions and agencies contribute to the well-being of society (i.e. giving donations or scholarships).	380	3.73	0.896
The goal of Islamic financing institutions and agencies is to not only maximize profit, but also to improve the living standards and the welfare of society.	380	3.74	0.971
Many hidden charges are not properly explained by financial institutions and agencies that provide Islamic financing.	380	3.26	1.034
I believe Islamic financial institutions and agencies contribute to the environment friendly.	380	3.71	0.950
I believe Islamic financial institutions and agencies are transparent.	380	3.85	0.885
In general, Islamic banking services are better than conventional ones.	380	3.49	1.005
I believe that Islamic banks pay higher profits on deposits compared to conventional ones.	380	3.46	0.980
Adhering to Islamic banking services is an excellent idea.	380	3.67	0.969

The staff of Islamic banks is more competent and knowledgeable compared to conventional banks.	380	3.46	0.945

Table 4.5 showed that the mean and standard deviation analysis on the independent variable which is reputation. The highest mean value was question 1 which is 3.90, where the respondents agreed about Islamic financial institutions and agencies uphold the Islamic religion's reputation and image. The lowest mean value was question 4 which was 3.26, which is about the question of many hidden charges that are not properly explained by financial institutions and agencies that provide Islamic financing.

4.4.4 Range of mean for satisfaction.

Table 4.6 Descriptive Statistics of Satisfaction

Items Description	N	Mean	Standard Deviation
I am satisfied using the services offered by Islamic financial institutions and agencies.	380	3.68	0.922
Customer service at Islamic Finance is very responsive and helpful.	380	3.51	0.917
I like the interest-free that is provided in Islamic finance institutions and agencies.	380	3.65	0.914
The quality service provided by Islamic financial institutions is much better than the conventional.	380	3.47	0.959
Islamic banks provide prompt service and transaction speeds that are adequate. Example online banking, service on the counter and more again.	380	3.59	0.942
I am extremely pleased with the profit rates that Islamic banks provide.	380	3.55	0.939
When I go to Islamic banks, I always get timely service.	380	3.54	0.962
Islamic Banks provide assurance on their Shariah compliance products.	380	3.76	0.917
I trust Islamic banks as my religious thoughts.	380	3.82	0.965
Islamic bank employees and the atmosphere to deal with Islamic banks is very comfortable and convenient.	380	3.62	0.897

Table 4.6 showed that the mean and standard deviation analysis on the independent variable of satisfaction. The highest mean value was question 9 which is 3.82, where

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the respondents agreed that they are trusting Islamic banks as their religious thoughts. While the lowest mean value was question 4 which was 3.47, where is about the quality of service provided by Islamic financial institutions is much better than the conventional.

4.4.5 Range of mean for intentions of SME's in choosing Islamic Finance.

Table 4.7 Descriptive Statistics of Intentions of SME's in Choosing Islamic

Finance

Items Description	N	Mean	Standard Deviation
In the latest quarter, I intend to implement Islamic financing in my business.	380	3.77	0.993
In the future, I am likely to use Islamic financing in my business.	380	3.71	0.965
In my business, I will use Islamic financing.	380	3.73	1.007
Islamic finance guarantees that one's money has no element of doubt.	380	3.77	0.949

Table 4.7 showed that the mean and standard deviation analysis on the dependent variable of intentions of SME's in choosing Islamic Finance. The highest mean value was questions 1 and 4 which is 3.77, wherein the question 1, the respondents agreed that in the latest quarter, they intend to implement Islamic financing in their business. While in question 7, the respondents agreed on Islamic finance guarantees that one's money has no element of doubt. Other than that, the lowest mean value was question 2 which was 3.71, where the respondents agreed on in the future, they are likely to use Islamic financing in my business.

4.5 Validity and Reliability Test

The researcher used Cronbach's Alpha in this study to assess the reliability of the data or whether the data matches the common internal accuracy measurement. The alpha

range for Cronbach is from zero to one. If the alpha value is one, reliability is perfectly represented, while if the value is zero, there is absolute unreliability. A calculation of the internal accuracy of attestation or scale was used by Cronbach's Alpha. Internal consistency can be defined as the degree to which the same definition is evaluated by all the items in a test. It should also be known before a test can be used to ensure validity for study or examination purposes (Tavakol & Dennick, 2011).

Table 4.8 The Rules of Thumb About Cronbach's Alpha Coefficient Size

Alpha Coefficient Range	Strength of Association
<0.6	Poor
0.6 to <0.7	Moderate
0.7 to <0.8	Good
0.8 to <0.9	Very Good
>0.9	Excellent

Source: Hair et. Al,2003

4.5.1 Reliability Result for Intentions of SME's in Choosing Islamic Finance

Table 4.9 Reliability Test for The Dependent Variable of Intentions of SME's In Choosing Islamic Finance

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpa Based on Standardized Items	N of Items
0.903	0.903	4

According to the reliability analysis in Table 4.9, it can be concluded that to coefficient alpha for the dependent variable of intentions of SME's in choosing Islamic finance was 0.903. This showed that the consistency and stability of 0.903 were excellent

according to the rules of thumb Cronbach's alpha coefficient (hair et. Al,2003). Hereby, it is indicated the test was reliable in carrying on the further analysis. The questions were asked 4 questions of SME's intention to adopt Islamic finance in their business in the future. In short, the reliability test had proven that respondents understand and give accurate answers to all the given questions.

4.5.2 Reliability Result for Knowledge and Awareness

Table 4.10 Reliability Test for The Independent Variable of Knowledge and

Awareness

Reliability Statistics		
Cronbach's Alpha	**Cronbach's Alpa Based on Standardized Items**	**N of Items**
0.883	0.883	10

According to the reliability analysis in Table 4.10, it can be concluded that to coefficient alpha for the independent variable of knowledge and awareness was 0.883 which is showed that the consistency and stability of it were very good according to the rules of thumb Cronbach's alpha coefficient (hair et. Al,2003). Hereby, it is indicated the test was reliable in carrying on the further analysis. The questions were asked about 10 questions about what the respondents actually know and are aware of Islamic finance in the section. In short, the reliability test had proven that respondents understand and give an accurate answer to all the given questions.

4.5.3 Reliability Result for Religion Obligation

Table 4.11 Reliability Test for The Independent Variable of Religion Obligation

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpa Based on Standardized Items	N of Items
0.894	0.894	9

According to the reliability analysis in Table 4.11, it can be concluded that to coefficient alpha for the independent variable of religion obligation was 0.894. This showed that the consistency and stability of 0.894 were very good according to the rules of thumb Cronbach's alpha coefficient (hair et.al, 2003). Hereby, it is indicated the test was reliable in carrying on the further analysis. The questions were asked about 9 questions of what finance be like in the Islamic way and either respondent choose Islamic finance because of the religion, considered in the section. In short, the reliability test had proven that respondents understand and give an accurate answer to all the given questions.

4.5.4 Reliability Result for Reputation

Table 4.12 Reliability Test for The Independent Variable of Reputation

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpa Based on Standardized Items	N of Items
0.898	0.901	10

According to the reliability analysis in Table 4.12, it can be concluded that to coefficient alpha for the independent variable of reputation was 0.901 which showed that the consistency and stability of 0.901 were excellent according to the rules of thumb

Cronbach's alpha coefficient (hair et. al,2003). Hereby, it is indicated the test was reliable in carrying on the further analysis. The questions were asked about 9 questions about the respondent's view about Islamic Finance institutions or products. In short, the reliability test had proven that respondents understand and give accurate answers to all the given questions.

4.5.5 Reliability Result for Satisfaction

Table 4.13 Reliability Test for The Independent Variable of Satisfaction

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpa Based on Standardized Items	N of Items
0.927	0.927	10

According to the reliability analysis in Table 4.13, it can be concluded that to coefficient alpha for the dependent variable Customer Satisfaction was 0.927. This showed that the consistency and stability of 0.927 were excellent according to the rules of thumb Cronbach's alpha coefficient (hair et.al, 2003). Hereby, it is indicated the test was reliable in carrying on the further analysis. The questions were asked about 10 questions about what the respondent felt about their experience with the Islamic finance institution or Islamic Finance product\ In short, the reliability test had proven that respondents understand and give accurate answers to all the given questions.

Table 4.14 Summary of Reliability Statistic

Construct	Cronbach's Alpha	No Item	Relationship
Intentions of SME's in Choosing Islamic Finance	0.903	4	Excellent
Knowledge and Awareness	0.883	10	Very Good
Religion Obligation	0.894	9	Very Good
Reputation	0.901	10	Excellent
Satisfaction	0.927	10	Excellent

A reliability test has been done by researchers with distributing a questionnaire to 38O respondents which is SME's at Kelantan. Thus, with the distribution of questionnaires, the researcher got the result Cronbach's Alpha 0.902 for all variables which means that instruments are reliable and accepted to use based on the Cronbach's Alpha Coefficient Size. For Intentions of SME's in Choosing Islamic Finance variable, reputation variable and also satisfaction variable, each of the variables has excellent reliability because the Cronbach's Alpha value at range $\alpha \geq 0.8$ to <0.9 which is 0.903, 0.901 and 0.927 for each of the variable. Besides that, both of knowledge and awareness variable, and also religion obligation variable has very good reliability which is $\alpha \geq 0.8$ also with the value of its Cronbach's Alpha is 0.883 and 0.894 for each of those variables.

4.6 Normality Test

Normality test to ensure which methods are suitable to use for measuring the data. Normality test is a test that compared the score in the sample to a normally distributed set of scores with the same mean and standard deviation (Asghar Ghasemi, 2012). The normality test is to define the sample size distribution. This is important to know

whether the sample collected drops within an applicable range and its skewness. If samples are not normally distributed, the non-parametric technique will be applied for upcoming tests, and if the samples are normally distributed, the parametric technique will apply for upcoming tests.

Table 4.15 The Test of Normality

Tests of Normality						
	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Average_Intention	.132	380	.000	.952	380	.000
Average_Awareness	.110	380	.000	.973	380	.000
Average_Religion	.076	380	.000	.981	380	.000
Average_Reputation	.087	380	.000	.973	380	.000
Average_Satisfaction	.099	380	.000	.971	380	.000

a.Lilliefors Significance Correction
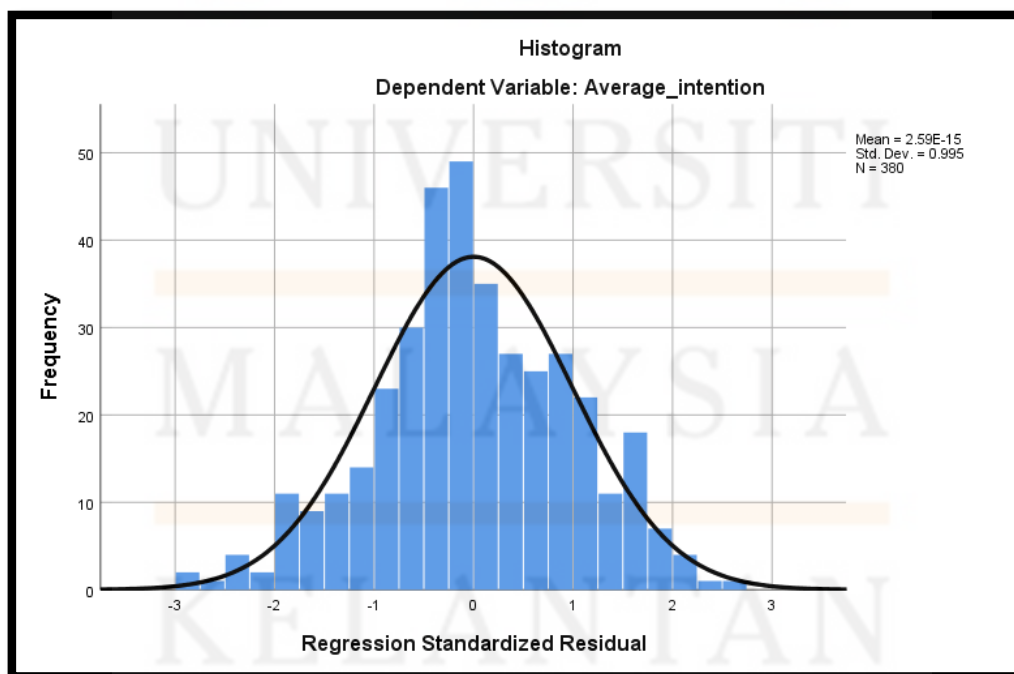
Figure 4.10: Bell Shaped Histogram

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Based on Kolmogorov-Smirnova in table 4.15, it is a deviation from the normal distribution that is the significant value for the dependent variable and independent variable 1, independent variable 2, independent variable 3 and independent variable 4 is the same significant value of 0.000. At this point, we see the p-value provided by SPSS which is quoted under Sig. for Kolmogorov-Smirnov is .000 (reported as $p < 0.001$). Therefore, we have important evidence to reject the null hypothesis that the variables follow a normal distribution. After that, the Shapiro-Wilks in table 4.15 shows that significant values for independent variable 1, independent variable 2, independent variable 3 and independent variable 4 have the same value of 0.000. The p-value indicates below 0.05. So, if $p < 0.05$ the null hypothesis is rejected. According to Ghasemi & Zahediasl, (2012), the Shapiro-Wilks test for normality is one of three common normality tests considered to detect all outputs of normality. Its strength is comparable to the other two tests. This test rejects the normality hypothesis when the p-value is less than or equal to 0.05.

The opportunity histogram can inform if it is a common stone with the help of using a search on its shape. There are three prominent shapes for symmetry. The histogram is symmetrical while the stones are reduced to the middle and the left and right sides as they reflect the picture inside each other. Based on this study, the graph is bell -style and the graph assumes normal. According to Rumsey, (2021), if the graph is more or less bell -shaped and symmetrical about the mean, you can usually assume normal. Its shape will be inclined to the right, and it looks like a sloping mound, with the tail going to the right and sloping to the left. Typically, the Shapiro-Wilk and Kolmogorov Smirnov tests are more sensitive. Both tests may be very sensitive for sample sizes larger than 100–200 and should be interpreted alongside histograms with normal

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curves, QQ-plots, and skewness and kurtosis values (Samuels, 2015). Aimed at this analysis, normality tests, Kolmogorov Smirnov and The Shapiro-Wilk, deviated from the normal distribution. Finally, we can use histograms as an alternative option to see if the test was normal and the results were normal.

4.7 Hypothesis Testing

4.7.1 Pearson Correlation Analysis.

Pearson Correlation was applied to check the relationship among all five variables. Table 4.16 below shows the correlation coefficient for the variables' intentions of SME's in choosing Islamic Finance, awareness, religion, reputation and satisfaction. According to Sekaran and Bougie (2013), if the scatter of points is near a straight line, the strength of the relationship between the variables will be higher. According to the University of the West of England, 2019 correlation is a method that is used to investigate the relationship of two quantitative and continuous variables. Pearson's correlation coefficient (r) is a measurement of strength associated between the two variables. The Pearson's correlation coefficient (r) for the interval level data ranges from -1 to +1. It means the nearer the scatter points to the straight line, the higher the strong association between two variables.

Table 4.16 Pearson Correlation Analysis

Correlation

		Average_ Intention	Average_ Awareness	Average_ Religion	Average_ Reputation	Average_ Satisfaction
Average_ Intention	Pearson Correlation	1	.695	.745	.742	.802
	Sig. (2-tailed)		.000	.000	.000	.000
	N	380	380	380	380	380
Average_ Awareness	Pearson Correlation	.695	1	.789	.795	.778
	Sig. (2-tailed)	.000		.000	.000	.000
	N	380	380	380	380	380
Average_ Religion	Pearson Correlation	.745	.789	1	.866	.856
	Sig. (2-tailed)	.000	.000		.000	.000380
	N	380	380	380	380	380
Average_ Reputation	Pearson Correlation	.742	.795	.866	1	.893
	Sig. (2-tailed)	.000	.000	.000		.000
	N	380	380	380	380	380
Average_ Satisfaction	Pearson Correlation	.802	.778	.856	.893	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	380	380	380	380	380

Hypothesis 1

H1: There is a positive and significant relationship between awareness and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

H0: There is no significant positive relationship between awareness and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

The table above shows the relationship between awareness and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia. The value of the correlation coefficient is 0.695 indicated that there is a moderate relationship between both of it. As result, there is a positive relationship between awareness and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia. Based on the result the relationship between awareness and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia is significant because the p-value is 0.000 (p-value <0.01). So, the null hypothesis is rejected and H1 is accepted.

Hypothesis 2

H2: There is a positive and significant relationship between religious and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

H0: There is no significant positive relationship between religious and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

In table 4.16 of Pearson Correlation Analysis shows the relationship between religion and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia. The value of the correlation coefficient is 0.745 indicated that there is a moderate relationship between both of them. As result, there is a positive relationship between religious and the intentions of SME's in choosing Islamic Finance in Kelantan,

Malaysia. Based on the result the relationship between religious and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia is significant because the p-value is 0.000 (p-value <0.01). So, the null hypothesis is rejected and H2 is accepted.

Hypothesis 3

H3: There is a positive and significant relationship between the reputation provided and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

H0: There is no significant positive relationship between reputation provided and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

The relationship between reputation provided and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia is shown in the table above and the value of the correlation coefficient is 0.742 indicated that there is a moderate relationship between both of them. As result, there is a positive relationship between the reputation provided and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia. Based on the result the relationship between the reputation provided and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia is significant because the p-value is 0.000 (p-value <0.01). So, the null hypothesis is rejected and H3 is accepted.

Hypothesis 4

H4: There is a positive and significant relationship between satisfaction obtained and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

H0: There is no significant positive relationship between satisfaction obtained and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.

Table 4.16\shows the relationship between satisfaction obtained and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia and the value of correlation

coefficient is 0.802 indicated that there is a moderate relationship between both of it. As result, there is a positive relationship satisfaction obtained and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia. Based on the result the relationship between satisfaction obtained and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia is significant because the p-value is 0.000 (p-value <0.01). So, the null hypothesis is rejected and H4 is accepted.

Table 4.17 Overall of Pearson Correlation

	Hypothesis	Pearson's Correlation Result	
H1	There is positive and significant relationship between awareness and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.	R = 0.695 P= 0.000	Supported
H2	There is positive and significant relationship between religious and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.	R = 0.745 P = 0.000	Supported
H3	There is positive and significant relationship between reputation provided and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.	R = 0.742 P = 0.000	Supported
H4	There is positive and significant relationship between satisfaction obtained and the intentions of SME's in choosing Islamic Finance in Kelantan, Malaysia.	R = 0.802 P = 0.000	Supported

4.7.2 Multiple Linear Regression Analysis

Regression coefficient is the technique used to test the relation between dependent variable and independent variable when it stays constant. Multiple linear regressions (MLR) were applied to predict the outcome of a response variable. The table 4.18 and 4.19 below shows the result of model summary and ANOVA.

Table 4.18: Model Summary of Independent Variables Towards Average Intention

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.814[a]	.662	.658	.50363

a.Predictors:(Constant),Average_Satisfaction,Average_awareness,Average_Religion,Average_Reputation

b. Dependent Variable: Average_intention

Table 4.19: ANOVA for Relationship Between Independent Variable and Consumer

ANOVA[a]

Model		Sum of Square	df	Mean Square	F	Sig.
1	Regression	186.183	4	46.546	183.507	.000
	Residual	95.117	375	.254		
	Total	281.299	379			

a. Dependent Variable: Average_intention

b.Predictors:(Constant),Average_Satisfaction,Average_awareness,Average_Religion,Average_Reputation

According to table 4.20, the factors such as awareness, religion and satisfaction were significant since their p-value was less than 0.05. However, factor reputation was no impact on the intention SMEs in Kelantan, Malaysia to choose Islamic banks because

the p-value is more than 0.05 which the p-value is 0.763. Next, based on data in table 4.20, the factors such as awareness, religion and satisfaction were significant since the p-values were less than 0.05.

The equation of regression can be written as follows:

Formula 4.1 Equation of Regression

$$Y = a + \beta X1 + \beta2 X2 + \beta3 X3 + \beta4 X4$$

Y = Intention SME using Islamic banking

X1 = Awareness

X2 = Religion

X3 = Reputation

X4 = Satisfaction

Hence, the equation becomes

$$Y = 0.172 + 0.148 X1 + 0.196 X2 + -0.029 X3 + 0.686 X4$$

Table 4.20 Coefficient Analysis

Model		Unstandardized Coefficients		Standard Zed Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	.172	.141		1.213	.226					
	Average_ Awareness	.148	.059	.133	2.511	.012	.695	.129	.075	.320	3.123
	Average_ Religion	.196	.079	.165	2.464	.014	.745	.126	.074	.201	4.968
	Average_ Reputation	-.029	.096	-.023	-.302	.763	.742	-.016	-.009	.155	6.461
	Average_ Satisfaction	.686	.086	.578	7.967	.000	.802	.380	.239	.171	5.838

The intensity of the effects of each of the independent variables on the dependent variable is expressed by the Unstandardized Coefficients beta. The greater the beta coefficient value, the stronger the independent variable's effect on the dependent variable. According to table 4.20, the most influential independent variable in measuring the intention of SMEs in Kelantan, Malaysia to choose Islamic banking was satisfaction ($\beta = 0.686$). Religion ranked at a second rank ($\beta = 0.196$) and followed by the awareness ranked at a third rank ($\beta = 0.148$). The lowest influence of the intention of SMEs to choose Islamic banks was reputation ($\beta = -0.029$).

4.8 Summary of The Chapter

In conclusion, this chapter has discussed data analysis using frequency tables, mean illumination, and correlation and regression analysis. Demographic information provides background information on the respondents, namely the population in Kelantan and its factors that influence the intention of SME Kelantan, Malaysia to choose Islamic Bank from awareness, religion, reputation and satisfaction. Therefore, a strong independent variable that is close to the dependent variable, is satisfaction because the Beta value is 0.686 which is the highest independent variable compared to the other independent variables.

CHAPTER 5

DISCUSSION AND CONCLUSION

5.1 Introduction

The findings and recommendations of this study are presented in-depth in Chapter Five. The researcher will explore the implications of this study in terms of two factors in this chapter: academic implications and practical effects. The researchers also explain the study's limits and conclusions, as well as future research ideas based on the study's findings. This investigation's conclusions are based on the results of the data analysis performed in this study. The researchers also provide a discussion of the study's limitations and conclusions, as well as suggestions for future research based on the findings of the study. The conclusions drawn from this investigation are based on the findings of the data analysis conducted in this study.

5.2 Key findings

By sending questionnaires using an online survey, such as Google form, researchers were able to gather data from the participants in this study. The researchers then used IBM SPSS Statistics version 22 to analyze the data and come up with their findings. We can see and verify the existence of a link between two sets of data by looking at the Pearson correlation coefficients. The link between variables has been defined in light of the significance of the result for the variable, as evidenced by the coefficient value, in accordance with the study's aims in chapter one. Hypothesis testing may thus be addressed and proved after the analysis has been completed.

Table 5.1: Summary of Hypothesis Testing

Hypothesis	Objective	Result
H_1	To identify the level of awareness SME's influence the intention to choose Islamic Finance.	Accepted
H_2	To determine the effects of religious SME's intention to use Islamic Finance.	Accepted
H_3	To examine the effects of the reputation of SME's to the intention of using Islamic Finance.	Accepted
H_4	To evaluate the effects of satisfaction for SME's to intention to choose Islamic Finance.	Accepted

5.3 Discussion

The study looked at the factors that influence SME's decision to use Islamic finance in Kelantan, Malaysia. The study's goal is to uncover the most important elements influencing SME entrepreneurs' desire to use Islamic finance. The online surveys yielded 380 replies, allowing the researcher to collect data. In this study, the researcher was able to gather data using the research instrument (online questionnaire), and the results for the tests were acquired after analysing the data using IBM SPSS Statistics version 22. Cronbach's Alpha, reliability analysis, and Pearson Correlation Coefficient are all used in data analysis.

5.3.1 Hypothesis 1

H_1: To identify the level of awareness SME's influence the intention to choose Islamic Finance.

When it came to the independent variable, which was knowledge and awareness, a mean and standard deviation analysis was performed. The initial purpose of the study was to determine whether or not small and medium-sized enterprises (SMEs) in Kelantan,

Malaysia, are aware of Islamic finance and whether or not this knowledge influences their desire to use Islamic finance. To summarise, the coefficient alpha for the independent variable of knowledge and awareness was 0.883, indicating that it had extremely excellent consistency and stability according to the general rules of thumb for Cronbach's alpha coefficient (hair et. Al,2003). In the opinion of Masuduzzaman, Akther, and Ara (2018), small and medium-sized firms (SMEs) that are financed by Islamic banks are more efficient and developed than SMEs that are financed by regular financial institutions. But the most important practical obstacle that SMEs face is a lack of knowledge and understanding about Islamic finance choices that are suitable for their requirements (Elasrag, 2016).

5.3.2 Hypothesis 2

H₂: To determine the effects of religious SME's intention to using Islamic Finance.

Following that, it is possible to deduce that the coefficient alpha for the independent variable of religious duty was 0.894 for this study. This demonstrated that the consistency and stability of 0.894 were very excellent according to the rules of thumb for Cronbach's alpha coefficient, as seen by the graph (hair et.al, 2003). According to Jaffar and Musa (2013), the great majority of Halal-certified micro and small to medium-sized companies in Malaysia should utilise Islamic finance due to the fact that they are Halal businesses. According to the findings of the survey, only 40% of people who took part in it utilised and borrowed Islamic money, with the remaining 60% using it as a non-consumer resource. It was discovered via the poll that half of those who took part had little or no awareness of Islamic financial institutions, which may explain why they do not borrow from them in the first place.

5.3.3 Hypothesis 3

H₃: To examine the effects of the reputation of SME's on the intention of using Islamic Finance.

Then, it is possible to deduce that the coefficient alpha for the independent variable of religious duty was 0.894 for this study. This demonstrated that the consistency and stability of 0.894 were very excellent according to the rules of thumb for Cronbach's alpha coefficient, as seen by the graph (hair et.al, 2003). According to Jaffar and Musa (2013), the great majority of Halal-certified micro and small to medium-sized companies in Malaysia should utilize Islamic finance due to the fact that they are Halal businesses. According to the findings of the survey, only 40% of people who took part in it utilized and borrowed Islamic money, with the remaining 60% using it as a non-consumer resource. It was discovered via the poll that half of those who took part had little or no awareness of Islamic financial institutions, which may explain why they do not borrow from them in the first place.

5.3.4 Hypothesis 4

H₄: To evaluate the effects of satisfaction for SME's to intention to choose Islamic Finance.

Lastly, the coefficient alpha for the dependent variable Customer Satisfaction was found to be 0.927, which may be considered as a final result. As a result, Cronbach's alpha value of 0.927 demonstrated exceptional consistency and stability when compared to the rules of thumb (hair et.al, 2003). In Islamic financial institutions, Janahi and Almubarak (2015) and Ali and Raza (2015) both emphasise the importance of customer service quality, specifically in terms of compliance, responsiveness, empathy, tangibility, dependability, and assurance, as important factors in achieving

customer satisfaction. The level of client satisfaction in Islamic financial institutions is a critical aspect in enhancing the profile of the Islamic bank as a whole. As a result of their commitment to ethical and interest-free conduct, Islamic banks are the most dependable financial organizations. Consequently, consumers who utilize Islamic banking services will be better satisfied with their purchases as a consequence of their participation.

5.4 Implications of the study

This researcher is conducted to show factors influencing the intentions of SME's in choosing Islamic finance in Kelantan, Malaysia. The study is to identify the most factors influencing the intentions of SME's in choosing Islamic finance among entrepreneurs. The data collected in this research are very useful and valuable for helping entrepreneurs find out the factor influencing the intentions of SME's in choosing Islamic finance in Kelantan, Malaysia. The implications of this research are SME financing products and operational assistance from Islamic banks, in particular, could be exploited by the latter. Previous research has highlighted SMEs' owners' personality qualities and behaviors as one of the most critical elements affecting their decision to seek funding for their firms. Furthermore, due to a lack of understanding of Islamic finance, small and medium-sized firms (SMEs) appear to be misunderstanding the notion of Islamic banking. Islamic banks and authorities should address this misperception by providing training, seminars, and education to SMEs, regardless of religious affiliation or community status. To create an acceptable framework for Islamic SME finance, the government and practitioners must collaborate to create an urgent agenda.

5.5 Limitation

This assessment uncovers certain flaws. The first constraint is that it is difficult to grasp the questionnaire and how to answer the questions, which has an impact on data quality and reliability. Some people may have trouble interpreting the question and responding honestly. These beliefs have an impact on the accuracy of one's knowledge. Aside from that, some respondents indicated that they would rather not reply to the survey. They didn't want to disclose their opinions or information regarding their decision to use Islamic finance. They were concerned that the researchers would reveal their information to third parties. This was due to the fact that there are simply too many scammers out there nowadays who can put people's personal lives in jeopardy. Furthermore, some respondents did not complete the questionnaire, resulting in missing data that had a significant impact on the findings reached from the data.

On the other hand, the selected sample primarily focused on SMEs in Kelantan. Therefore, SMEs in Kelantan were likely recommended to use Islamic Finance in their business rather than another state will course problems such as regulation and legislation, tax discrimination and financial instrument while answering questionnaires. This study only focused on the three factors, which are level of awareness, religion, reputation and satisfaction. Future study may include other variables namely subjective norms, attitude towards Islamic financing and perceived behavioral control.

5.6 Recommendation

According to the researchers, the cooperation program can be implemented to the benefit of small and medium-sized businesses. The bank can offer membership in this program and teach them in technical aspects relating to Islamic finance products, as well as provide them with all exposure to the most recent product innovations. This

training can assist a visiting entrepreneur looking for Islamic financing options in better controlling their conduct.

It is also advised that Islamic banks or financial institutions advertise and sell their goods to the general public using a range of media outlets accessible in Malaysia. Newspapers, television, radio, Facebook, Twitter, and so on. They should provide additional details regarding Islamic financial products.

Finally, it is suggested that the questionnaire be translated into several languages, including English, Malay, and Chinese, to aid comprehension and avoid any misunderstandings or invalid responses, which would jeopardize the questionnaire's accuracy and suit the relevancy of non-Muslim respondents in answering questions.

5.7 Conclusion

The continuous rise of the Islamic finance industry has spurred demand for Islamic financing, particularly among SMEs, which are managed by Islamic financial institutions as the primary lender. Some issues should be addressed in the expansion and increase of the number of SMEs in order to boost their development. Due to the report and news uncovered by the government and SMEs, Islamic SME financing is considered as having bad management. Although SMEs are widely acknowledged as the backbone of the country's economic growth, they appear to have limited resources to expand their operations. Industries that play such a significant role in the national economy should seize every chance to expand their operations and keep them running for the long term. Islamic banks particularly could take opportunities to provide financing products toward SMEs and help them operate.

The majority of the explanation for such intent comes from TPB, which shows that attitudes, religiosity, and external variables all influence SMEs' decisions to use

financial products. However, in Malaysia, the mindsets of SMEs' owners, as well as their unwillingness to seize opportunities, act as a hindrance to their growth. With such barriers in place, financing companies and banks would be unable to offer financial leverage to SMEs. Furthermore, the concept of Islamic banking tends to be misunderstood by SMEs due to a lack of knowledge of Islamic finance. Islamic banks and authorities should address this misperception by offering training, seminars, and education to SMEs of all statuses and religions. Thus, establishing an appropriate framework for Islamic SME finance is a top priority for the government and practitioners.

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APPENDIX A - RESEARCH QUESTIONS

SECTION A: Demographic Profile and Business of SME's Characteristics

1. Religion

    a) Muslim
    b) Non-Muslim

2. Gender

    a) Male
    b) Female

3. Education level

    a) Secondary
    b) Diploma or Bachelor's degree
    c) Masters or PhD

4. Age

    a) 18-30 years old
    b) 31-40 years old
    c) 41-50 years old
    d) Above 50 years old

5. Annual sales turn over

    a) Less than RM250,000
    b) RM250,000 – RM500,000
    c) RM500,000 – RM 1 million
    d) RM 1 million – RM 25 million
    e) Above than RM 25 million

6. Number of employees

    a) Less than 5
    b) 5 to 10 staff
    c) 10 – 50 staff
    d) 50 – 150 staff

7. Usage of Islamic financing

    a) Currently borrowing
    b) Have borrowed before, now no more
    c) Have never borrowed

8. Knowledge on Islamic financial system

    a) No knowledge at all
    b) Limited knowledge
    c) Understand partially
    d) Knowledgable
    e) Very knowledgeable

SECTION B: Knowledge and Awareness

Scale:

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

Question	Scale				
	1	2	3	4	5
1. 1. I am aware of the existence of Islamic financing for SMEs in Malaysia.					
2. I know the contrasts between Islamic and conventional financing.					
3. Islamic financial products and services are similar to conventional financial products and services, with the exception that banks call them by different names to distinguish them.					
4. I am familiar with the basic principles or concepts that are used in Islamic finance.					
5. I know that both Muslims and non-Muslims have access to Islamic financial products and services.					
6. I know that Islamic finance, which is in banking involves an interest reward system.					
7. I am aware that the Islamic financial system involves a profit and loss sharing system.					
8. I know that Islamic finance cannot invest in an Industry that provide haram product or services.					
9. I am aware that every Islamic finance is an interest-free system.					
10. I know that bank which using Islamic finance system is follow the guideline of Shariah.					

SECTION C: Religion Obligation

Scale:

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

Question	Scale				
	1	2	3	4	5
1. Shariah or Islamic law is followed by Islamic financial institutions and agencies which provide Islamic financing.					
2. Interest-free are provide by Islamic financial institutions and agencies.					
3. Muslims are prohibited from associating themselves with the element of interest practice by conventional system.					
4. I borrow Islamic financing because of my religious belief.					
5. As an owner of business in SMEs category, I should be using Islamic financing in business.					
6. I agree that Islamic banking system is better than conventional banking.					
7. When choosing Islamic banking profits will be obtained in a way that does not contradict Islam.					
8. I will get many advantages that will be available if I choose this Islamic banking.					
9. I know that this Islamic Finance is interest rate free and its source is halal but only for Muslims only.					
10. The method used by Islamic Finance is better because the profit collected is fixed.					

SECTION D: Reputation

Scale:

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

Question	Scale				
	1	2	3	4	5
1. Islamic financial institutions and agencies uphold the Islamic religion's reputation and image.					
2. Islamic financial institutions and agencies contribute to the well-being of society (i.e. giving donations or scholarships).					
3. The goal of Islamic financing institutions and agencies is to not only maximize profit, but also to improve the living standards and the welfare of society.					
4. Many hidden charges are not properly explained by financial institutions and agencies that provide Islamic financing.					
5. I believe Islamic financial institutions and agencies contribute to the environment friendly.					
6. I believe Islamic financial institutions and agencies are transparent.					
7. In general, Islamic banking services are better than the conventional ones.					
8. I believe that Islamic banks pay higher profit on deposits compared to the conventional ones.					
9. Adhering to Islamic banking services is an excellent idea.					
10. Staff of Islamic banks is more competent and knowledgeable compared to the conventional banks.					

SECTION E: Satisfaction

Scale:

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

Question	Scale				
	1	2	3	4	5
1. I am satisfied using the services offered by Islamic financial institutions and agencies.					
2. Customer service at Islamic Finance very responsive and helpful.					
3. I like the interest -free that provided in Islamic finance institutions and agencies.					
4. The quality service provided by Islamic financial institutions are much better than the conventional.					
5. Islamic banks provide prompt service and transaction speeds that are adequate. Example online banking, service on counter and more again.					
6. I am extremely pleased with the profit rates that Islamic banks provide.					
7. When I go to Islamic banks, I always get timely service.					
8. Islamic Banks provide assurance on their Shariah compliance products.					
9. I trust on Islamic banks as my religious thoughts.					
10. Islamic bank employees and the atmosphere to deal with Islamic banks is very comfortable and convenient.					

SECTION F: Intention to Adopt Islamic Finance

Scale:

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

Question	Scale				
	1	2	3	4	5
1. In the latest quarter, I intend to implement Islamic financing in my business.					
2. In the future, I am likely to use Islamic financing in my business.					
3. In my business, I will use Islamic financing.					
4. Islamic finance guarantees that one's money has no element of doubt.					

GANTT Chart - Project Planner (PPTA I)

| | Plan Duration | Actual Start | % Complete |

ACTIVITY	PLAN START	PLAN DURATION	ACTUAL START	ACTUAL DURATION	PERIODS 1 2 3 4 5 6 7 8 9 10 11 12 13 14
• Final Year Research Project Briefing I • Distribution of Final Year Research Project Guidelines	1	1	1	1	
• Meetings and discussions with Supervisors (continued) • Verification of the appropriate field/title of the research project	2	1	2	1	
Writing a draft of a Research Project Proposal: • Research problem • Research objective • Literature Research	3	2	3	2	
Writing a draft of a Research Project Proposal: • Study Framework • Scope of the research • Research methods • Data Collection Methods • Data Analysis Methods	5	2	5	2	
• Review of the study framework • Correction of the draft Research Project Proposal	7	2	7	2	
Final revision of the draft Research Project Proposal with students	9	1	9	1	
• Submission of draft Research Project Proposal to Supervisor • Review by Supervisor • Corrections by students	10	3	10	3	
Submission of three (3) Research Project Proposal Reports to the PPTA specialization coordinator (students are required sign the UMK/TNCA/SPKA/FK-BF9 form	13	1	13	1	
Presentation and assessment	14	1	14	1	

100

GANTT Chart - Project Planner (PPTA II)

		Plan Duration		Actual Start		% Complete

ACTIVITY	PLAN START	PLAN DURATION	ACTUAL START	ACTUAL DURATION	PERIODS 1 2 3 4 5 6 7 8 9 10 11 12 13 14
• Final Year Research Project Briefing II • Student meetings with Supervisors (ongoing)	1	1	1	1	
Data collection planning	2	1	2	1	
Data collection	3	2	3	9	
Data Analysis Workshop (Students are required to bring a laptop that has been downloaded the latest version of SPSS or statistical software relevant and pilot study data)	5	1	5	1	
• Data analysis • Writing a draft of a research project • Findings report • Interpretation and discussion of findings • Implications of the findings • Conclusion	6	2	9	4	
Submission of draft research project results to Supervisor • Turnitin filter • Review by Supervisor • Correction of research project reports that have been reviewed by the Supervisor	9	1	12	1	
Submission of three (3) copies of the final project report non -volume research along with Turnitin result slips to the coordinator (students are required to sign form UMK/TNCA/SPKA/FK-BF9)	11	3	13	1	
Presentation and evaluation of the final project report research	12	1	14	1	
• Submission of marks by Supervisor and examiner to PPTA specialization coordinator • Corrections and improvements by students	13	2	14	1	