

**THE IMPLICATION OF TRANSPARENCY IN
ISLAMIC FINANCE TOWARDS ZAKAT
INSTITUTIONS AMONG UMK STUDENTS**

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The Implication of transparency in Islamic Finance towards Zakat Institution among UMK Students

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LIST OF ABBREVIATIONS

(UMK) University Malaysia Kelantan

(TRA) The Theory of Reason Action

(SPSS) Social Sciences Statistical System

(FEB) Faculty of Entrepreneurship and Business

(SAB) Ijazah Sarjana Muda Perbankan & Kewangan Islam



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ABSTRAK

Pengertian zakat adalah salah satu daripada rukun Islam yang kelima. Antara hikmah dan tujuan ALLAH SWT mensyariatkan zakat ialah mengagihkan sebahagian kecil kekayaan daripada golongan yang berada kepada golongan yang kurang berada. Selain itu, mewujudkan sifat bersyukur terhadap nikmat yang dikurniakan oleh ALLAH SWT dalam kalangan golongan yang berada. Di samping itu juga memberi peluang kepada golongan hartawan untuk beribadat dalam bentuk mengeluarkan zakat daripada harta mereka. Seterusnya mewujudkan kesatuan dalam kalangan masyarakat Islam dalam urusan ekonomi dan kewangan. Sebagaimana yang kita ketahui, ketelusan kewangan islam terhadap institusi zakat amatlah terjamin kerana kewangan Islam adalah berlandaskan shariah Islam. Kajian ini adalah tentang niat membayar zakat bagi konteks kewangan islam kalangan pelajar Universiti Malaysia Kelantan (UMK) terhadap institusi zakat. Ia akan memberi tumpuan kepada pelajar di kampus Pengkalan Chepa. Kajian akan ditumpukan kepada pelajar di Fakulti Keusahawanan dan Perniagaan di mana ia selaras dengan objektif penyelidikan ini. Kajian ini menggunakan beberapa teknik statistik untuk menganalisis data, dan data dikumpul dengan mengedarkan soal selidik kepada 300 pelajar di Universiti Malaysia Kelantan (UMK) Kampus Kota.

ABSTRACT

The meaning of zakat is one of the fifth pillars of Islam. Among the wisdom and purpose of ALLAH SWT in stipulating zakat is to distribute a small part of the wealth from the rich to the poor. In addition, creating a state of gratitude for the blessings bestowed by ALLAH SWT among those who are. In addition, it also provides an opportunity for the wealthy to worship in the form of withdrawing zakat from their property. Next to create unity among the Muslim community in economic and financial matters. As we know, the transparency of Islamic finance to zakat institutions is very guaranteed because Islamic finance is based on Islamic sharia. This study is about the intention to pay zakat for the context of Islamic finance among students of University Malaysia Kelantan (UMK) to zakat institutions. It will focus on students at the Pengkalan Chepa campus. The study will be focused on students in the Faculty of Entrepreneurship and Business where it is in line with the objectives of this research. This study used several statistical techniques to analyse the data, and the data were collected by distributing questionnaires to 300 students at University Malaysia Kelantan (UMK) Kota Campus.

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CHAPTER 1: INTRODUCTION

1.1 Background of the study

Islamic Finance grew as a result of the Islamic values it projected and the belief that people had in these values. The main factor that has sustained the growth of Islamic finance has grown in popularity in recent years and Islamic Finance and the beliefs that accompany it have been around for a few decades. Customers who continue to trust the brand help Islamic banks compete with centuries-old conventional banks. However, how much do customers believe Islamic Financial Institution (IFIs) truly reflect the values associated with Islamic finance in their business operations and financial services. However, how much do customers believe Islamic Financial Institution (IFIs) truly reflect the values associated with Islamic finance in their business operations and financial services. One of the crucial values that has been in the realm of scholarly discussion is transparency. The extent to which these IFIs are transparent with their customers on current issues facing the Islamic finance industry.

Transparency is important because it is key component in ensuring consumer protection and financial literacy. Consumer awareness and financial literacy are important components that go hand in hand when it comes to consumer protection. Consumers of Islamic finance cannot be protected solely by Sharia principles and concepts. Regulations alone will not protect customers or ensure that IFIs follow customer protection guidelines to provide fair and equitable transaction.

This study was carried out in order to determine a bank's *maslahah*. In the implementation of contractual agreements and Islamic Finance principles, the Central Bank of Malaysia was found to take into account both the *maslahah* of Islamic banks and their customers. The first *maṣḥalah*

represents the viability of Islamic banks, while the second promotes fairness and transparency among Islamic banks and customers.

1.2 Problem Statement

Islamic finance is a financing activity that use the practice of sharia in very transaction. The use of the sharia in Islamic finance is important to make sure that it will not be corrupted with illegal elements that was prohibited by the Quran. For instance, some of the modes of Islamic finance was Mudarabah (profit-sharing and loss bearing), Musyarakah (joint venture), Wadiah(safekeeping), Ijara (leasing) and more of it. Transparency refer to the communication or accountability as well as legal and accounting infrastructure (Sekreter, 2013). As it was stated that all the financial instruments and operations in Islamic finance must contains the rules from sharia and Islamic ethics to make sure that it's free from illegal elements.

That's why in every transaction that will be made in every Islamic finance will be included with any of rules that stated by sharia or Islamic jurist because it must be understood clearly before it being applied in any Islamic transaction. As a matter of fact, since transparency is so crucial in Islamic finance, it has an even greater influence on zakat institutions' transparency. This is because the level of transparency has a great impact on their performance. Having a lack of management transparency of the zakat institution results in the execution of the zakat institutions becoming low in the end (Nasri, Aeni, & Haque-Fawzi, 2019).

As the above statements stated, the zakat institutions still faced some problems because of the lack of absence of the transparency. Hence it is important for the clients mostly the students need to aware of the importance of the zakat institution's transparency for them. To make them

easier for them to pay their zakat in the future if they understand more about this issue. Moreover, this can help them to remove the doubts about transparency of Islamic finance by analysing its transparency and implications to zakat institutions. Therefore, our current research will focus on the implication of transparency in Islamic Finance that affects zakat institutions and the awareness among UMK students.

1.3 Research Question

Based on the identified research problems stated above, this study tries to answer the following questions:

- i. To study factors UMK student's perception regarding Islamic Finance transparency.
- ii. To study the importance of zakat transparency among UMK students.
- iii. To examine the awareness among UMK students regarding zakat transparency in Islamic Finance.

1.4 Research Objectives

This research aims to study the implication of transparency in Islamic Finance that affects zakat institutions and the awareness among UMK students. The research objectives are as follows:

- i. What are the UMK student's perception regarding Islamic finance transparency?
- ii. What are the importance of zakat transparency among the UMK students?

- iii. How does UMK students aware about zakat transparency in Islamic finance?

1.5 Scope of the Study

This research includes mainly an empirical analysis of transparency in Islamic Finance towards zakat institutions. Those people among University Malaysia Kelantan student are the target demographic for this research. The aim of this research was to study The Implication of transparency in Islamic Finance towards zakat institutions among UMK students. The theory of Reasoned Action (TRA) was used to describe the relationship between dependant and independent variables, which includes subjective acceptance, attitudes, and norms in this study.

1.6 Significant of Study

This study investigates the effects of transparency in Islamic finance on zakat institutions among UMK students. This study to observe the about how UMK students respond to the implication, the factor and the awareness of the transparency of Islamic finance towards zakat institution.

This study has lessons from research issues that the forming of the transparency of Islamic finance gives facilities and educate the awareness to students about the implication of transparency in Islamic finance towards zakat institution. In addition, in the future research should be undertaken to figure out of the findings and will improve the understanding of the transparency of Islamic finance institution among students.

1.7 Definition of Key Terms

1.7.1 Perception

Perception is a certainty or decision that many people frequently talk about and are based on how things look (Cambridge Dictionary, 2020). In this context of study, perception is referring to the perception about implication of transparency in Islamic finance towards zakat institution among UMK students.

1.7.2 Transparency

Transparency is the principle that ensures everyone's right to know about governance, the policy- making process, policy implementation, and policy outcomes. Transparency is a control policy. Every aspect of government policy that is available to the public is referred information. The release of information predicted to result in better political participation, acceptance and policies based on the public preferences. Transparency begins with good performance management (Gaventa & McGee, 2013).

1.7.3 Awareness

Awareness is connected with realization in the circumstance this thought represents an essential involvement such as a sensation or instinct that complements the experience of phenomena. Precisely, this is mentioned to as awareness of experience (Kokoszka, 2006). In (Cambridge Dictionary, 2020) awareness is knowing that something happens or knowing a situation or topic based on the information or experience current moment. In this context, awareness is referring to the how UMK students aware about implication of transparency in Islamic finance towards zakat institution.

1.8 Organization of the Proposal

It was allocated into five chapters in this study. The study is based in part on the research area, which followed by the chapters:

i. Chapter 1 (Introduction)

In the first chapter, Transparency defines to accountability as well as the legal and accounting infrastructure for economic decisions. Also clarify about overview, background of the study, declaration of issues, research questions, research objectives, important to survey, research limitations, interpretations of study, study organizations and chapter summary in this chapter.

ii. Chapter 2 (Literature Review)

This explains analysis literature in the second section. This chapter discusses the introduction, analysis of the Transparency in Islamic Finance, and related studies performed by the previous researcher through the papers, posts, research framework, and last one is overview chapter.

iii. Chapter 3 (Research Methodology)

This section is a detailed overview procedure in the study that started with the introduction and proceeded by the research methods, research design, research techniques, population study, sample size, data collection, pilot study, data analysis and conclusion is summary chapter.

iv. Chapter 4 (Analysis of Findings)

This involves description in this topic, next is findings from the research information, findings from the triangulation process and lastly a review of chapters. It also includes analysis and presentation of the data obtained for this study from the findings.

v. Chapter 5 (Conclusion)

Finally, the last chapter to this study is Chapter 5. It will be the endorsements in this chapter to solve the issue that has arisen from Transparency's adoption in Islamic Finance. In addition, there is a recommendation for future research and finally the study's conclusion to bring the research to a close.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter provides a details about the relevance of Implication of transparency in Islamic Finance towards zakat institutions, the importance of transparency among the community in zakat management and the impact of inefficiency in managing zakat for the community so that they are confident in transparency. In addition, this study has used Theory Reasoned Action (TRA) which consists of beliefs, attitudes, desires and subjective behaviours in this research. According to this theory, intention is a factor that affects the occurrence of an action. Intention is influenced by two basic factors, namely personal factors and social influence factors. Both of these factors have a positive impact on the intention of individual behaviour, which leads to positive behaviour. Transparency in the management of zakat is very essential to the study because it will impact the diffusion of zakat for those who need it.

As a result, transparency in the management of zakat is critical in persuading the public, particularly UMK students, to issue zakat for those who can afford it.

2.2 Underpinning Theory

2.2.1 Theory of Reasoned Action (TRA)

Martin Fishbein and Icek Ajzen created the Theory of Reasoned Action as an improvement on the Information Integration theory (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975). There are two significant changes. First, Reasoned Actions introduces a new component to the persuasion

process, behavioural intention. Unlike Theory of Information Integration (and several others), Reasoned Action is especially concerned with behaviour rather than attitudes. This theory, however, acknowledges that there are circumstances (or factors) that limit the impact of attitude on behaviour. For example, if our behaviour helps motivate us to go on a date but we don't have enough money, our lack of money will prevent our behaviour from inspiring us to go on a date. As a results, Reasoned Action estimates actual behaviour, which is an effect that exists between predicting attitudes and actually predicting attitudes. Reasoned Action discusses the factors that the limit in the influence of attitudes (or behavioural intention) on behaviour because it distinguishes between behavioural intention and behaviour.

The theory of reasoned action (TRA) is driven by behavioural intentions, which are a function of an attitude toward the behaviour and subjective norms surrounding the behaviour's performance. The conception of intention is the theory's goal. Previous study that used the theory of attitude as the underpinning theory resulted in the study of attitude and behaviour championed by Fishbein and Ajzen (1975). The individual's positive or negative feelings about performing a behaviour are defined as their attitude toward the behaviour. According to this theory, a person's attitude towards a behaviour consists of two components which is a belief that specific behaviour leads to a specific outcome and an evaluation of the outcome of that behaviour (Ajzen & Fishbein, 1980). If the outcome appears to be beneficial to the individual, he or she may intend to or actually engage in a specific behaviour.

2.3 Previous study

Independent Variables:

1. Perception of transparency

Accordingly, the transparency in Islamic finance and clarification of zakat institutions is most likely the most important factor influencing zakat payers' trust and compliance. A high level of transparency and disclosure in Islamic finance and disclosure is thought to encourage zakat payers' social and ethical incentives to pay their zakat to a specific zakat institution. Although transparency and disclosure of information are two distinct concepts, they are inextricably linked and have an impact on each other's outcomes. Specifically, information disclosure is the primary tool that regulators use to ensure corporate management transparency to stakeholders and investors who can then make informed decisions.

According to (Fadilah, 2013) Transparency is implementing in the decision making process as well as in the proposed material and relevant information in the proposed material and relevant information about the company. Transparency in Islamic finance towards zakat institution is related to the quality of the information communicated by companies. The quality of the product will have a significant impact on shareholder or consumer sentiment.

2. Perception in accountability

According to (Fadilah, 2013) accountability is defined as the clarity of function, implementation, and accountability of the shareholder's general meeting, the committee of commissioners or supervisors and directors, as well as capital owners, manage the company to ensure its effectiveness and efficiency. Furthermore, accountability entails reporting financial

statement on a regular basis and developing risk management strategies in accordance with (Kuncaraningsih, 2014).

Accountability is a form of company responsibility to the stakeholders (Rahman, 1998). Accountability is an effort or activity to produce appropriate disclosure. Accountability is also attached to social role for which muhtasib (accountant) believes that sharia law has been performed and that public welfare finally becomes the main objective of the company activities (Abu-Tapanjeh, 2009). Because of muzakki's knowledge on the quality of zakat institution is considered to be the external cause that affects muzakki's affective trust in zakat payment, the role of accountability can be explained using attribution theory in improving muzakki's trust in zakat institution. Meanwhile, the relevance of Agency theory to explain the relation between accountability and affective trusts is that, with the existence of good accountability, muzakki will be able to gain the sense of being noticed and appreciated so that muzakki's affective trust will be increased. Hence, muzakki will feel safe to pay zakat to zakat institution in the belief that the zakat will be distributed to those who deserving it.

3. Zakat Payers Attitude

Zakat payer's attitude is the behaviour of the Zakat payer towards paying Zakat. According to previous study, it is hypothesized that there is a strong relationship between the behaviour of the Muslim population and its willingness to pay Zakat on income (Bidin et al., 2016). In the context of Zakat, (Bidin et al., 2016) revealed a significant positive relationship between Zakat behaviors to employment earnings and Zakat attitudes to employment income (Bidin et al., 2016).

However, based on the study made by Mohd Haikel (2014) with respect to an attitude, it is one of the causes that suggests that it influences the willingness of a person to do something, and

the researchers have explored different aspects that can influence the attitude in reaction. Between these are Dharmesta 's belief and appraisal as stated.

4. Trust

Trust can be defined as the belief of one party in the other party because the other party is competent, open, caring, and reliable (Zur et al., 2012). Another research defines trust as an expectation or positive hope that other person would not act opportunistically (Robbins & Judge, 2008). Trust is an important factor in exchange transaction between business partners. Trust can be based on rational aspect (cognitive) and emotional aspect (affective). Some literatures state that both types of trusts must be distinguished because both of them may differently affect an organization effectiveness (McAllister, 1995; Johnson & Grayson, 2005). Having a reputation as a satisfying partner will lead an agent to gain cognitive trust, which in turn will affect principal's willingness to cooperate with the agent. Affective trust develops when both partnered parties share an emotional bond that allows each party to feel safe during a transaction or cooperation.

Dependent variable:

1. Intention to pay zakat

The Theory of Reasoned Action (TRA) is a model that has its roots in social psychology. This model developed by Fishbein and Ajzen (1975) defines the links between beliefs, attitudes, norms, intentions, and behaviours of individuals. Intention is defined as a mental set that includes feelings, hopes, convictions, prejudice, and other tendencies that lead an individual to make a decision (Nur 'Aini, 2015). Previous researchers have developed research on the intention to pay zakat. Ulumuddin (2013) explains that from the factoring process through his research on

capability and service, relationship, location, and transparency are all factors that influence society's willingness to pay zakat, infaq and sadaqah.

According to (Ajzen, 2005) Intention is the main determining factor in predicting behaviour, the behaviour is reflected in one's planned intentions to take actions or not.

2.4 Hypothesis statement

In this study, among the following hypothesis that will be tested are:

2.4.1 Hypothesis 1:

There is a significant positive relationship between the UMK student's perceptions regarding the transparency towards payment of zakat through zakat institution. As we know zakat management in Malaysia has lack of transparency because insufficient information is disclosed by the zakat institutions. However, some of the information has high level of confidentiality and is considered private in nature by zakat institutions (Taha, Adam, Ali, and Ariff (2017). Besides that, according to Firmansyah and Devi (2017), In order to meet the standards of transparency demanded by the Code of Ethics, zakat institutions should create guidelines for financial reporting, follow by policies on zakat distribution, and track their decisions. Another study by Septiarini (2011) an analysis of the collection of zakat, infaq, and sodaqoh at LAZ Surabaya, it is founded that the transparency, which occurs as Tabligh in Islam, had made a positive and significant impact in it. The Malaysians zakat institutions failed to communicate information about the zakat funds with stakeholders due to their failure to master new knowledge or understand one another. (Khairi and Mohd Noor, 2012).

2.4.2 Hypothesis 2:

There is a significant positive relationship between the student's perceptions of accountability towards the transparency of zakat institutions. as we know Accountability, according to us, is defined as the ability to read and understand the financial statement, whereas transparency can be seen in the public availability of financial statement, especially to the public generally (Jayanto & Munawaroh, 2019). Besides that, each financial statement must be arranged according to zakat accounting. It is necessary to account for zakat in accordance with sharia rules and to meet the needs of accountability and transparency in good governance to manage zakat in accordance with Islamic principles. (Astuti & Asrori, 2016). Aside from that, the attribution theory can be used to explain on how accountability works. The objective of this study is to increase the trust of muzakki in zakat the institutions since their perceptions about the quality of zakat institutions are considered to be the external factors affecting muzakki's trust in paying zakat. (Ikhwandha & Hidayati, 2019). Moreover, according to (Nikmatuniayah & Marliyati, 2017) Zakat committees do not generally prepare accounting reports (financial) since there is no national standard. As a result, it is possible for the zakat committees to not disclose the truth about zakat because such decisions are made in the public interest.

2.4.3 Hypothesis 3:

There is a significant positive relationship between the zakat payer's attitude of University Malaysia Kelantan students towards the transparency of zakat institutions. The attitude in paying zakat are important for the students to be more interested in learning about the zakat transparency. As they had to pay the zakat on their own sooner or later. Besides that, perceived behaviour control shows the perceived capability to perform a targeted behaviour which effect on attitude with

significant intention to pay Zakat (Hassan, Hameed, Basheer, & Ali, 2020). There are quite many results from the past work regarding the zakat payer's attitude toward zakat transparency but most of them shows about the behaviour of the clients regarding on paying the zakat. According to Mastura (2011) In addition to the intention of the clients to pay zakat from their savings, they provided indicators including the implementation, sustainability, the payment location, and revenue growth. Moreover, Husna (2009), and Othman (2011), moreover, Interest is tracked by an indicator that is increased payments and technical payments.

2.4.4 Hypothesis 4:

There is a significant positive relationship between the UMK student's trusts regarding the transparency toward the zakat institutions. In the study by Jayanto and Munawaroh (2019) A Zakat management organization is an institution based on religious principles, meaning their responsibilities extend beyond the human community to Allah. As per Shariah enterprise theory, Allah resides in the highest position of authority as in another word that is the eminent of trust. Besides that, Trust is believed to emerge from within an individual, so that an action can be taken, and there must also be a willingness to believe (Haji-Othman, 2016). Due to this, as they said an action must be taken, and there must be a willingness in order to accept the outcome. Therefore, some people will pay zakat through the zakat management organization if they have trusted the organization (Jayanto & Munawaroh, 2019). Apart from that, according to Yunus (2016) the trust of traders in Baitul Mal towards the distribution of Zakat is positively related to the trust of the government. Moreover, the Research conducted by Triyawan (2017) indicates that trust is positively correlated with a desire to pay zakat. Lastly, Ghazali et al. (2016) noted in their study that discovered that trust is one of the primary factors influencing the choice of zakat institution.

2.5 Conceptual Framework

The purpose of this study is to examine Transparency in zakat institution among UMK Students. can be explained by transformational leadership scores. This section describes the proposed theoretical framework. In general, the main theory underlying the theoretical framework of the proposed study consists of theory reasoned action (TRA). which consists of beliefs, attitudes, desires and subjective behaviours in this research.

According to this theory. In Theory of Reasoned Action (TRA), attitude is an assessment of belief in a person's positive or negative feelings. In this case religiosity is a personality that a person possesses will influence him to behave. Because religion is a problem that a person embraces. Until a person's intention to behave positively is influenced by the personal factors of a person who needs to perform an action or behave to use the services of sharia.

The section presents a conceptual framework which includes two main variables discussed in this chapter between the issues on the implication of transparency in Islamic finance towards zakat institutions and the awareness of the among UMK students regarding the zakat transparency.

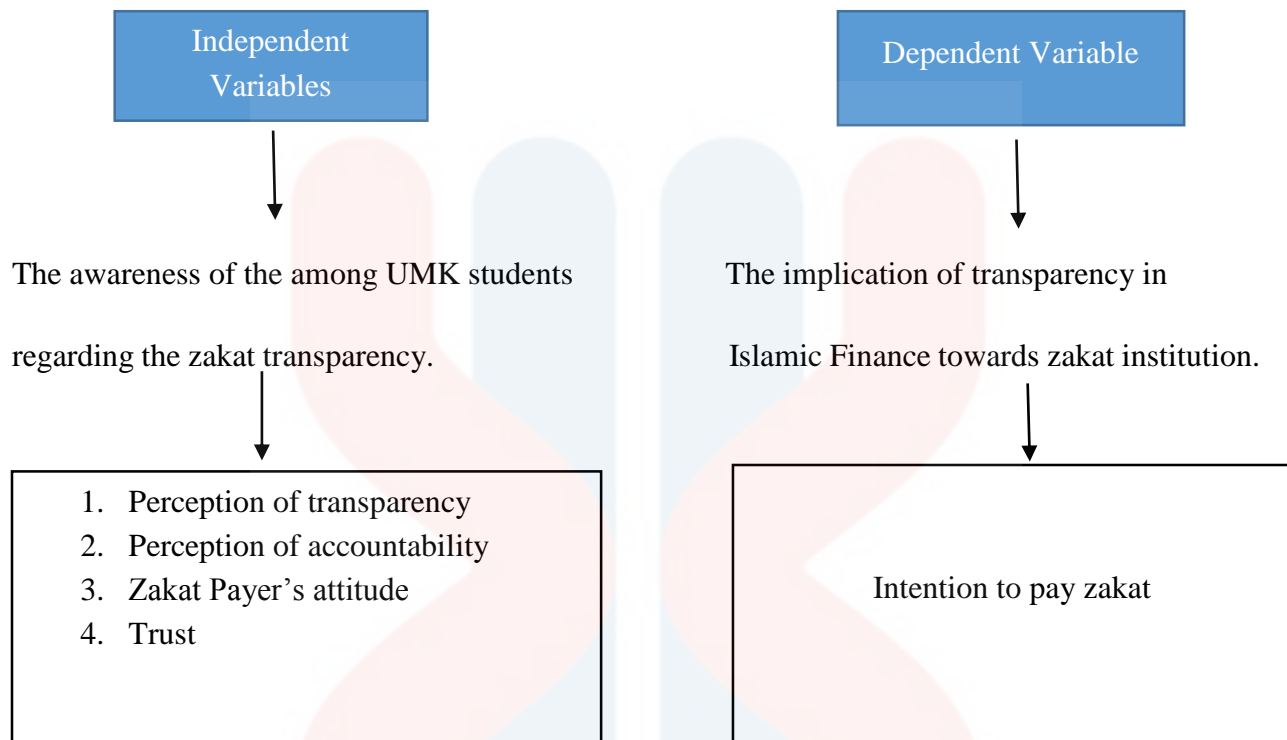


Figure 2.1: Framework from Theory of Reasoned Action

2.6 Summary

As conclusion, this section addressed research literature review and it focused on the implication of transparency in Islamic finance towards zakat institutions and the awareness of the among UMK students regarding the intention of pay zakat. From this chapter all the related literature has been discuss and been review regarding the research that is understanding of the UMK student's awareness through perception of transparency, perception of accountability, zakat payer's attitude and their trust toward the transparency of the zakat institutions. Therefore, based on the conceptual framework that had been made, three hypotheses were created to test the relationship between the variables studied.

CHAPTER 3: RESEARCH METHODS

3.1 Introduction

Research Methodology systematically to solve a problem. In other words, it covers the procedures performed by researchers in conducting and managing their research. In addition, it guides researchers to collect data, analyse and interpret data.

3.2 Research design

The research purpose is to investigate the awareness of the among UMK students regarding the zakat transparency. This study used quantitative analysis and crafted a close-ended questionnaire with concise approach.

This research uses the primary data collection that is the quantitative data analysis. According to (Babbie, 2009) by using a quantitative framework, the analysis of data derived from subjective and objective questions based on pre-existing statistical studies is illustrated using analytical techniques on objective, statistical, and analytical data. Therefore, the focused approach was the collection and application of numerical data between groups of people or on the description of a specific phenomenon.

The students of University Malaysia Kelantan will be chosen to carry out the empirical study. Furthermore, as a means of achieving the research goal, data will be collected by distributing a questionnaire to UMK students. As we can see, the survey method is used because the analysis aims to unravel the wider view of the situation (Fisher, 2007). Therefore, the study is based

quantitative, thus we can determine the relationship between variables and hypothesis of the research.

3.3 Data collection methods

The data collection method will be done through quantitative data collection where we will use questionnaire and distribute them to the respective respondents. According to Saunders et al.

(2007) a quantitative approach is the application of various data collection techniques, for instance, questionnaires or the use of graphics and statistics. Additionally, quantitative research data collection can be challenging for some people due to the design and planning stages, thus requiring both patience and discipline for them to finish their research (Davies and Hughes, 2014). Nevertheless, it is always fundamental that the quantitative analysis process is used directly since it is largely the data analysis and write-up that is required. Even The project's setup has already been decided, even if it is not entirely finalized.

3.3.1 Primary data

The primary data that will be used for this an analysis method was through research survey questionnaire that will collect the information from the respondents. The questionnaire will have distributed at random among the students of the University Malaysia Kelantan. The questionnaire material is related to the analysis of both independent and dependent variables, where we focus the questions to know about the implication of transparency in Islamic finance towards zakat institutions and the awareness of the among UMK students regarding the zakat transparency.

The questionnaire distributed consist two sections that is part A where it will consist the questions regarding the demographic profile of the respondent. As for part B it will be based on the independent variable and dependent variable where the respondent will be given 5 choices to indicate their opinion regarding the questions given.

Lastly, in order to make the data collection easier, the data collection will be based on the google form survey that were given to the respondent. Hence the questionnaire will be distributed randomly to the students of University Malaysia Kelantan. In the next step, all data collected from the respondents will be compiled and entered into Statistical Package for Social Science (SPSS) for analysis.

3.4 Study Population

The population is the entire pool from which a sample of data is drawn. A population can refer to whole groups of people, object, event and measurement. A population can be aggregate experiment of subject groups together by a common feature (Kenton, 2020). The study's population is Comprised of UMK students. The reason why this study is focused on UMK students is due to the lack of exposure about Implication of transparency in Islamic Finance towards zakat institution surrounding them. There is variety aspect that focused on this study. They are understanding perception, transparency and awareness among UMK students regarding zakat transparency in Islamic Finance.

3.5 Sample size

Sample refers to a mini version practicable for a wider group. It is a subgroup which accommodates a greater population attribute. Samples are used in data analysis when another size of the population becomes too wide for the sample to include those achievable members or supervision. A sample must cover the overall population and must not show any predilection towards a particular attribute.

By researching the sample, the researcher should be in a position to make conclusions that is generally applicable to the target population. The number of samples in this study is focused on the among UMK students. Our researchers on transparency in Islamic Finance towards zakat institutions are focused on SAB's students which is third years SAB's students. Below is the table that helps in to determine the sample size based on the population collected. Based on the table Krejci & Morgan, 1970, we take about 300 respondents for our study because the population of SAB's students are 870.

Table 3.1: Krejci & Morgan Table

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.
 Source: Krejci & Morgan, 1970

3.6 Sampling Technique

The verification research method is used in this study, which takes a descriptive approach. This method employs an explanatory survey to describe the casual relationship between the variables under consideration. In the extended time two sampling methods use probability sampling and non-probability sampling. Probabilities are determined by differentiated probability

choices based on non-random series. Simple random sampling, stratified random sampling, various sampling techniques while uncertainty scatter sampling, stratified sampling and demand sampling. In this study, researchers determined to use choice sampling as their choice to select informants.

The sample is determined using a probability sampling technique, which means that each member of the population has equal rights and opportunities to be chosen as a sample (respondent). The random sampling technique is simple to apply that is sampling was done at random, regardless of the strata present in the population because the population was homogeneous. Other factors to consider when selecting a sample include lower costs, higher accuracy of result, data collection speed, and representation of population elements. The sample size is determined based on representation and population size, and it is expected to yield a better sample.

Similarly, sample determination in tests with a structural equation model (SEM) approach refers to Hair et al. (2006: 741), that the number of respondents should be 5–10 times the number of indicators, and that a sample size of 100 is required to estimate the maximum probability method.

Using this sample, it is impossible to find bias, in the slightest. Potential use to make generalizations for this study using this sample. Sampling helps to provide in depth knowledge and better interpretation for the study on the Implications of transparency in Islamic Finance on zakat institutions among UMK students.

3.7 Research Instrument Development

The primary data used in this analysis is via the research survey questionnaire to collect information from the respondents. The research will create a survey questionnaire, and will randomly distribute it to selected respondents around UMK. The respondents are individuals aged between 22 until 25. The questionnaire material was concerned with questions concerning the definition of the relationship between the independent and dependant variables. The aim of this questionnaire is to measure awareness among UMK students regarding zakat transparency in Islamic Finance.

The questionnaire was carefully designed to meet the research objectives. The questions were adapted from previous tests journals in order to further validate the research. The questionnaire consisted two main parts, the first part is focused on getting individual information through demography based questions. The second part is focused on the dependent and independent variables.

Part A: Demography

This section analysed the respondent's individual details based on their demographic questions such as ethnicity, ethnic groups, age, marital status, occupation, monthly individual income, and whether the respondents are zakat payers or not.

Part B: Dependent variable and Independent variables

This part of the questionnaire contained questions that investigated the relationship among people in UMK between perception of transparency, perception in accountability, intention and trust. In each segment, there were five questions about perception of transparency, perception in

accountability, intention and trust of transparency in Islamic finance towards zakat among people in UMK. All of the questions in this part used 5 point Likert scale suggested by Likert (1932), where the respondents would assess the statement based on the scale which ranged from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) to 5 (strongly agree).

3.8 Measurements of the variables

Section A, which is the first segment, gathers data on the biographical details of respondent including gender, age, education, marital status and income. Nominal scale used in Section A. For section B, researcher used 5 points Likert scale to determine the level of agreement on how strongly and not strongly the consumers are about the statement given. The measurement will be based on 1 is for strongly disagree, 2 is for disagree, 3 is for neutral, 4 is for agree and 5 is for strongly agree have been given.

Table 3.2: The 5-Likert Scale Table

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

3.9 Procedure for data analysis

The questionnaire data is analysed using the Statistically Package for Social Science (SPSS) version 26.0 computer software package. In analysing the data, an analytical technique and

inferential analysis will be conducted by using SPSS to draw the result. Analytical technique is used to define the respondents' demographics such as mean, average mean and more inferential analysis by using Pearson Correlation to define and analysed the relationship between the dependent variable and independent variables.

3.9.1 Analytical technique

Analytical Techniques are the methods for analysing data the quantitative and qualitative determination of a compound's concentration using various techniques such as spectroscopies, gravimetric, titrations and chromatography analysis. Analytical Techniques Journals use the concept of quantitative and qualitative determination.

3.9.2 Pearson Correlation

The Pearson coefficient is a measurement of the strength of the association between the two continuous variables. The Pearson product-moment correlation coefficient (for short, Pearson correlation coefficient) is a calculation of the frequency of a linear relationship between two variables and is denoted by r . Therefore, a Pearson product-moment correlation attempts to draw a line of best fit through the data of two variables, and the Pearson correlation coefficient, r , shows how far all such data points are from this line of best fit (how well the data points match this new model / line of best fit).

Pearson correlation when the value is greater than zero, this may occur. It indicates a positive alliance. When the value of one variable rises, the value of another rises as well. It has the potential to influence the value of the other variable. Thus, there will become a negative association when a value is less than 0. As a result, when the value of one variable increases, the value of the other variable decreases.

3.10 Conclusion

In this chapter we discuss the research methodology on how this study will be implemented and how to obtain data. This chapter discusses research design, data collection methods, sample size, sampling methods, study tools, and data population. This chapter helps researchers better understand how to collect data and analyse the data to be collected to continue research to meet the purpose of this study. Where with this study we can see the data collected on transparency in zakat financial institutions.



CHAPTER 4: DATA ANALYSIS AND FINDINGS

4.1 INTRODUCTION

This section will collect the data gathered and the research methodology used. Each section will concentrate on a different topic. This section will focus on the demographic section of respondent and the data analysis that have referenced in Chapter 3.

4.2 PRELIMINARY ANALYSIS

Preliminary analysis was used in order to figure out reliability of the concept and variable. The reliability test has been taken using pilot test results and assessed using Cronbach's alpha analysis. It will test the question whether both variables included independent variables and dependent variables are accepted or not for this research. Besides, the analysis enables the research to determine whether these sets of items have a strong level of stability in measuring variable. The Cronbach's Alpha value that above 0.60 or greater are accepted in this research.

Table 4.1 show the rules of thumb about Cronbach's alpha coefficient size.

Cronbach's Alpha Coefficient Range	Strength of Internal Consistency
$\alpha \geq 0.9$	Excellent

$0.9 > \alpha \geq 0.8$	Very Good
$0.8 > \alpha \geq 0.7$	Good
$0.7 > \alpha \geq 0.6$	Moderate
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Very Poor

In this study, we run a pilot test as a trial test to determine the reliability of the research. According to (Evans, Haddad, & Theodorou, 2018) the benefits of undertaking a pilot study are that , it will include the early notice of where the project will fall, where research study are not implemented or if the suggested strategies and techniques are too complex or inadequate. The researchers had run small scale pilot test among 30 respondents in advance of 300 respondents to test the reliability of the questionnaire. There are two sections in the questionnaire that were labelled as section A and B. Section A has 4 questions that focused on demographic profiles of the respondent.

Meanwhile section B consist of 20 questions focusing on both dependent and independent variables. The 20 questions will be divided into five different parts that is intention to pay zakat, perception in transparency, perception in accountability, zakat payer's attitude and trust toward zakat institutions. The test results can be accepted and reliable when the value of Cronbach's Alpha is 0.60 and above.

4.3 DEMOGRAPHIC

The respondents of this research comprised of the students of university Malaysia Kelantan, Pengkalan Chepa. The total of 300 students were selected as the respondents and 300 sets of google forms were distributed equally to the respondents through WhatsApp's platform and personal contacts. The respondents divided into 205 females and 95 males. This section of the research will further discuss on the findings of this study by referring to the questionnaire that has been given to the selected respondents.

The researcher will discuss in detail regarding the respondent's background profiles for the research. The demographic profile of the respondents collected from data consist four questions that is age, gender, level of education and monthly income. Therefore, the demographic profile of this research are shown in the table below.

4.3.1 Age

Table 4.2 frequency output of age

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 – 20 years	218	72.2	72.2	72.2
	21 – 23 years	54	18.0	18.0	90.7
	24 – 34 years	22	7.3	7.3	98.0
	35 years and above	6	2.0	2.0	100.0
	Total	300	100.0	100.0	

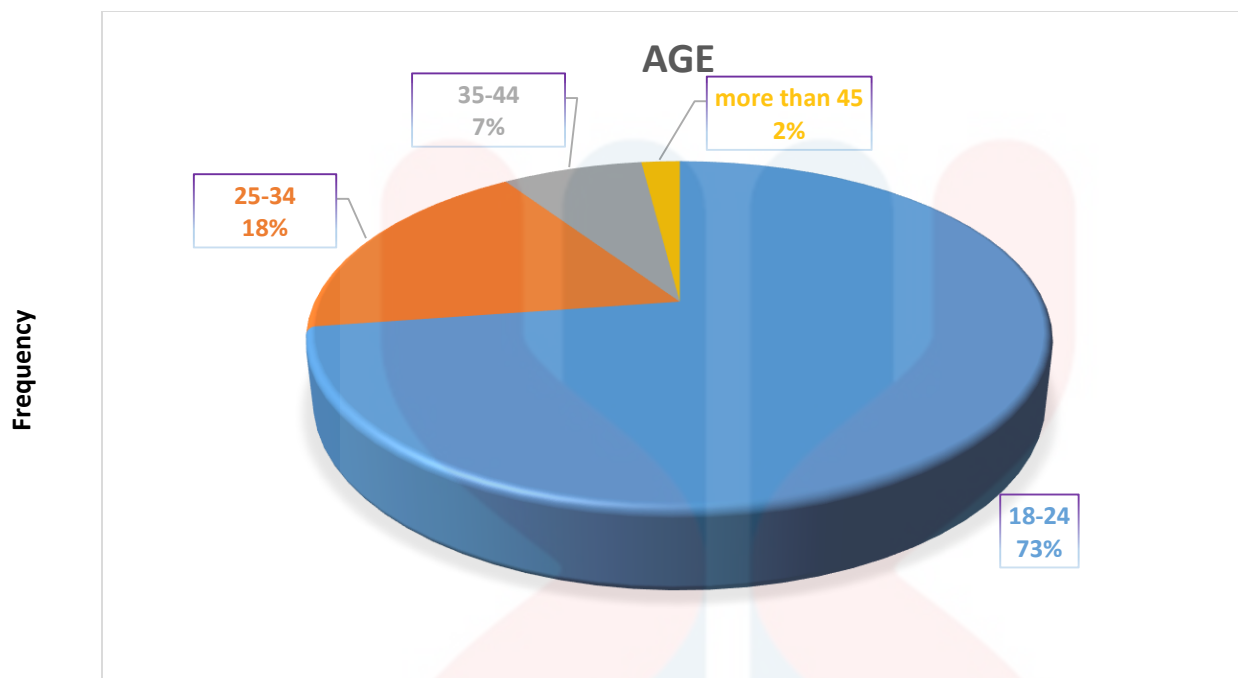


Figure 4.1: age of respondent chart

Figure 4.1 above illustrated the number of percentage of the respondents based on the segmentation of ages. The table and figure indicates that majority of the respondents were between age 18 to 24 years old which equivalent to 73 % while 18% of respondents were from the respondents aged 25 to 34 years old. Another 7 percent represents the respondents from age 35 to 44 years old. Lastly the last 2% belongs to the respondents aged more than 45 years old.

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4.3.2 Gender

Table 4.3: Frequency Output of Gender

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	95	68.3	68.3	68.3
	Female	205	31.7	31.7	100.0
	Total	300	100.0	100.0	

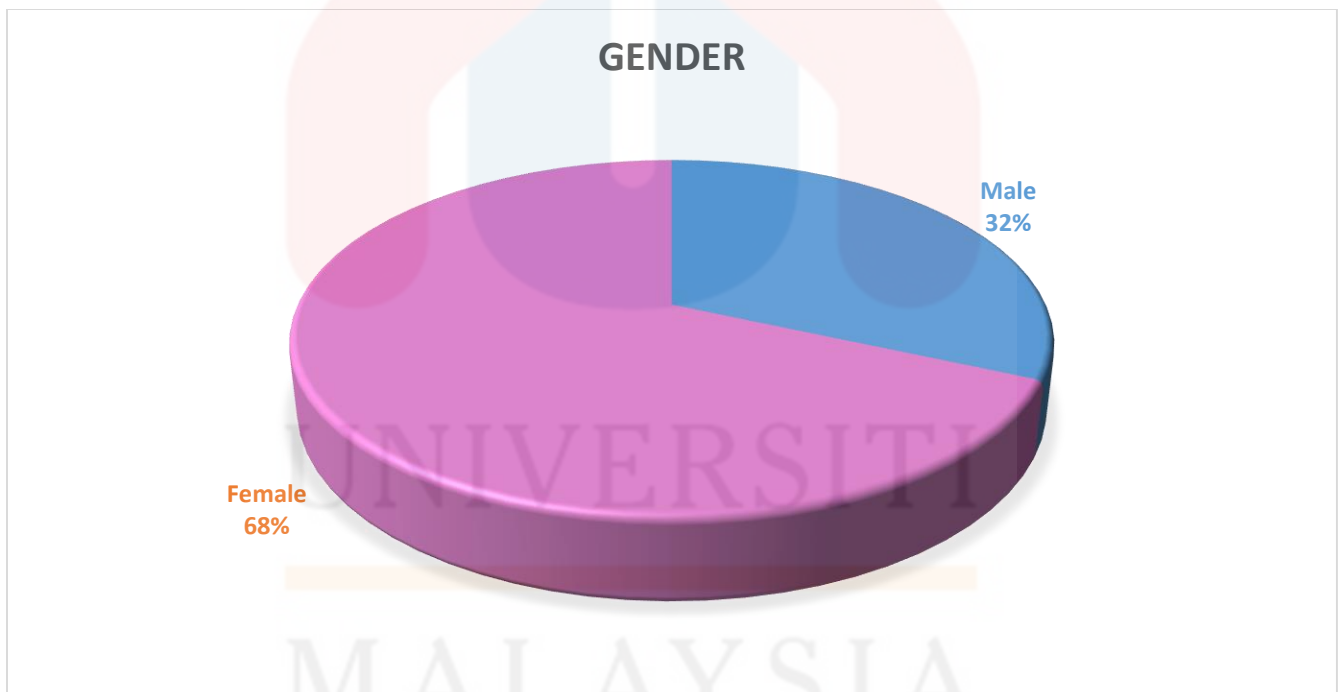


Figure 4.2 gender of the respondent's chart

Figure 4.2 illustrate the percentages of the respondents based on the segmentation of gender. The result indicate that the female respondents had the highest percentage value of 68% and a frequency of 205 respondents. Meanwhile, for the male respondents had the lowest percentage value of. 32% and a frequency of 95 respondents involved in this research.

4.3.3 Level of education

Table 4.4: Frequency Output of Level of Education

Level Of Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SPM	12	4.0	4.0	4.0
	STPM/ MATRIC/ DIPLOMA	54	18.0	18.0	22.0
	DEGREE	222	74.0	74.0	96.0
	PHD	12	4.0	4.0	100.0
	Total	300	100.0	100.0	

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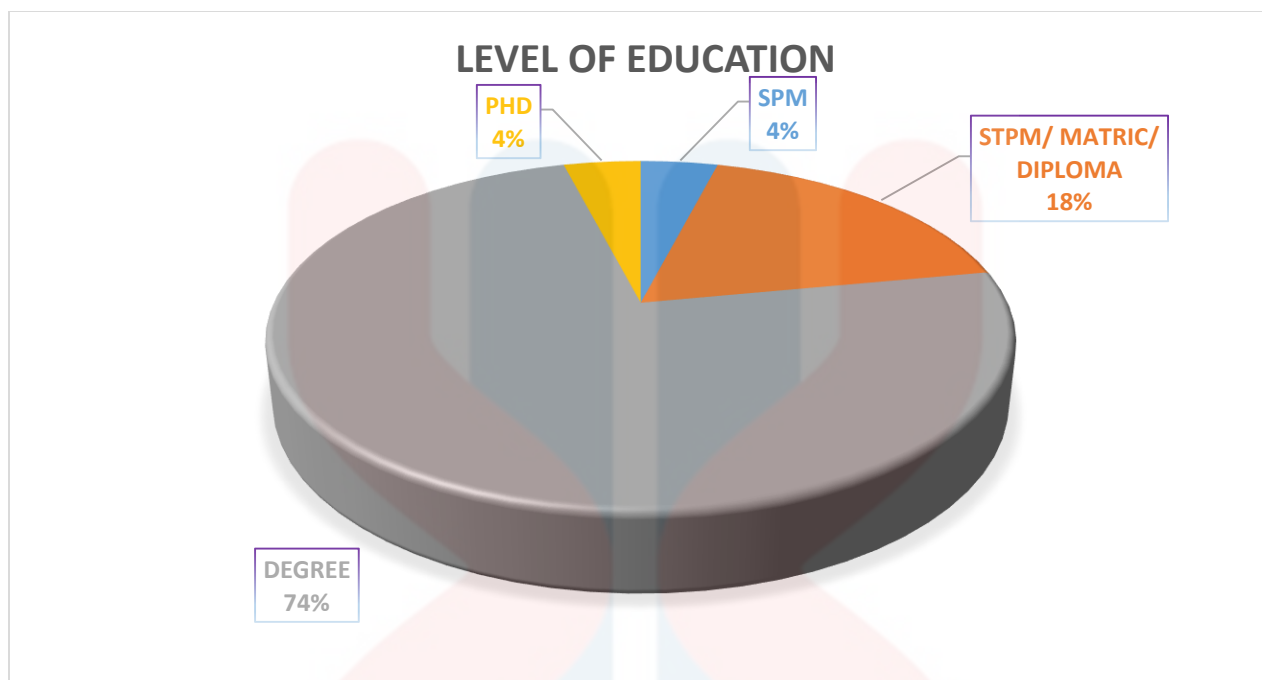


Figure 4.3 Level of Education of the respondent's chart

Figure 4.3 illustrate the percentages of the respondents based on the segmentation of level of education. The result indicate that the majority of the respondents are the respondents with the degrees as the level of education at 74%. The second highest respondent's level of education are the respondents categorized at level STPM, Matric, Diploma with the percentage of 18%. Lastly the respondents from the PHD and SPM both has 4%.

4.3.4 Monthly income

Table 4.5: Frequency Output of Monthly Income

Monthly Income				
	Frequency	Percent	Valid Percent	Cumulative Percent

Valid	RM1,000-RM2,000	216	72.0	72.0	72.0
	RM2,001-RM3,000	64	21.3	21.3	93.3
	RM3,001-RM4,000	10	3.3	3.3	96.7
	More Than RM4,000	10	3.3	3.3	100.0
	Total	300	100.0	100.0	

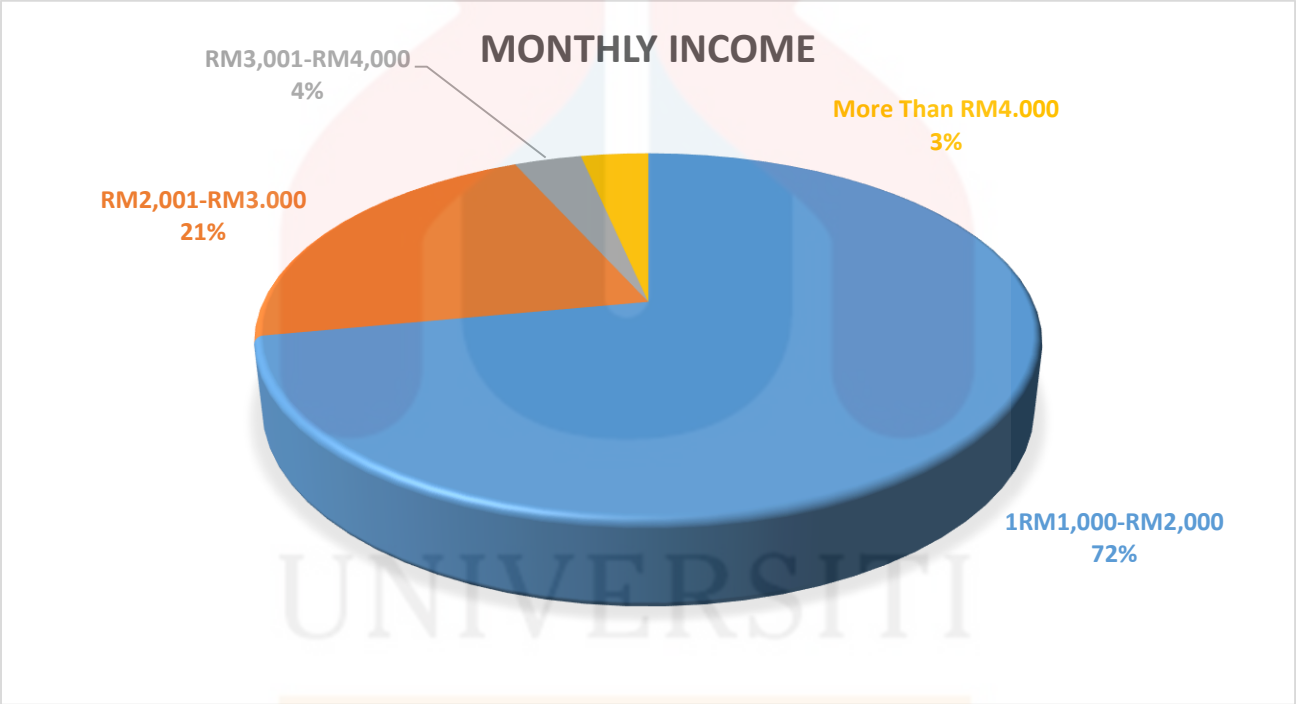


Figure 4.4 Monthly Income of the respondent's chart

Figure 4.4 illustrate the percentages of the respondents based on the segmentation of monthly income. The result indicate that the majority of the respondents are the respondents have monthly income equivalent from RM1000 to RM 2000 which is 72% of the chart. Meanwhile 21% of the

respondents have monthly income around RM2001 to RM3000. Another 4% of the respondents have monthly income around RM3001 to RM4000. Lastly there are only 3 % has more monthly income than other respondents.

4.4 DESCRIPTIVE

The descriptive analysis comes out from independent variable and dependent variable to find the mean of each variable. The response of the questionnaire was by using 5 points of likes the skills to measure respondents about how much they agree or disagree with the statement which is 1- Strongly disagree, 2- Disagree, 3- neutral, 4- Agree and 5- strongly agree.

4.4.1 Descriptive analysis of intention to pay zakat

Table 4.6 dependent variable: Intention to Pay Zakat

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	
I know about Intention to pay zakat	300	1	5	4.32	.917	
The zakat institution in Malaysia is very ni encourage to pay zakat.	300	1	5	4.03	.892	
The intention is important to pay zakat as our obligation for Muslim.	300	1	5	3.72	1.039	
I am fully having knowledge about intention to pay zakat.	300	1	5	3.79	1.040	
Valid N (listwise)	300					

Source: SSPS Data analysis

Table 4.6 show the dependent variable of intention to pay zakat. There are 4 items for these dependent variables. The highest mean is DVQ1 which is 4.32. This indicated that most of the respondents agree with this question. Meanwhile, the lowest mean for this variable is DVQ3 which is 3.72.

Besides that, the highest standard deviation is DVQ4 which is 1.040. Meanwhile, the lowest standard deviation for this variable is DVQ2 which is 0.892. Therefore, this result indicates that respondents agree that the variable of the intention of paying zakat are important.

4.4.2 Descriptive analysis of perception of transparency

Table 4.7 independent variable 1: perception of transparency

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
I have my own perception of transparency in zakat institution.	300	1	5	3.86	1.000
My perception of transparency that convincing in zakat institution.	300	1	5	3.82	1.014
The perception of transparency is very important towards zakat institution.	300	1	5	3.79	1.064
I believe the perception of transparency can affect person attitudes towards zakat institution.	300	1	5	3.73	1.004
Valid N (listwise)	300				

Source: SPSS Data Analysis

Table 4.7 show the independent variable of the perception of transparency. There are four items for these independent variables. The highest mean is IV1Q1 which is 3.86. This indicated that most of the respondents agree with this question. Meanwhile, the lowest mean for this variable is IV1Q4 which is 3.73.

Apart from that, the highest standard deviation is IV1Q3 which is 1.064. Meanwhile, the lowest standard deviation for this variable is IV1Q1 which is 1.000. Therefore, it indicates that respondents agree that the variable perception of transparency is important.

4.4.3 Descriptive analysis of perception in accountability

Table 4.8 independent variable 2: perception in accountability

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
I aware about the level of accountability in zakat institution.	300	1	5	3.90	.898
I believe the transparency of accountability in zakat is important.	300	1	5	3.85	.987
I believe a good quality of transparency in financial reports will affect the zakat institution.	300	1	5	3.81	.989
The level of transparency in accountability of zakat institution will make feel safe to pay the zakat.	300	1	5	3.77	.990
Valid N (listwise)	300				

Source: SPSS Data Analysis

Table 4.8 show the independent variable of the perception of accountability. There are four items for these independent variables. The highest mean is IV2Q1 which is 3.90. This indicated that

most of the respondents agree with this question. Meanwhile, the lowest mean for this variable is IV2Q4 which is 3.77.

Apart from that, the highest standard deviation is IV2Q4 which is 0.990. Meanwhile, the lowest standard deviation for this variable is IV1Q1 which is 0.898. Therefore, it indicates that respondents agree that the variable perception of accountability is important.

4.4.4 Descriptive analysis of zakat payer’s attitude

Table 4.9 independent variable 3: zakat payer’s attitude

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
I know about zakat payer,Ãs attitude.	300	1	5	3.80	1.032
I know the importance of zakat payer,Ãs attitude for pay the zakat punctually.	300	1	5	3.81	.994
I know about zakat payer,Ãs attitude that can effect the individual to pay zakat.	300	1	5	3.85	.995
I do some research about zakat institution involved before doing the zakat transaction.	300	1	5	3.85	.999
Valid N (listwise)	300				

Source: SSPS Data Analysis

Table 4.9 show the independent variable of the zakat payer’s attitude. There are four items for these independent variables. The highest mean is IV3Q3 and TV3Q4 which both are 3.85. This

indicated that most of the respondents agree with this question. Meanwhile, the lowest mean for this variable is IV3Q1 which is 3.80.

Apart from that, the highest standard deviation is IV3Q1 which is 1.032. Meanwhile, the lowest standard deviation for this variable is IV3Q2 which is 0.994. Therefore, it indicates that respondents agree that the variable of zakat payer’s attitude is important.

4.4.5 Descriptive analysis of trust

Table 4.10 independent variable 4: trust

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
I trust the transparency in zakat institution	300	1	5	3.87	.918
The zakat institution in Malaysia is trustworthy, honest and fulfil their responsibility	300	1	5	3.84	.993
I am confident the zakat institution has the ability to manage funds wisely.	300	1	5	3.78	1.008
I fully trust that zakat institution meet Sharia ,Ã compliant.	300	1	5	3.78	1.025
Valid N (listwise)	300				

Source: SSPS Data Analysis

Table 4.10 show the independent variable of Trust. There are four items for these independent variables. The highest mean is IV4Q1 which is 3.87. This indicated that most of the respondents agree with this question. Meanwhile, the lowest mean for this variable are both IV4Q3 and IV4Q4 which were 3.78.

Apart from that, the highest standard deviation is IV4Q4 which is 1.025. Meanwhile, the lowest standard deviation for this variable is IV4Q1 which is 0.918. Therefore, it indicates that respondents agree that the variable of trust is important in this research.

4.5 RELIABILITY TEST

The analysis used in this study allow the research to determine the stability level in the variable. The table below shows the reliability tests for all variables using Cronbach's alpha analysis.

Table 4.11 intention to pay zakat

Reliability Statistics	
Cronbach's Alpha	N of items
.732	4

Based on the table 4.11, Cronbach's Alpha for 4 items of the intention to pay zakat measure is 0.732. For this research, the acceptable minimum value is 0.6. As for this result, the value is regarded as suitable for the usage. The findings indicate that the item in the research has a good internal consistency in measuring ideas. Thus, the questionnaires being used in this study are concerned with the intention to pay zakat.

Table 4.12 perception of transparency

Reliability Statistics	
Cronbach's	
Alpha	N of items
.774	4

Based on the table 4.12, Cronbach's Alpha for 4 items of the perception of transparency measure is 0.774. For this research, the acceptable minimum value is 0.6. As for this result, the value is regarded as suitable for the usage. The findings indicate that the item in the research has a good internal consistency in measuring ideas. Thus, the questionnaires being used in this study are concerned with the perception of transparency.

Table 4.13 perception of accountability

Reliability Statistics	
Cronbach's	
Alpha	N of items
.777	4

Based on the table 4.13, Cronbach's Alpha for 4 items of the perception of accountability measure is 0.777. For this research, the acceptable minimum value is 0.6. As for this result, the value is regarded as suitable for the usage. The findings indicate that the item in the research has

a good internal consistency in measuring ideas. Thus, the questionnaires being used in this study are concerned with the perception of accountability.

Table 4.14 zakat payer's attitude

Reliability Statistics	
Cronbach's Alpha	N of items
.813	4

Based on the table 4.14, Cronbach's Alpha for 4 items of the zakat payer's attitude measure is 0.813. For this research, the acceptable minimum value is 0.6. As for this result, the value is clearly regarded as suitable for the usage. The findings indicate that the item in the research has a good internal consistency in measuring ideas. Thus, the questionnaires being used in this study are concerned with the zakat payer's attitude.

Table 4.15 trust

Reliability Statistics	
Cronbach's Alpha	N of items
.804	4

Based on the table 4.15, Cronbach's Alpha for 4 items of the trust is 0.804. For this research, the acceptable minimum value is 0.6. As for this result, the value is clearly regarded as suitable for the usage. The findings indicate that the item in the research has a good internal consistency in measuring ideas. Thus, the questionnaires being used in this study are concerned with the variable of trust.

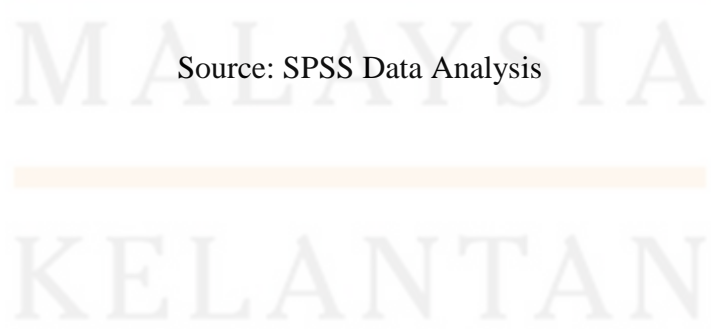
4.6 NORMALITY TEST

Perception of transparency

Table 4.16: Test of Normality

	Case Processing Summary					
	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
I have my own perception of transparency in zakat institution.	300	100.0%	0	0.0%	300	100.0%
My perception of transparency that convincing in zakat institution.	300	100.0%	0	0.0%	300	100.0%
The perception of transparency is very important towards zakat institution.	300	100.0%	0	0.0%	300	100.0%
I believe the perception of transparency can affect person attitudes towards zakat institution.	300	100.0%	0	0.0%	300	100.0%

Source: SPSS Data Analysis



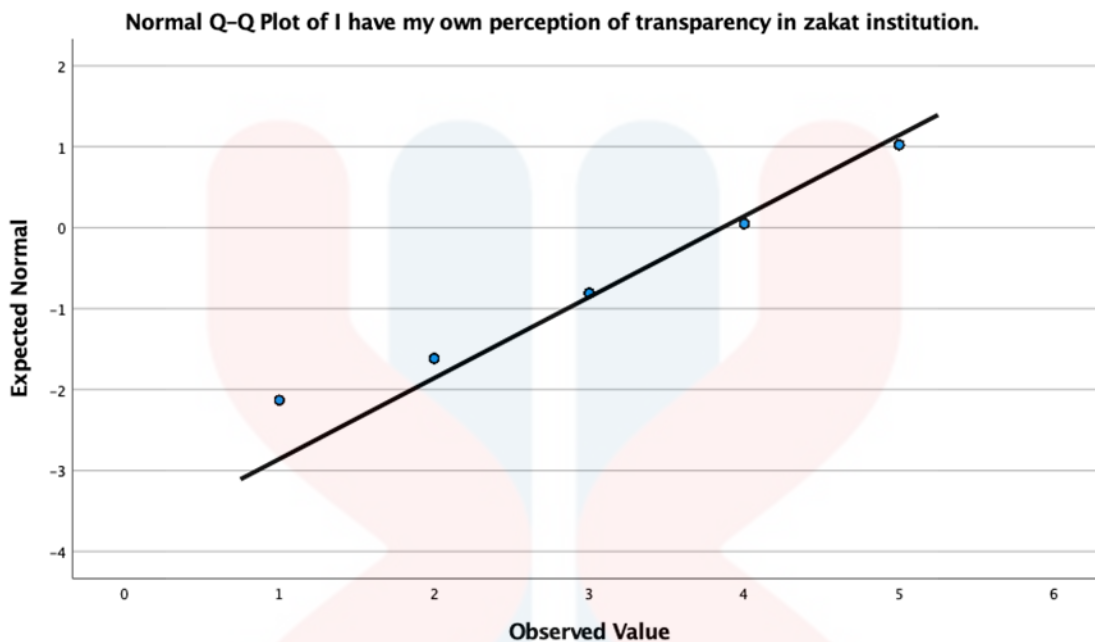


Figure 4.5: I have my own perception of transparency in zakat institution

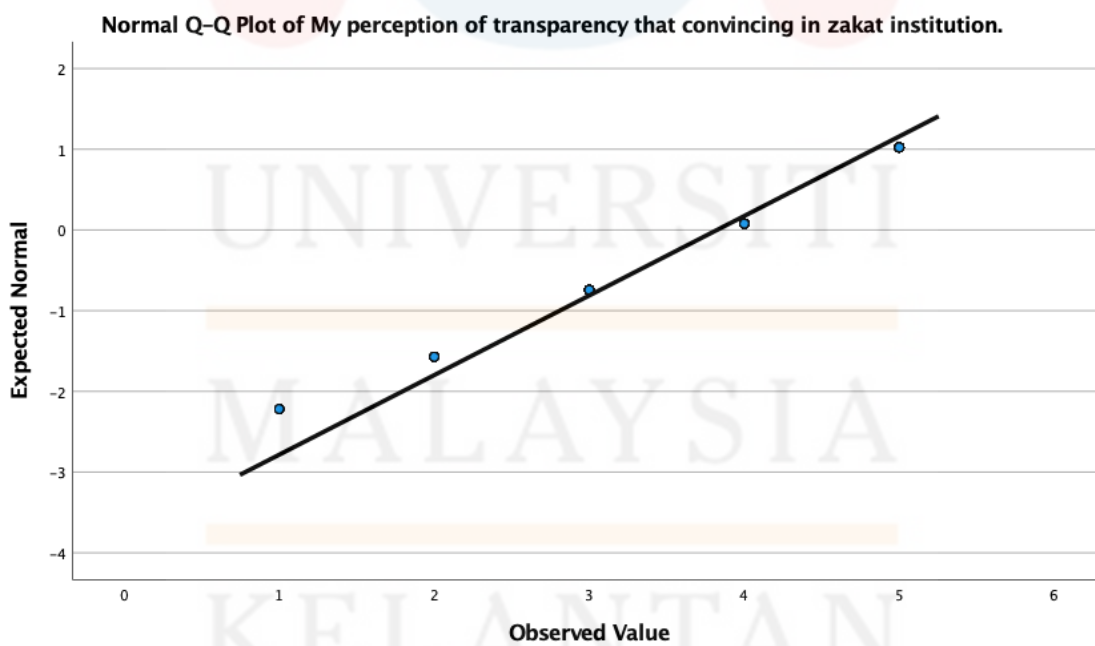


Figure 4.6: My perception of transparency that convincing in zakat institution

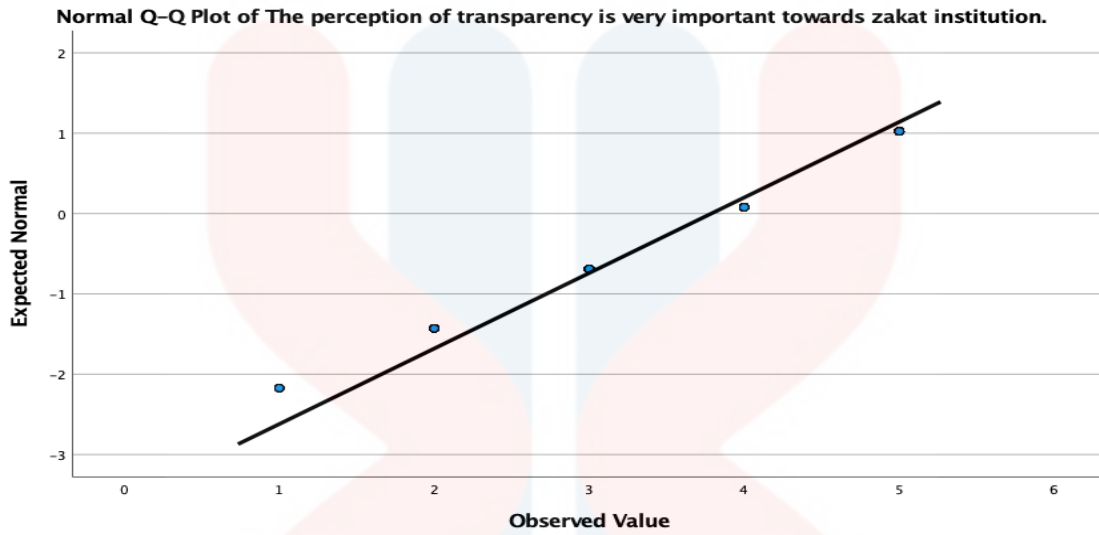


Figure 4.7: The perception of transparency is very important towards zakat institution

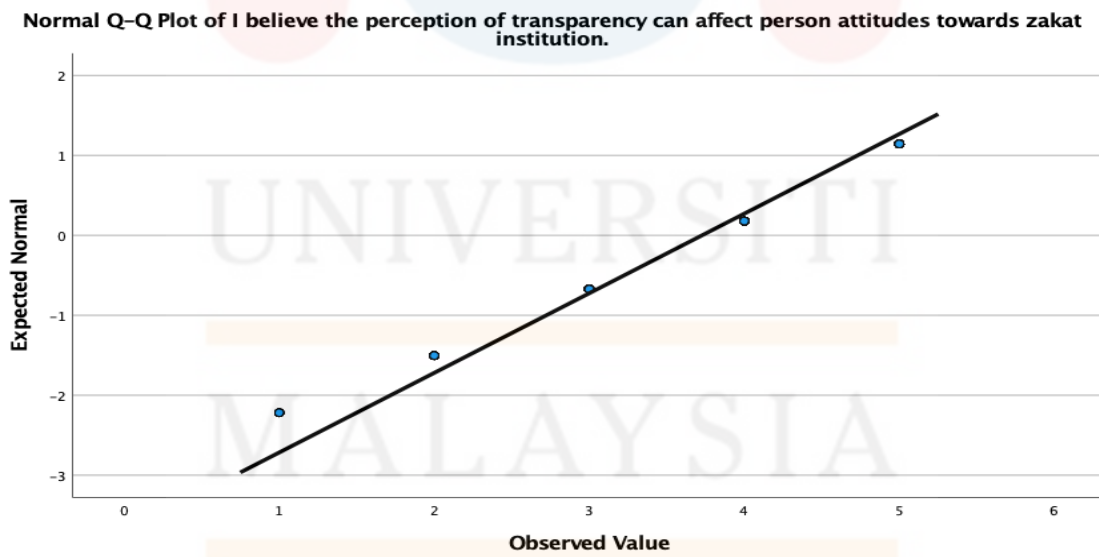


Figure 4.8: I believe the perception of transparency can affect person attitudes towards zakat institution

Perception in accountability

Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
I aware about the level of accountability in zakat institution.	300	100.0%	0	0.0%	300	100.0%
I believe the transparency of accountability in zakat is important.	300	100.0%	0	0.0%	300	100.0%
I believe a good quality of transparency in financial reports will affect the zakat institution.	300	100.0%	0	0.0%	300	100.0%
The level of transparency in accountability of zakat institution will make feel safe to pay the zakat.	300	100.0%	0	0.0%	300	100.0%

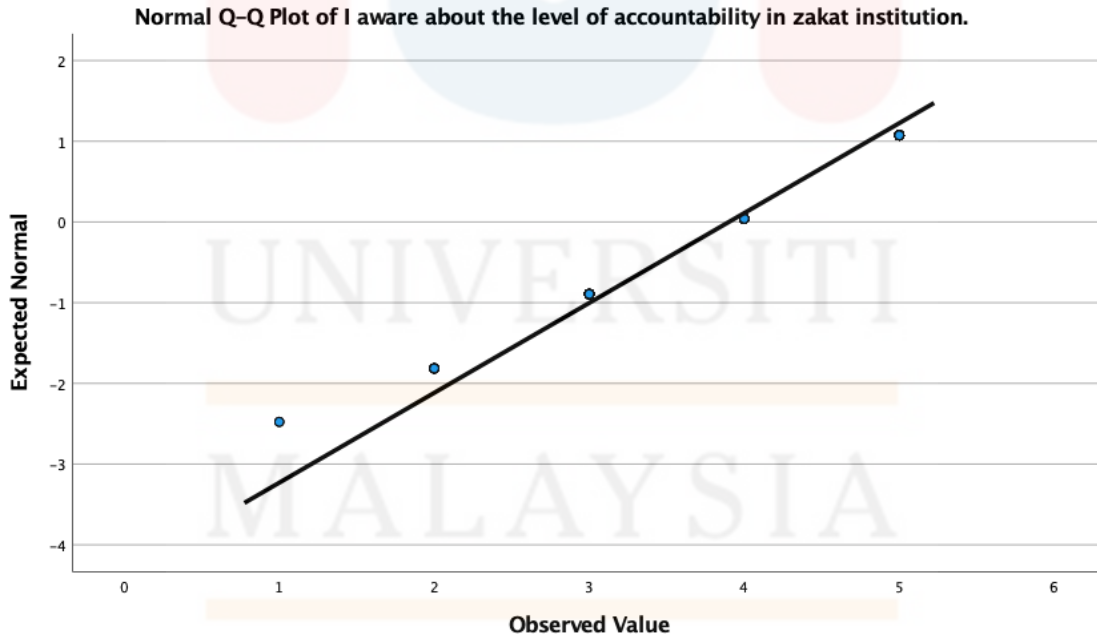


Figure 4.9: I aware about the level of accountability in zakat institution

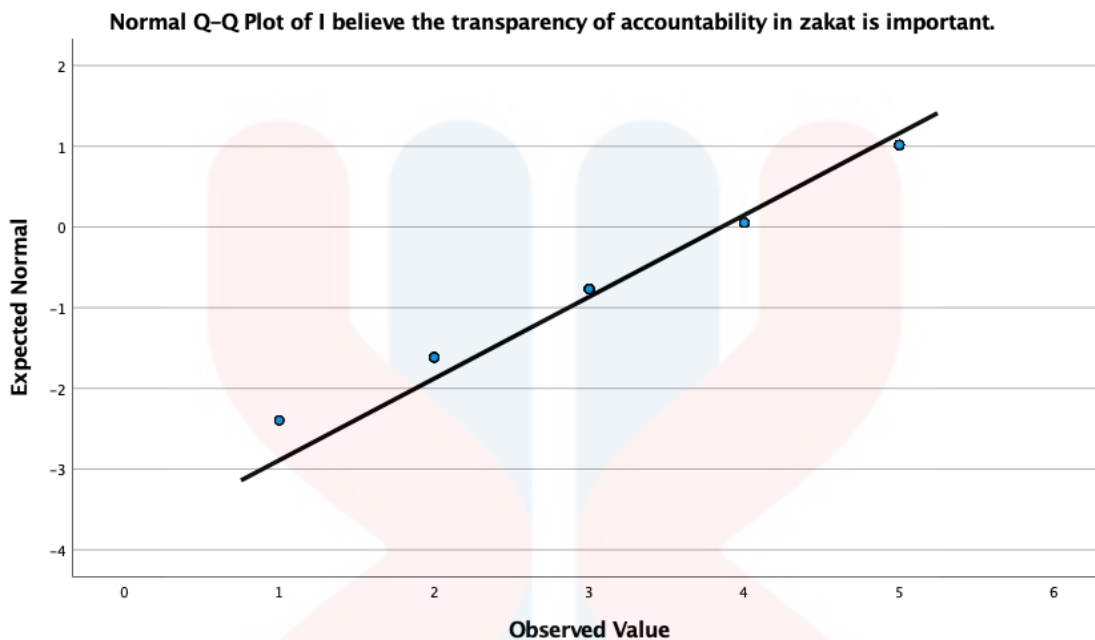


Figure 4.10: I believe the transparency of accountability in zakat is important

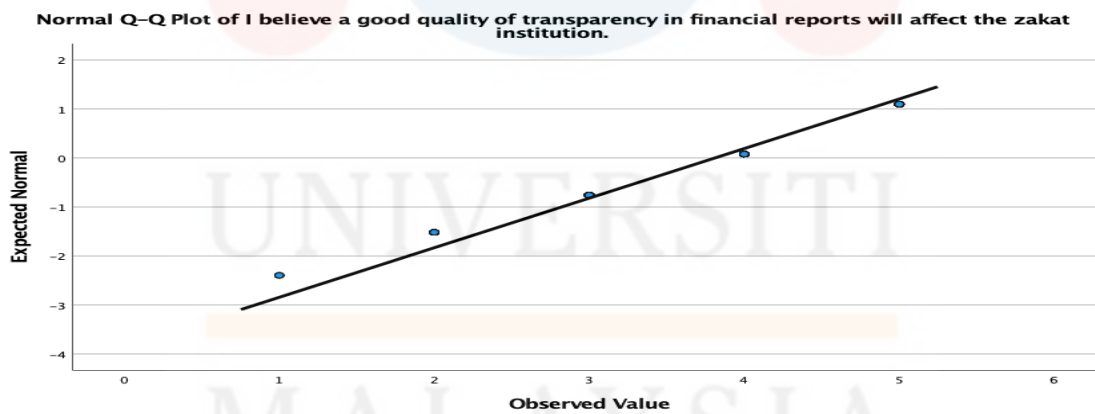


Figure 4.11: I believe a good quality of transparency in financial reports will affect the zakat institution

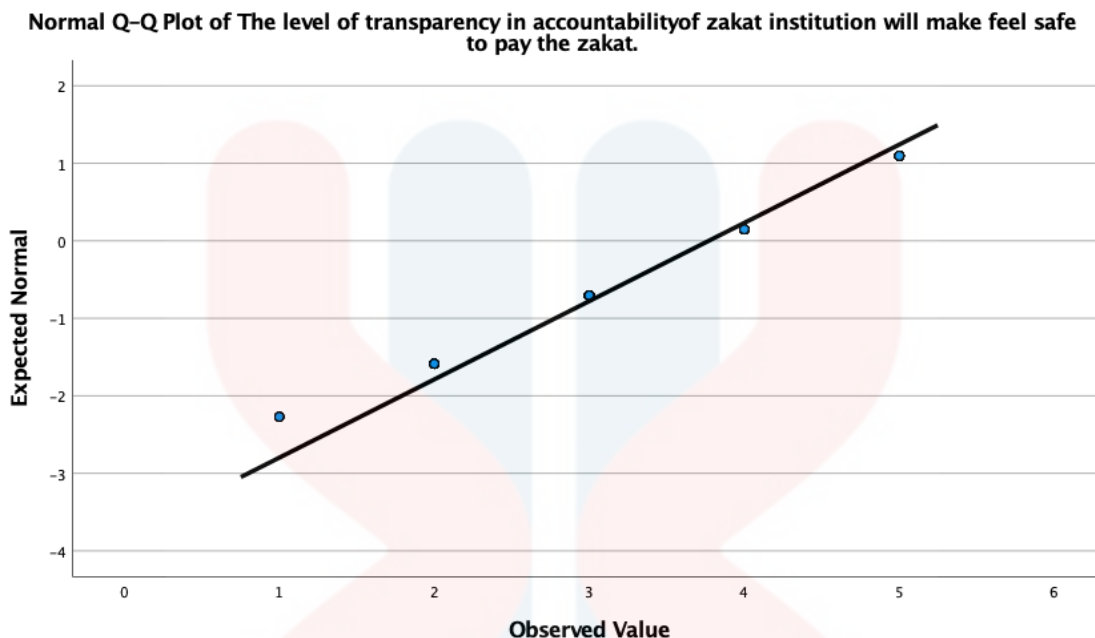


Figure 4.12: The level of transparency in accountability of zakat institution will make feel safe to pay the zakat

Zakat Payer’s attitude

	Case Processing Summary					
	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
I know about zakat payer,As attitude.	300	100.0%	0	0.0%	300	100.0%
I know the importance of zakat payer,As attitude for pay the zakat punctually.	300	100.0%	0	0.0%	300	100.0%
I know about zakat payer,As attitude that can effect the individual to pay zakat.	300	100.0%	0	0.0%	300	100.0%
I do some research about zakat institution involved before doing the zakat transaction.	300	100.0%	0	0.0%	300	100.0%

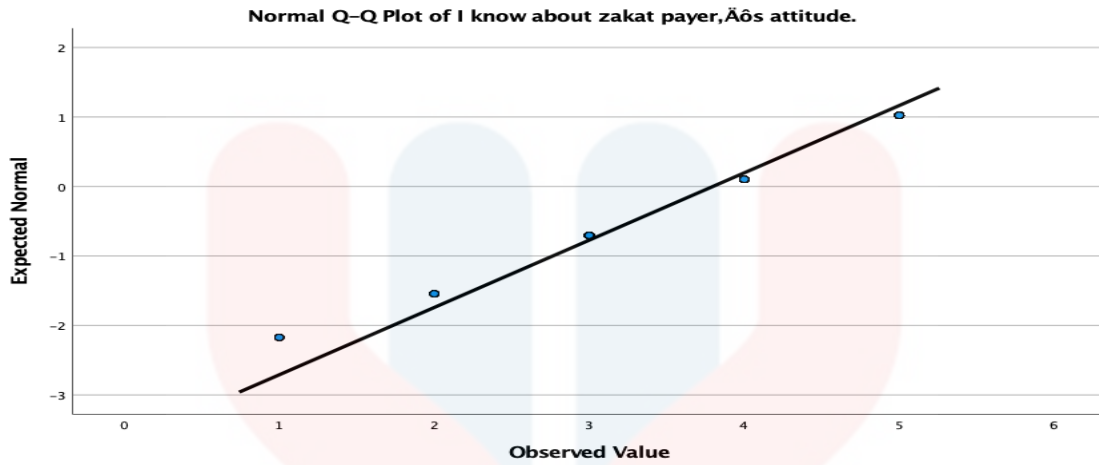


Figure 4.13: I know about zakat payer's attitude

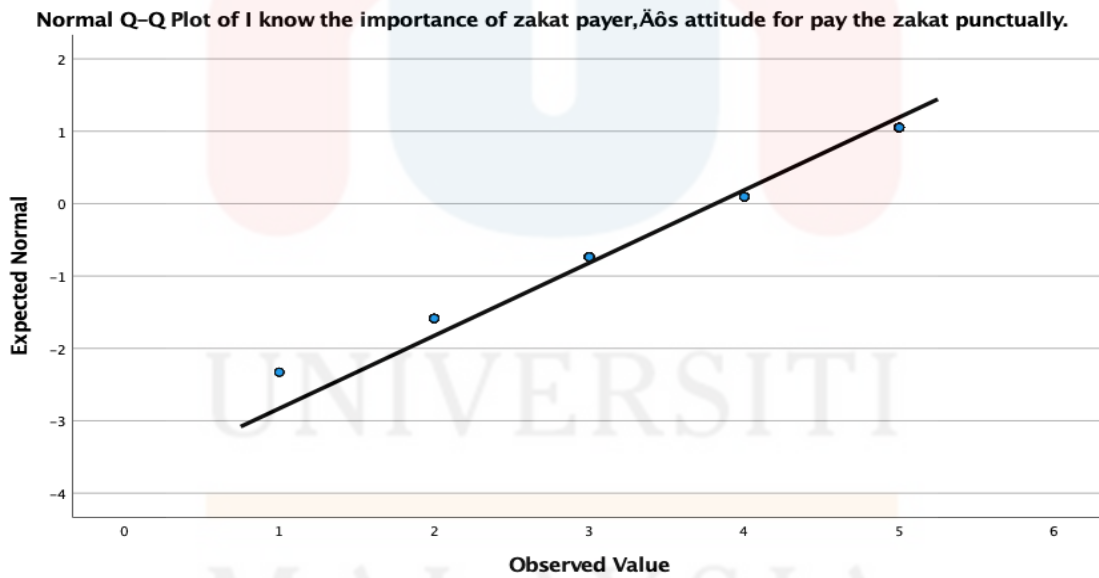


Figure 4.14: I know the importance of zakat payer's attitude for pay the zakat punctually

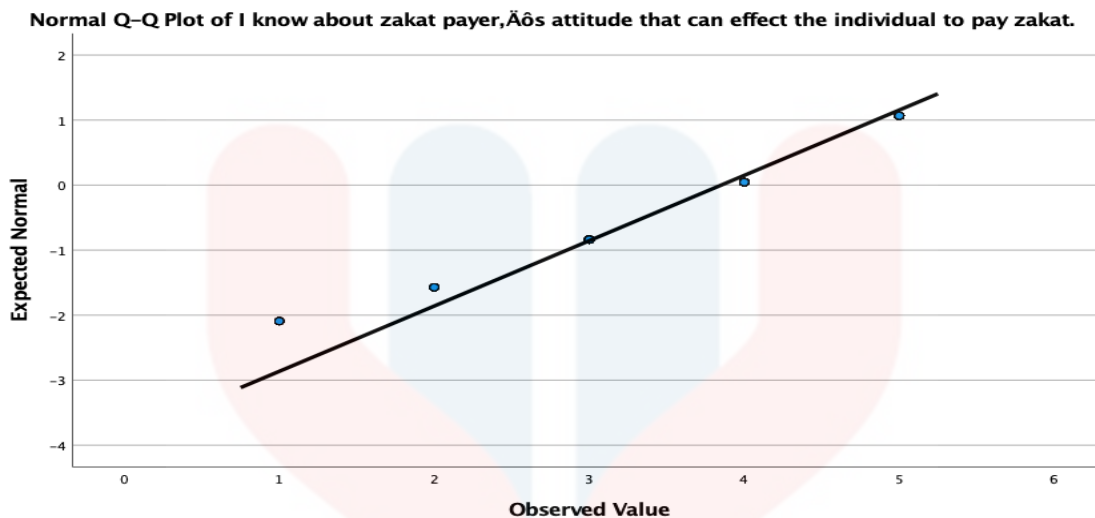


Figure 4.15: I know about zakat payer’s attitude that can affect the individual to pay zakat

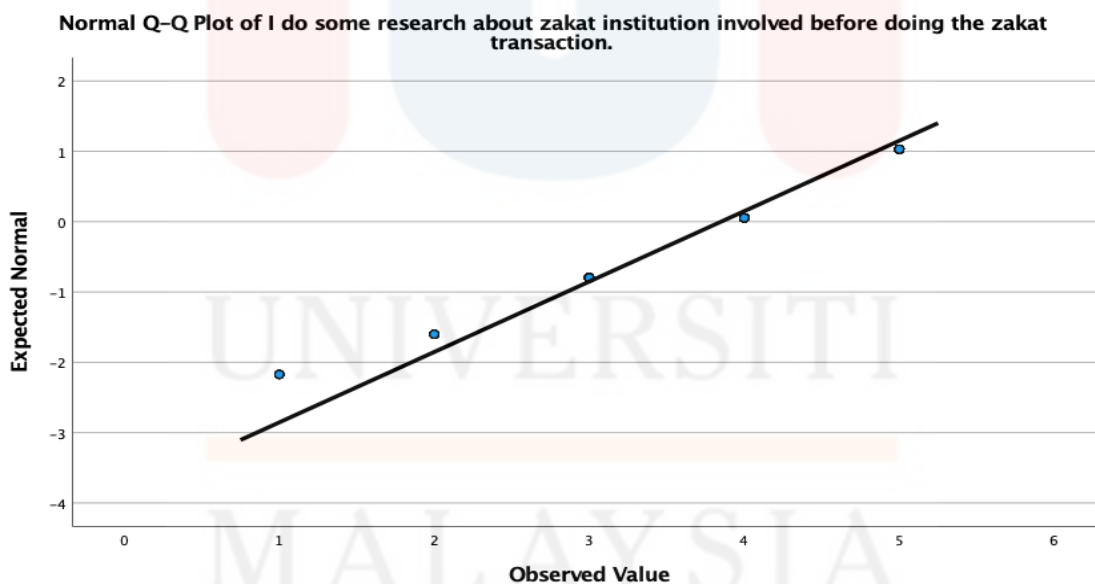


Figure 4.16: I do some research about zakat institution involved before doing the zakat transaction

Trust

Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
I trust the transparency in zakat institution	300	100.0%	0	0.0%	300	100.0%
The zakat institution in Malaysia is trustworthy, honest and fulfil their responsibility	300	100.0%	0	0.0%	300	100.0%
I am confident the zakat institution has the ability to manage funds wisely.	300	100.0%	0	0.0%	300	100.0%
I fully trust that zakat institution meet Sharia ,Aô compliant.	300	100.0%	0	0.0%	300	100.0%

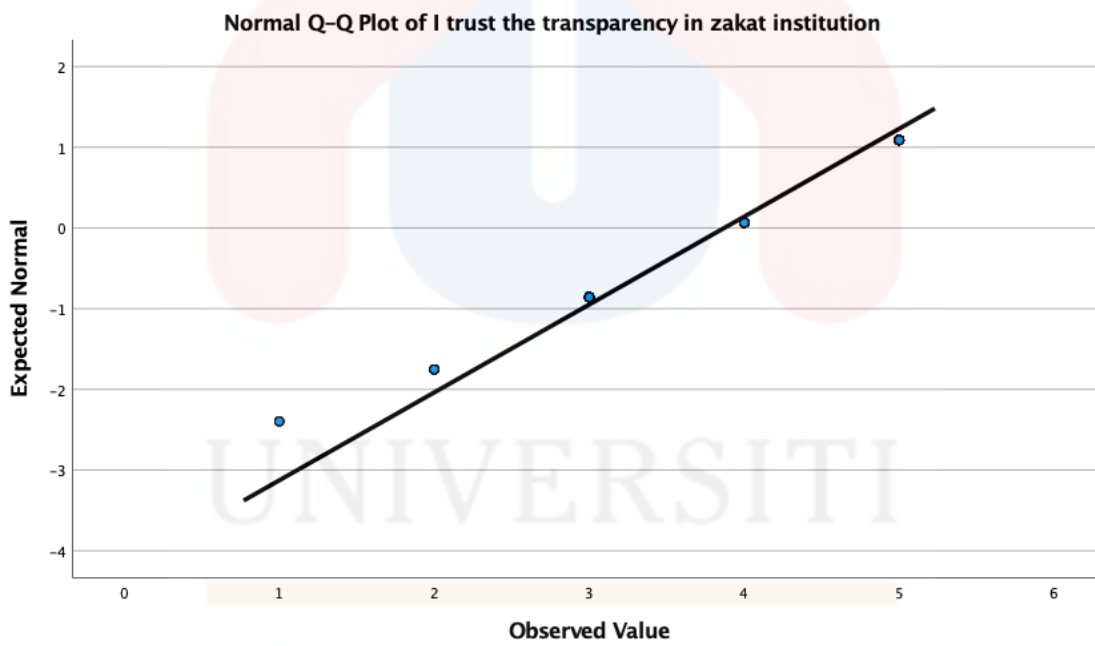


Figure 4.17: I trust the transparency in zakat institution

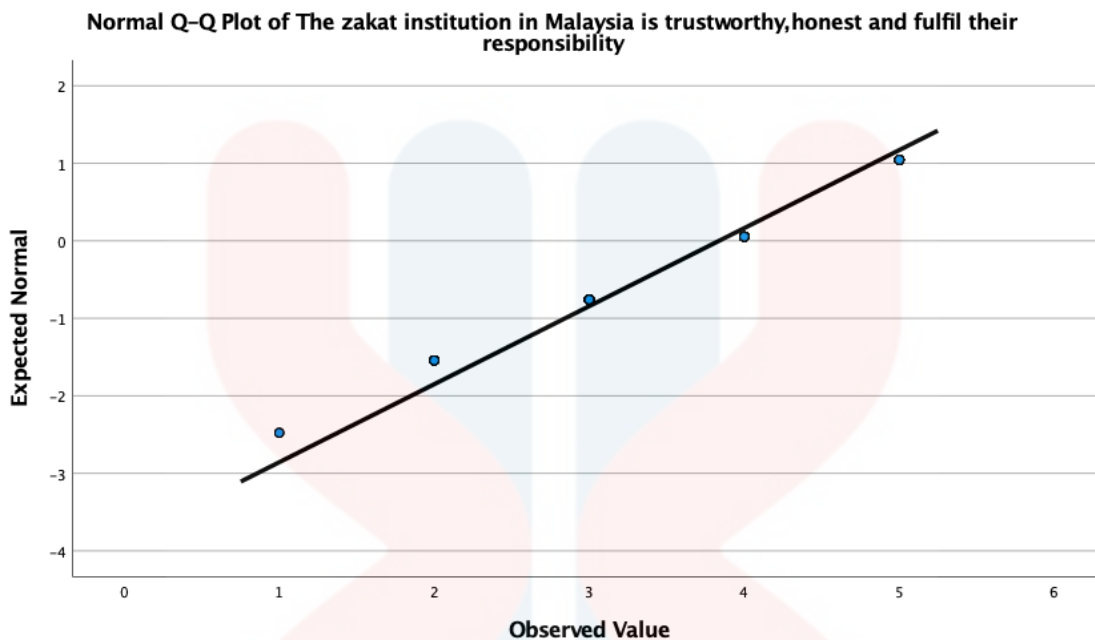


Figure 4.18: The zakat institution in Malaysia is trustworthy, honest and fulfil their responsibility

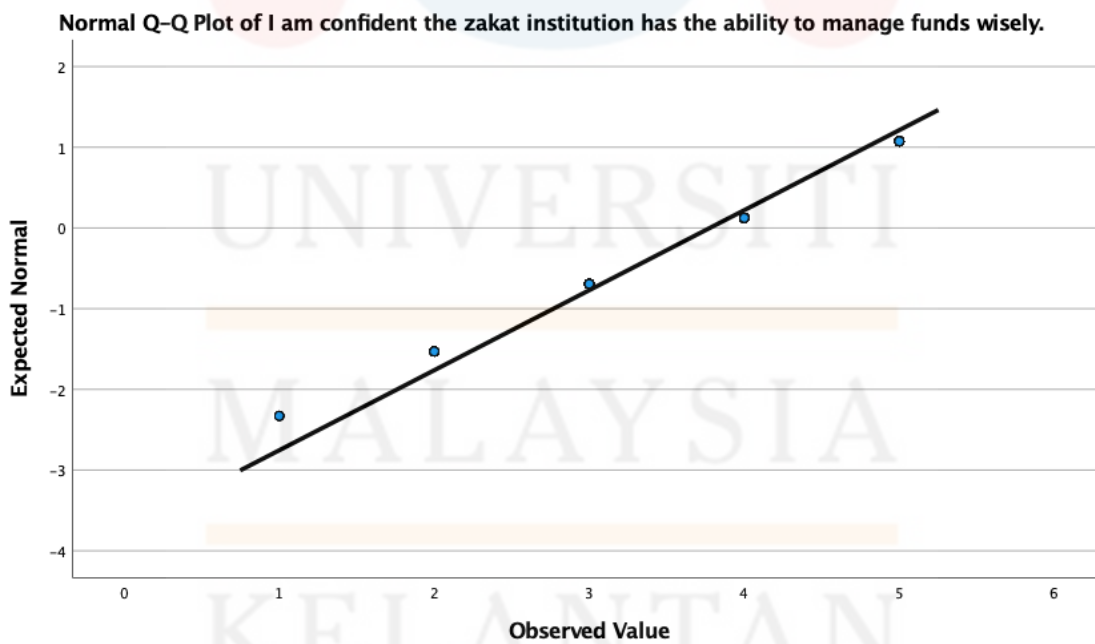


Figure 4.19: I am confident the zakat institution has the ability to manage funds wisely

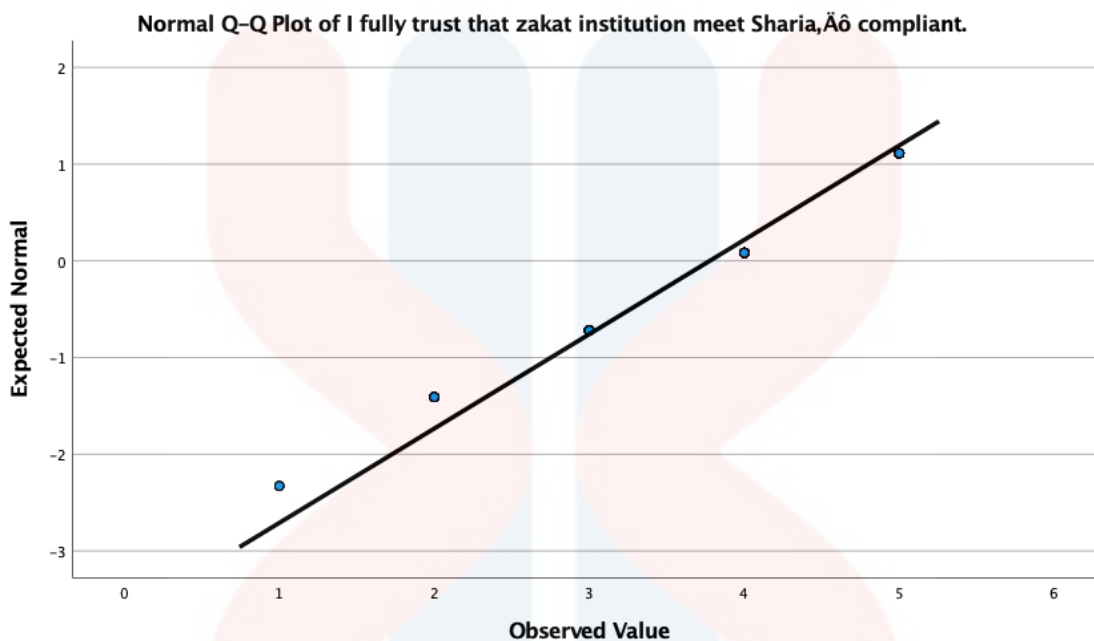


Figure 4.20: I fully trust that zakat institution meet Sharia compliant

In light of the table shows that all the variables have $p < 0.05$ so every one of the variables can be thought to be non-typical. Accordingly, the normality of all variables for this examination was met. This research utilizing Kolmogorov-Smirnov normality test rather Shapiro-Wilk normality test. The Shapiro-Wilk normality test is more suitable strategy for little example sizes (< 50 tests) despite the fact that it can likewise be taking care of on bigger example size while Kolmogorov-Smirnov normality test is utilized for $n \geq 50$. So, Kolmogorov-Smirnov normality test more appropriate as direction for this research. This is on the grounds that Kolmogorov-Smirnov had no touchy to issue in tails and it was appropriate for informational index more than 50. What's more, Shapiro-Wilk didn't function admirably assuming that few qualities in the

informational index were something very similar and its turn out best for informational index informational collection under 50 (Razali and Bee).

4.7 HYPOTHESIS TESTING

		Correlations				
		AVE_IPZ	AVE_PT	AVE_PA	AVE_ZPA	AVE_T
AVE_IPZ	Pearson Correlation	1	.642**	.634**	.594**	.507**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001
	N	300	300	300	300	300
AVE_PT	Pearson Correlation	.642**	1	.629**	.614**	.680**
	Sig. (2-tailed)	<.001		<.001	<.001	<.001
	N	300	300	300	300	300
AVE_PA	Pearson Correlation	.634**	.629**	1	.613**	.586**
	Sig. (2-tailed)	<.001	<.001		<.001	<.001
	N	300	300	300	300	300
AVE_ZPA	Pearson Correlation	.594**	.614**	.613**	1	.595**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001
	N	300	300	300	300	300
AVE_T	Pearson Correlation	.507**	.680**	.586**	.595**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	
	N	300	300	300	300	300

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.17: Pearson Correlation

		Correlations	
		AVE_IPZ	AVE_PT
AVE_IPZ	Pearson Correlation	1	.642**
	Sig. (2-tailed)		<.001
	N	300	300
AVE_PT	Pearson Correlation	.642**	1
	Sig. (2-tailed)	<.001	
	N	300	300

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.18: The Relationship between Intention to Pay Zakat and Perception of Transparency among the UMK Student.

Based on the table above, the results show a significant relationship between intention to pay zakat and perception of transparency among UMK students. Pearson correlation showed 0.642 with a significance level of 0.001. This indicates that there is a statistically significant correlation between intention to pay zakat and perception of transparency ($r = 0.642, N = 300, p < .001$). It is a moderate positive correlation. Therefore, the study accepts H1 that researchers ensure that there is a significant relationship between intention to pay zakat and perception of transparency among UMK students.

Correlations

		AVE_IPZ	AVE_PA
AVE_IPZ	Pearson Correlation	1	.634**
	Sig. (2-tailed)		<.001
	N	300	300
AVE_PA	Pearson Correlation	.634**	1
	Sig. (2-tailed)	<.001	
	N	300	300

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.19: The relationship between Intention to Pay Zakat and Perception of Accountability among the UMK Student

Based on the table above, the results show a significant relationship between intention to pay zakat and perception of accountability among UMK students. Pearson correlation showed 0.634 with a significance level of 0.001.

This indicates that there is a statistically significant correlation between intention to pay zakat and perception of accountability ($r = 0.634, N = 300, p < .001$). It is a moderate positive correlation.

Therefore, the study accepts H2 that researchers ensure that there is a significant relationship between intention to pay zakat and perception of accountability among UMK students.

Correlations

		AVE_IPZ	AVE_ZPA
AVE_IPZ	Pearson Correlation	1	.594**
	Sig. (2-tailed)		<.001
	N	300	300
AVE_ZPA	Pearson Correlation	.594**	1
	Sig. (2-tailed)	<.001	
	N	300	300

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.20: The relationship between Intention to Pay

Zakat and Zakat Player Attitude among the UMK Student

Based on the table above, the results show a significant relationship between intention to pay zakat payer's attitude among UMK students. Pearson correlation showed 0.594 with a significance level of 0.001. This indicates that there is a statistically significant correlation between intention to pay zakat and zakat player attitude ($r = 0.594$, $N = 300$, $p < .001$). It is a moderate positive correlation. Therefore, the study accepts H3 that researchers ensure that there is a significant relationship between intention to pay zakat and zakat player attitude among UMK students.

4.8 SUMMARY OF THE CHAPTER

This chapter 4 includes descriptive analysis, a reliability test, and assumption test which is used in regression analysis. The analysis was carried out to determine whether it is a relationship between the dependent variable and the independent variables, as discussed by previous researchers. E-views were used to analyse and evaluate the discovery.



CHAPTER 5: DISCUSSION AND CONCLUSION

5.1 INTRODUCTION

This chapter presents the summary of the findings, conclusions and recommendations based on the data analyzed in the previous chapter. The first part will be included the highlights of the results that support the main objective of the study and the findings of the study that related to our topic which is the implication of transparency in Islamic finance towards zakat institutions among UMK students. The next part includes the discussions and recommendations of the research for future study. Last but not least, this chapter concluded the overall of the research.

5.2 Key Finding and Discussion

This study presented a summary of all the hypothesis based on the findings, as shown in Table 5.2 below. From the total of three hypothesis that were presented before the findings were supported. These hypothesis have all met the study's objectives, which were to investigate and analyse the impact of transparency in Islamic Finance on zakat institutions among UMK students.

Table 5.1: Summary of Correlation Analysis

	Hypothesis	Pearson's Correlation Result	
H1	There is a significant relationship between intention to pay zakat and perception of transparency among UMK student	r = 0.642 p < 0.001	Supported
H2	There is a significant relationship between intention to pay zakat and perception of accountability among UMK student	r = 0.634 p < 0.001	Supported
H3	here is a significant relationship between intention to pay zakat and zakat payer attitude among UMK student	r = 0.594 p < 0.001	Supported

H1: There is a significant relationship between intention to pay zakat and perception of transparency among UMK student

Based on the findings results, it can be concluded that zakat has a significant positive relationship affecting the UMK student's intention to pay zakat and perception of transparency. In chapter 4, H1 is accepted with a correlation of 0.642 at a significant level, $p < 0.01$. According to the correlation coefficient statistic, Zakat's knowledge can assist UMK students in gaining a deeper comprehension.

This results support the research conducted by Nikmatuniayah (2012) that transparency of publication about financial information increases society belief in zakat institution. By increasing

level of trust, so intention of payer to pay zakat in zakat institution will be increase. The outcome is also in line with research conducted by Ulumuddin (2013), Hakim (2014) and Nugraha (2013). This study will encourage students all out to know about zakat institution and implying to their life.

H2: There is a significant relationship between intention to pay zakat and perception of accountability among UMK student

Referring to the analysis, this hypothesis is accepted. In conclusion, the relationship between intention to pay zakat has a significant positive relationship affecting the perception of accountability among the UMK students. In chapter 4, H2 is accepted with a correlation of 0.634 at a significant level, $p < 0.01$. According to the correlation coefficient statistic, Zakat's knowledge can assists UMK students in gaining a better understanding.

This outcome is supported by Norlina and Abdul Rahim (2011), argue that the governance of zakat institutions refers to the governance structure and mechanism to ensure financial and managerial accountability of zakat collection and distribution. They also argue in order to be accountable, to the public as well as to institutional stakeholders, organizations need to be fully transparent by ensuring processes, institutions, and information are accessible and sufficient to the related parties, especially to the stakeholders for monitoringg purpose.

H3: There is a significant relationship between intention to pay zakat and zakat payer of attitude among UMK student

According to this study, it can be concluded that intention to pay zakat has a positive significant relationship in affecting the zakat player of attitude among UMK students. In chapter 4, H3 is

accepted with a correlation of 0.594 at a significant level, $p < 0.01$. According to the correlation coefficient statistic, Zakat's knowledge can assist UMK students in improving their understanding.

This finding is supported based on the study carried out by (Ajzen, 1991) attitude can be defined as the degree to which the person has a favourable or unfavourable perception when undertaking the behaviour. Attitude is found to have a substantial impact on intention, comparable to his other research that there is a significant connection between attitude and intention to pay Zakat on income among Muslims (Farah, Haji-Othman, & Omar, 2017). However, based on the study made by Mohd Haikel (2014) with respect to an attitude, it is one of the causes that suggests that it influences the willingness of a person to do something, and the researchers have explored different aspects that can influence the attitude in reaction.

5.3 IMPLICATIONS OF THE STUDY

The study may have some implications on society. It can be an effective mechanism to achieve sustainable development through reducing social problems and boosting economic activities. As a religious fiscal tool, zakat leads to a distribution of income, and hence, it increases the consumption, investment and public spending, and thus the economic growth.

The system of Zakat ensures proper distribution of wealth and has a wide impact on the entire setup of society. If Zakat is established as an institution, it will create a collective social security scheme for mutual help or sympathy and resources can be further utilized for social development.

Zakat means 'that which purifies'. By giving money to charity, Muslims can cleanse their wealth. It is important that Muslims do not get attached to unnecessary things such as money and possessions. Muslims see wealth as ultimately belonging to Allah, and giving Zakat helps to make people more equal.

5.4 LIMITATION OF STUDY

The limitation of this study was researcher had challenge to make sure the students in University Malaysia Kelantan who in SAB course answer the questionnaire. It could be disturbing them to answer the questionnaire. Some people might be less understanding of the questions. The researcher must work hard to ensure that sufficient amount of data like stated in chapter 3. Thus, that there was the first barrier that the researcher needed to face on this research.

As a result, the researcher was confronted with a time constraint. The time limit refers to the amount of time it takes to collect the data. It is challenging for the researcher because it needs to use SAB students to answer the questionnaire, but only a few do. The time frame for people to respond to the questionnaire teaches the researcher how to engage with other students in order to gain their cooperation. At the same time, some students deny to complete the questionnaire because they have already completed it.

5.5 RECOMMENDATION

Clearly our findings bring up certain issues that should be explored in the future and it can be achieved by using subjective techniques such as inside and outside meetings or focus groups. This technique may be most suitable to bring some data that transparency in Islamic finance towards zakat institutions among students of the University of Malaysia Kelantan on. For the next

study, the quantity of respondents will be expanded to a higher number of 300 respondents from around three student camps of the University of Malaysia Kelantan. Future research is expected to correct this weakness.

Regardless of the restrictions referred to, this review offers transparency in Islamic finance towards zakat institutions among to supervise resources in university Malaysia Kelantan students. To be sure, this examination is believed to be able to give and future research requirements in research to perfect and study transparency in Islamic finance against zakat institutions among which it is believed that this research can be used as data material only as reference material in assisting research. as an idea for future research, it would be nice if future analysts research on local area understanding of the advantages of transparency in Islamic finance with a broader level of research, either close investigation or contextual analysis in the archipelago to add more information and not. Limited to a particular country or a particular state assembly.

5.6 CONCLUSION

Overall, the results of the data analysis conducted are relevant to the targets indicated by the researchers. The researcher found that the understanding of Islamic financial transparency among students at UMK student is recognition, temperament and emotional status. Research has also found that awareness is the most influential variable on Islamic financial transparency. Research influences the presentation of recognition input in the future by increasing transparency in Islamic Finance Understanding among students at UMK student. Although the research focused on a small -sized sample, we believe that the research will be filled in as a discussion for a potential examination covering a wider population that will provide more detail.

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APPENDIX A: Draft of Questionnaire

THE IMPLICATION OF TRANSPARENCY IN ISLAMIC FINANCE TOWARDS

ZAKAT INSTITUTION AMONG UMK STUDENTS

SECTION A: DEMOGRAPHY

Instruction: Please put a tick (/) if the appropriate information represent yourself. Each question should only have ONE answer.

1. Gender

Female

Male

2. Age

18-24 years' old

25-34 years' old

35-44 years' old

More than 45 years' old

3. Level of education

SPM

STPM / MATRIC /
DIPLOMA



DEGREE

PHD

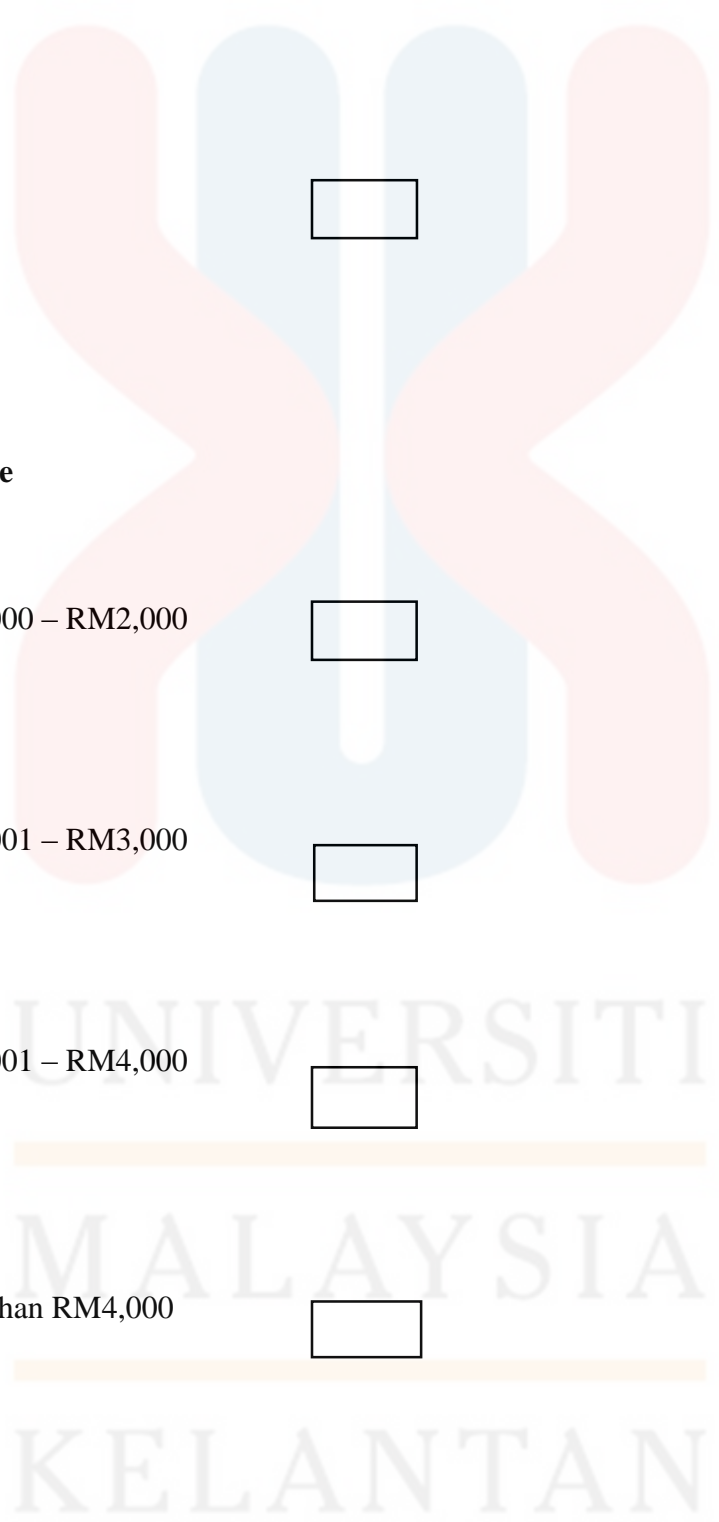
4. Income

RM1,000 – RM2,000

RM2,001 – RM3,000

RM3,001 – RM4,000

More than RM4,000



SECTION B: DEPENDENT VARIABLE AND INDEPENDENT VARIABLES

Instruction: Please read each item carefully and answer honestly to the following questions. Kindly give each item a rating by putting a tick according to the following scale that describe:

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

1. Dependent variable: Intention to pay zakat

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Questions	1	2	3	4	5
I know about intention to pay zakat.					

<p>The zakat institution in Malaysia is very encourage to pay zakat.</p>					
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<p>The intention is important to pay zakat as our obligation for Muslim.</p>					
<p>I am fully having knowledge about intention to pay zakat.</p>					

2. Independent variables: Perception of transparency.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Questions					
I have my own perception of transparency in zakat institution.					

My perception of transparency that convincing in zakat institution.					
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The perception of transparency is very important towards zakat institution.					
I believe the perception of transparency can affect person attitudes towards zakat institution.					

3. Perception in accountability.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Questions					

<p>I aware about the level of accountability in zakat institution.</p>					
<p>I believe the transparency of accountability in zakat is important.</p>					
<p>I believe a good quality of transparency in financial reports will affect the zakat institution.</p>					

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The level of transparency in accountability of zakat institution will make feel safe to pay zakat.					
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3. Zakat payer's attitude

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Questions					
I know about zakat payer's attitude.					

<p>I know the importance of zakat payer's attitude for pay the zakat punctually.</p>					
<p>I know about zakat payer's attitude that can effect the individual to pay zakat.</p>					

<p>I do some research about zakat institution involved before doing the zakat transaction.</p>					
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4. Trust

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Questions					
I trust the transparency in zakat institution.					
The zakat institution in Malaysia is trustworthy, honest and fulfil their responsibility.					

<p>I am confident the zakat institution has the ability to manage funds wisely.</p>					
<p>I fully trust that zakat institution meet Sharia' compliant.</p>					

APPENDIX A: Gantt Chart

GANTT CHART

Stages of the research proposal	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15
<i>Guideline for undergraduate academic report</i>													
<i>Selection of research topic</i>													
<i>Formulating Research problem</i>													
<i>Formulating research objective</i>													
<i>Formulating research scope</i>													
<i>Conducting literature review</i>													
<i>Formulating Research design</i>													
<i>Creating Research method</i>													

<i>Data collection method</i>													
<i>Review framework of the study by the supervisor</i>													
<i>Correction of the draft research proposal</i>													
<i>Final revision of the draft research proposal</i>													
<i>First submission of the proposal draft to the supervisor and editing of the proposal</i>													

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