

**FACTORS THAT INFLUENCE ISLAMIC DEPOSIT
PRODUCTS AS THE MAIN PREFERENCES TOWARDS
NON-MUSLIM BANKING TRANSACTION IN MALAYSIA**

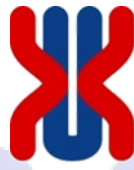
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WAN DAHLIA ANGGUN BINTI WAN MOHAMAD NAZERI
WAN FATIN AMIRAH BINTI WAN DAUD
WAN NUR ATHIRAH BINTI WAN DASUKI
WAN NUR FATINI IZZATI BINTI WAN FAUZI

UNIVERSITI
MALAYSIA
KELANTAN

DEGREE OF BUSINESS ADMINISTRATION (ISLAMIC BANKING AND
FINANCE) WITH HONOURS

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Factors That Influence Islamic Deposit Products as The Main Preferences Towards Non-Muslim Banking Transaction in Malaysia

by

Wan Dahlia Anggun Binti Wan Mohamad Nazeri (A20A2066)

Wan Fatin Amirah Binti Wan Daud (A20A2067)

Wan Nur Athirah Binti Wan Dasuki (A20A2071)

Wan Nur Fatini Izzati Binti Wan Fauzi (A20A2072)

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2023

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SIGNATURE

NAME: Wan Dahlia Anggun


SIGNATURE

NAME: Wan Fatin Amirah


SIGNATURE

NAME: Wan Nur Athirah


SIGNATURE

NAME: Wan Nur Fatini Izzati

Date: 31 DECEMBER 2023


SIGNATURE OF SUPERVISOR
NOORMARIANA BINTI MOHD DIN
Pensyarah
Fakulti Pendidikan dan Pengajian
Universiti Malaysia Kelantan

NAME:

Date:

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ABSTRACT

Islamic financial products adhere to specific ethical principles, forbidding activities such as alcohol consumption, gambling, and involvement in transactions that accrue interest. In the context of Malaysia, this study focuses on understanding the factors that influence the decision-making process of non-Muslim consumers regarding Islamic deposit products. The independent variables examined in this research encompass several crucial aspects. Firstly, Shariah regulations play a pivotal role in shaping consumer preferences. This includes adherence to Islamic law in financial transactions, ensuring that the products align with religious principles. Withdrawal flexibility is another variable under scrutiny, exploring how the ease and terms of withdrawing funds impact consumers' choices. The study delves into whether flexible withdrawal options enhance the attractiveness of Islamic deposit products among non-Muslim consumers. Moreover, confidence and trust emerge as significant factors influencing the decision-making process. Investigating how consumers perceive the reliability and integrity of Islamic financial institutions sheds light on the broader issue of establishing trust in this sector. Finally, the study considers the level of understanding among customers regarding Islamic financial products. This involves assessing the awareness and comprehension of the principles governing these products, as well as how this understanding affects consumer choices. To gather data for this research, an online questionnaire method is employed, aiming to collect responses from a diverse group of 400 respondents. The target demographic includes residents aged 18 years and above in Malaysia. Through this comprehensive approach, the study seeks to provide valuable insights into the factors guiding non-Muslim consumers in Malaysia when selecting Islamic deposit products.

Keywords: *deposit, customer, choice, product, Islamic, non-Muslim, Malaysia*

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND OF THE STUDY

This research will focus on the factors that impact Islamic deposit products as the primary priority for non-Islamic banking transactions in Malaysia. This chapter will cover the following topics: the background of Islamic deposit products, problem statement, research questions, research aims, scope of the study, importance of the study, definition of words, and proposed organisation. Section 1.1 will provide a brief explanation of Islamic deposit products in Malaysia in relation to the research's background and goal, while sections 1.2 and 1.3 will address the problem statement and research questions. As a result, to conduct this research, the study's goal and hypothesis will be recommendations. Finally, recommendations for additional research, study findings, and limitations will be provided.

Deposit products are the major source of funding for Islamic banks. Islamic banks and counters or branches have opened in Malaysian conversion banks, and their banks now offer Islamic products in order to earn profit sharing rather than interest income. Bank Islam offers demand deposits based on the concept of guaranteed custody (al-wadiah), which occurs when one person passes over an item to another to be retained intentionally. When someone lends money to others for investment purposes, it is considered an investment deposit and is based on the concept of profit sharing (al-mudarabah). The agreement between Islamic banks and depositors will not include a specified rate of return on investment or deposit. Only the parties to the contract will determine the ratio for allocating profits and losses. The majority of banks offer all forms of deposit products, which are determined by bank rules, operations, and marketing strategies (Amin, 2013). In a nutshell, deposit products permit the transfer of funds from surplus to deficit units. Surplus units are monies that have accrued and

are used by entrepreneurs who are part of the deficit units to complete various projects. Funds are allocated to cover various sorts of risk associated with investing in various projects and sectors. As a result, if the deposit or investment is profitable, the depositor may get a dividend. In fact, when investments and deposits fail, depositors lose a portion of their cash. In brief, Islamic banks should play a key part in Sharia-compliant profit-making activities, including receiving and using funds for investment and financing.

In 1983, Bank Islam Malaysia Berhad (BIMB) was established in Malaysia, which made it the first Islamic bank in the country. According to the Islamic Banking Act 1983, Bank Negara Malaysia has administered the operation of Islamic banks and the operating system for Islamic banks is the same as the conventional system. To meet customer demand, Bank Islam Malaysia Berhad (BIMB) and Bank Muamalat Malaysia Berhad (BMMB) were established in 2002. There are seventeen commercial banks, five merchant banks, seven discount houses, and four foreign-owned banks (Ahmad & Haron, n.d.). Indirectly, this demonstrates their increasing interest in Islamic products. Another poll found that 9 Islamic banks and 18 conventional banks presently offer Islamic banking products and services in Malaysia (Dusuki and Abdullah, 2007). The items accessible are Musharakah, Mudarabah, Murabahah, Musawama, Ijarah (lease), Salam, and Istisna.

Islamic banks' main source of strength is Sharia-compliant deposit products. Customers who have available deposit money can profit from their investments. So, a deposit is a liability from the bank's perspective, and it is founded on the Mudarabah and Wakalah structures. Islamic deposit products, for example, are known as current accounts-i, Islamic savings accounts as savings accounts-i, Islamic investment accounts as Islamic fixed deposits, etc.

Figure 1.1: Statistics of Islamic banking

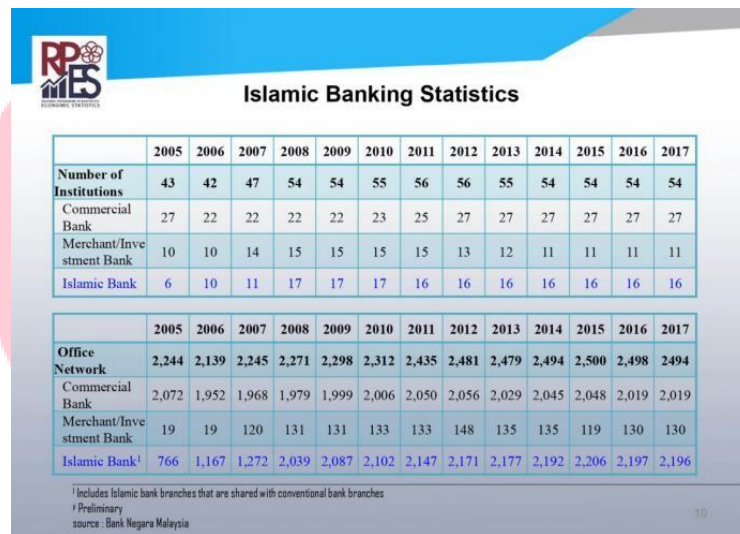
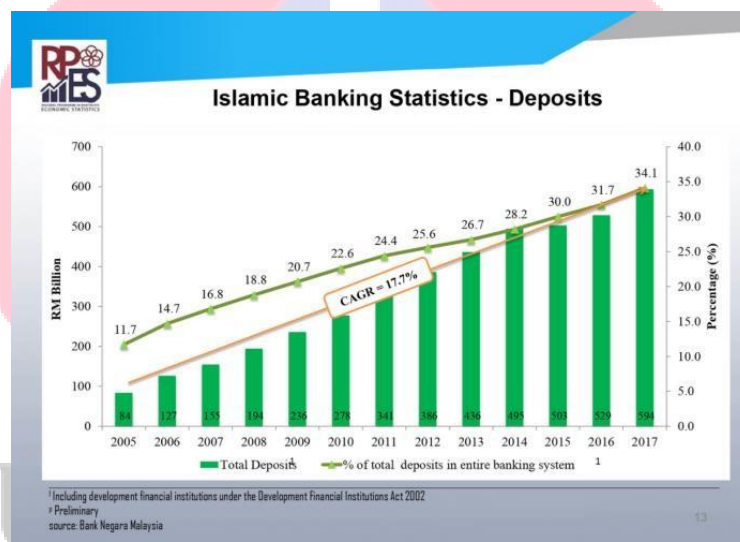


Figure 1.2: Statistics of Islamic banking - Deposits



Islamic banking statistics from 2005 to 2017 are displayed above. The numbers above indicate the pre-tax profits of the banking sector, commercial banks, investment banks, and Islamic banks. In 2010, MIFC, BNM, SC, Labuan FSA, Bursa Malaysia, and DOSM collaborated to estimate the added value of operations for the Islamic capital market.

1.1.1 Current Account

A current account is a bank account in which customers make payments with checks and usually pay no interest. This is because the cash will be utilised to share profits rather than to make investments. Kontota et al. (2016) define Current Account-i as the combination of wadiah (guaranteed care) and mudarabah (profit sharing), as well as being controlled based on the notion of wadiah. According to Amin, the semsa-i accounts, which have the letter 'i' at the end, are not involved in any usury operations, and the product is processed in accordance with Shariah principles. Other examples are qard hasan current accounts, wadi'a-wad-dhamana, and guaranteed deposits.

1.1.2 Savings Account

Customers typically use savings accounts for precautionary reasons (Haron & Wan-Azmi, 2008). According to Amin, the savings account-i concept is founded on rabbul mal and mudarib. This concept happens when a customer provides funds to a bank, and the customer is still seen as Rabbul mal. According to Amin, in order to profit from commercial operations, the bank is mudarib since it uses available cash for various sorts of halal investments.

Return is a 'gift' provided by Islamic banks to savings account holders (Rosly & Mohd- Zaini, 2008). According to Abdul Rahman (2005), it is the framework of rewarding profits based on bank performance, also known as hiba. When the bank makes a profit from its banking activities, a bigger hiba amount is supplied and deposited to the customer's savings account. When the bank suffers a loss, the consumer will not lose any money from their deposits, but the customer will be unable to recover. Accounts provided include the Wadi'a Model, Mudharabah Model, and Al-Qard Al Hasan Model.

1.1.3 Investment Account

This account is significantly dependent on the bank's performance and is calculated using the "profit sharing ratio" (Utusan Online, 2005b). It differs from the savings and investment accounts in that it has a higher premium and is geared towards long-term savings. The primary purpose of the investment account is to maximise profits while it is invested. If the bank's investment fails, the customer may lose money as well, however this is uncommon (Amin). However, it is also determined by the bank's policies.

1.1.4 Certificate of Deposits

A Certificate of Deposit (CD) is a type of time deposit typically available in the United States and other financial organizations, such as credit unions and savings banks. CDs, similar to savings accounts, provide a guarantee of "money in the bank" and are therefore highly secure with minimal risk. Certificates of deposit (CDs) in the United States are insured by the Federal Deposit Insurance Corporation (FDIC) for banks and the National Credit Union Administration (NCUA) for credit unions. CDs distinguish themselves from savings accounts by their fixed duration (often ranging from one, three, or six months, to one to five years) and a constant interest rate. Banks are required to provide consumers with facilities to securely deposit their Certificates of Deposit (CDs) until they reach maturity. At that point, consumers are able to withdraw both the principal amount and the accrued interest.

1.2 PROBLEM STATEMENT

To tackle the global economic slump, one effective approach is to broaden the scope of product coverage, making it more extensive and effective. This strategy has resulted in a surge in popularity among individuals who do not identify as Muslims. Due to recent developments in Malaysia's financial sector, Islamic Banking has exhibited exceptional performance, building a remarkable reputation in the banking industry, and introducing a novel perspective. The need for high-quality banking services will increase, leading to a shift in client preferences.

Due to intense rivalry between Muslims and non-Muslims in the banking industry, financial institutions have made the strategic decision to target and cater to a larger base of traditional and Islamic customers. However, customers are currently facing difficulties in determining which option is most suitable for their specific needs and requirements. The Islamic banking system applies the dual principle, which allows traditional banks to provide Islamic products and services. Prior to acquiring Islamic banking products, clients are impacted by factors such as the quality of services, commodities, trustworthiness, and the availability of branches, as indicated by several studies. Islamic scholars Tengku Wasimah, R, H, Rosemaliza, A, R, and Abu Bakar, H (2015) argue that customers who want Islamic banking services are impacted by factors beyond only the Islamic branding. Based on the examination results, individuals who do not practice Islam choose to study Islamic administration due to the favorable Islamic scoring system and other relevant considerations. Some examples encompass Shariah regulations, consumer understanding, assurance and reliance, and flexibility in withdrawals.

The rise in demand for Islamic banking services can be attributed to Islamic banking's production of Shariah-compliant commercial products and services in Malaysia. Because of this issue, many Muslims have converted to Islamic account management. The Malaysian community chose to support the Islamic banking business because of its basic operational management, early regulatory framework system, and profitability. However, due to high client demand, the industry will face supply constraints. According to Aslam et al. (2011), users will obtain a wealth of knowledge on how to save money, invest in excellent products, and receive administration. There are always concerns about whether Islamic bank employees receive appropriate training and knowledge in Islamic products to meet the needs of their customers. According to Zainol et al. (2008), a small percentage of banks lack adequate understanding to achieve with banks.

In order to determine the variables that will be the main factors for non-Muslim customers to choose services from Islamic banking, there are four independent variables that will be used in this study. With the help of literature review, the four independent variables listed above will be explained in the next chapter.

1.3 RESEARCH QUESTION

- a) Is there a link in Malaysia between non-Muslim clients' deposit product preferences and Shariah regulations?
- b) How well are Islamic deposit products in Malaysia recognised by non-Muslim customers?
- c) How confident and trustworthy are non-Muslim clients of Malaysia's Islamic deposit products?
- d) How do non-Muslim options for Islamic deposit products in Malaysia and withdrawal flexibility relate to each other?



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1.4 RESEARCH OBJECTIVES

- a) To investigate the factors influencing non-Muslim consumers' decisions in Malaysia regarding Islamic deposit products.
- b) To investigate how non-Muslim clients' preferences for Islamic deposit products relate to Shariah rules in Malaysia.
- c) To research why non-Muslim customers in Malaysia choose Islamic deposit products based on their knowledge of these products.
- d) To determine the relationship between non-Muslim consumers' preferences for Islamic deposit products in Malaysia and their confidence and trust.
- e) To look into the relationship between non-Muslim clients' preferences for Malaysia's Islamic deposit products and withdrawal flexibility.

1.5 SCOPE OF THE STUDY

To get the desired results, the research subject has been limited to exclusively non-Muslim communities. The goal of this inquiry is also to uncover the factors that impact Islamic deposit products as the top priority for non-Muslim consumers. Non-Muslim consumers' choice of Islamic deposit products is influenced by several factors, including the degree of service, the tawarruq contract used in deposit products, and the availability of Islamic banking products. Using a questionnaire (quantitative method), random data was collected by the researcher from non-Muslim customers. In this study, the researcher needs 400 target respondents who are non-Muslim customers. In order to produce a survey questionnaire that will be distributed to the non-Muslim community, web technology will be used. Based on the variables considered, a survey will be provided to non-Muslim customers when they use the deposit product.

1.6 SIGNIFICANCE OF STUDY

The study's findings must be shared with the non-Muslim community in order to understand how non-Muslim consumers' deposit offerings in Malaysia are influenced by their awareness of Islamic deposit products, faith in the products, adherence to Shariah law, and withdrawal plan flexibility. Given Malaysia's prominence as the world's Islamic Centre, this study is likely to provide an accurate picture of non-Muslim consumers' preferences for an Islamic deposit product. This study helps the researcher better understand how non-Islamic customers accept Islamic services and commodities. It is possible to conclude that non-Muslim clients are content with the goods and services offered by the Islamic business, notwithstanding the researcher's uncertainty regarding the customer's preferences and the likelihood of

Islamic things in the future. Islamic products emphasising Sharia law have a huge impact on how a bank functions. Islamic items that highlight Sharia law have a significant impact on the way people operate.

Before determining whether to form a banking relationship with an Islamic bank and accept Islamic deposit products, the analysis must first check that the bank is adequately trained and has correct data on banking operations. As a result, non-Muslim customers will consider adopting Islamic banking if the bank can build trust and ensure that non-Muslim customers can conduct banking transactions safely and reasonably. This study should assist Malaysian Islamic banks in completely understanding the information demands and wants of non-Muslim consumers regarding Islamic deposit products. Furthermore, by growing the market among non-Muslim consumers, banks can develop new tactics and products to expand the business of Islamic deposit products.

For scholars as well as all parties and institutions involved in research that focuses on elements of Islamic deposit products for non-Muslim customers, the results of this study can be valuable information to them. Through this study, non-Muslim customers can realize that Islamic banking can contribute to the country's economic growth if they choose products from Islamic banking. This paper can be used and used as a reference for anyone interested in conducting additional research. In order to make improvements or create new concepts related to it, this paper can be used and used as a basis for researchers to do research in the future

1.7 DEFINITION OF TERM

How non-Muslim customers choose Islamic services and goods is the purpose of this research study. How the preference for Islamic deposit products in Malaysia is the result of this research study.

1.7.1 Shariah Regulations

Any activity related to Riba, Gharar, gambling and fraud is prohibited in the Islamic banking system because it is based on the concept of Islamic Sharia. Istisna, Salam, Ijarah (lease), Musawama, Murabahah, Mudarabah, and Musharakah are among the products offered by Islamic banking. Islamic deposit products are easy to distinguish because they are products that comply with Shariah principles.

1.7.2 Understanding of Customer

Educating and communicating effectively by financial institutions regarding the benefits of Islamic deposit products should be done to increase knowledge and awareness among non-Muslim customers. Promotion can be done in various ways through seminars, advertisements, websites and so on. This allows non-Muslim customers to gain awareness and trust in Islamic financial products.

1.7.3 Confidence and Trust

Non-Muslim customers have been influenced by their trust in Islamic deposit products. Savings accounts, credit cards and investments in shares are among the popular Islamic banking products among non-Muslim customers in Malaysia. It happened because of their high confidence in Islamic banks.

1.7.4 Withdrawal Flexibility

Without incurring any penalty, customers can withdraw money from their account at any time, which is the flexibility of the withdrawal mentioned in this study. For non-Muslim customers, this withdrawal flexibility is very important in Islamic deposit products involving Islamic bank products and services.

1.8 ORGANIZATION OF THE THESIS

In total, there are five chapters contained in this research study. The first chapter explains the main points related to Islamic deposit products, objectives, questions, importance, and problems of the study. The next chapter is related to the literature analysis of past studies to determine which factors influence Islamic deposit products as the top priority for non-Islamic banking transactions in Malaysia. The third chapter is related to which method is used in this study. Chapter 4 is related to data analysis by using SPSS to obtain results from the questions distributed to respondents to answer. Chapter 5 which is the last part is related to the discussion and final conclusion for the entire study. It is also involved with the recommendations given by the researcher in relation to the research study that has been done.

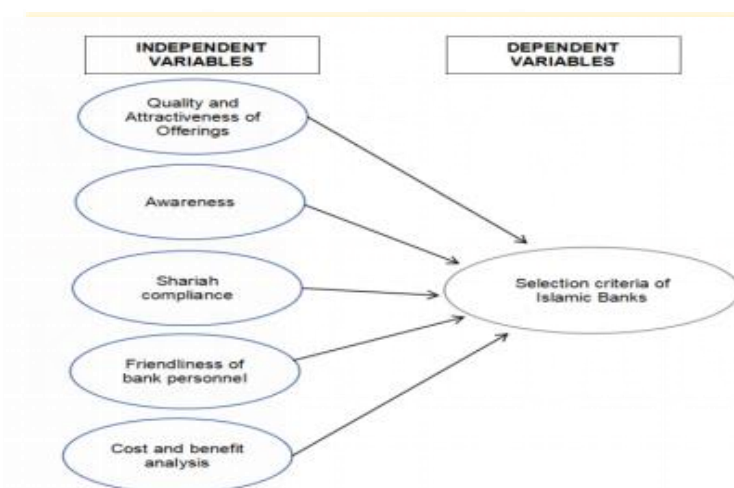
CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

An examination of the key elements within the framework of literature, including noteworthy discoveries or theoretical and methodical methods towards a specific topic, is the goal of a summary of research literature. Additionally, this section includes surveys and summaries of previous research that is relevant to the subject of the study. This study will examine the choices made by non-Muslim customers in Malaysia with regard to Islamic deposit instruments. The independent variables that will be examined are Shariah regulations, the non-Muslim customers' understanding of the product, their confidence and trust in it, and their flexibility in withdrawing funds. The literature review frequently covers the conceptual framework, prior research studies, the fundamental theory, and a synopsis of this section. All things considered, the literature review is a crucial component of any kind of investigation. since it offers a thorough examination of the body of current knowledge while pointing out areas that require more investigation.

2.2 UNDERPINNING THEORY

Figure 2.1: A research model was employed in Aziza and Awais' study.



Source: Customer Retention in Pakistani Islamic Banks' Selection Criteria

Customers must consider the Islamic Bank's requirements, which include quality and attractiveness of offer, cost and benefit analysis, awareness, friendliness of bank staff, and Syariah compliance, before making a decision (Aziza & Awais, 2016). No other considerations should be considered. Many customers are going to choose it because of the service that abides by Shariah principles and rules. The importance of functional quality is then acknowledged by consumers as a priority over conventional marketing strategies. Most clients are profit-oriented because they want high returns at low risk. They will choose a product to invest in if the benefits outweigh the cost. The friendliness of the bank employees is crucial because they have to give customers accurate information and advice. In order to help clients stand out from other banks, Islamic banks ought to offer high-quality products.

2.3 PREVIOUS STUDIES

2.3.1 Customers' Choice

Client preference for a particular set of products and services into the other, as well as the way in which they order a combination of goods and services, are referred to as customer's choices. Based on their degree of utility, satisfaction, and affordability, customers are assumed to place orders for goods and services under this definition. According to Raines (2011), customer choice theory does not account for the client's income, ability to purchase goods and services, or the cost of those goods and services.

Hamzah, Ishak, and Nor (2015) conducted research on how customer satisfaction and service quality relate to each other in Malaysian Islamic banks. According to this study (Hamzah, Ishak, Nor 2015; Dusuki, Abdullah, 2007; Haque, Jamil, Ismail, 2009), there is a substantial positive correlation between customer satisfaction and service quality. Therefore, Islamic banks need to make some efforts to raise the caliber of their services if they want to stay in the market and maintain their leading position.

The results, according to Doraisamy, Shanmugam, and Raman (2011), point to three main factors that will influence consumers' choices of Islamic banking products and services. These three elements consist of profitability, awareness, and service quality. The study demonstrates the way all three variables relate and impact the Sungai Petani region's customers' selection of Islamic deposit products and services. Both of these three independent variables profit, and quality have a big influence on what customers prefer in terms of Islamic goods and services.

2.3.2 Shariah Regulations

The number of non-Muslim customers buying Islamic products is rising because shariah principles foster customer loyalty. Products that are Islamic and follow Shariah regulations set them apart from offerings from other traditional banks. There is a positive correlation between Islamic banking services and non-Muslim customers, as per the findings of Md. Abdul Jalil and Muhammad Khalilur Rahman's (2014) study and questionnaire.

Customers of Islamic banks have incentives to select Islamic banking products over traditional banking due to the lower transaction costs and services provided. Sutan Emir Hidayat & Nouf Kal-Bawardi's (2012) assessment bolsters the concern

that, due to their small clientele, Islamic banking products do not appeal to non-Muslims. According to Aziza & Awais (2016), Islamic clients have a preference for banks that adhere to Sharia law and recapitalize the economy to support long-term growth. Conversely, customers who are not Muslims typically select financial institutions that provide higher interest rates on deposits. In order to assist non-Muslim clients, most Islamic banks apply Islamic principles. Mohamad Anwar Thalib's study claims that Shariah principles enhance behavior that respects the various demands that Muslims and non-Muslims have for one another.

2.3.3 Understanding of Customer

Consumers who have completed more education now have a deeper comprehension of the industry, like finance (Zainol, Shaari, & Muhamad Ali, 2008). Ahmad and Haron (2002) found that, due to ignorance, Islamic banks are only one option among many when researching Malaysian corporate clients' perceptions of Islamic banking goods and services. As per the report, Islamic banks should take more steps to enhance their products for the general public or educate the public. Research by Baba and Amin (2009), which supports this point of view by demonstrating that banks only possess a rudimentary understanding of the ideas or concepts that underpin Islamic products. Therefore, in order to give themselves a competitive edge over existing systems, anyone working in Islamic banking needs to have a solid understanding of the sector. Consequently, scholars advise the implementation of additional structures and protocols to furnish Islamic savings agents with adequate knowledge to facilitate their performance of duties in compliance with Sharia principles.

Hamid and Nordin (2001) found in a survey of Malaysian commercial bank customers that although there was a high level of awareness about Islamic banking, there was little self-reported knowledge about specific Islamic products, such as the inability to distinguish between conventional and Islamic money-keeping. Haque, Jamil, and Ahmad Zaki (2009) assert that selecting a bank is significantly influenced by demographic characteristics like knowledge and religion. Moreover, the investigators found that customers have a very limited knowledge of Islamic savings products. Among them are murabahah, musharakah, and mudarabah. However, their religious convictions drive them to do so.

In Malaysia, Islamic bank clients are primarily selected based on nonreligious factors, claim Haron, Ahmad, and Planisek (1994). They found that even though there was a high degree of understanding regarding Islamic objects, there proved deficiency in comprehension regarding the differences between Islamic and traditional methods of preservation. A lack of knowledge about the concept affects how customers view Islamic banking products. In order for people to comprehend Islamic banking products, they need to receive better education (Doraisamy, 2011).

2.3.4 Confidence and Trust

Customer preferences in relation of Islamic banking significantly depend on confidence and trust. Previous studies have shown that people have faith in the bank's ability to uphold Sharia law as well as in the bank itself (Hoq, Sulatana, and Amin, 2010; Amin, M., and Isa, 2008). Because of this, it is even more important that the products stay safe, as doing so will encourage customers to buy them. Ashraf, S., Robson, J., and Sekhon, Y. (2015) precisely define trust as a customer's expectation that the bank will uphold their long-term benefits and perform as such. Clients will

feel more secure in their choice to work with a bank in the long run, which is going to be greater uncertain compared to the short term, if it has a better reputation than other banks. Clients can benefit more and face fewer risks when they perform well. However, in the context of Islamic banking in Pakistan, client belief in the bank is also characterized by a positive impression in which the customer's expectations for the good or service are met (Rizwan, M., Yaseen, G., Nawaz, A., and Hussain, 2014). Consumers would rather put their trust in a bank that can both grow and safeguard their assets.

Customers' level of satisfaction will determine how much they trust and believe in that bank, according to Michell, P., Reast, & Lynch, J. (1998). If patrons are pleased with the services the bank has provided, their confidence and trust in the bank to make purchases will increase. Customer perception of the bank and the degree of confidence and trust that they have will both be influenced by its reputation. According to Ennew, Kharouf, and Sekhon (2011), when buying products that are difficult to evaluate and outside of their typical price range, consumers must rely on their faith. Assuring compliance requires building trust, which also helps allegiance grow and encourages repurchase and cross-purchasing. Customers' choice to do business with a bank will therefore be influenced by their level of trust. Customers might buy those goods again or other goods, suggest those goods to relatives, or use the bank they ought to feel most at ease doing business with.

The bulk of academics believe the basis of faith is significant to the interaction between customers and financial institutions because it's challenging for banking institutions to become established as well as managed without having the trust and confidence of customers. (Sekhon, H., Ennew, C., & Devlin, J., 2014). A bank will face many challenges as a result of its customers' lack of faith, one of which could be

its inability to survive. There needs to be a fundamental degree of trust between dealers and customers in order to reduce the default risk and preserve a high trade success rate. Castaldo (2007) asserts that trust is based on information about another party and confidence that they will keep their word. If that party keeps its word, it will build a stronger reputation, gain the trust of others, and become the company they want to do business with.

We now have even more knowledge about how customer trust and confidence in an Islamic bank may influence consumer preferences thanks to this study.

2.3.5 Withdrawal Flexibility

An Islamic bank's withdrawal flexibility can be easily understood through the oversight of the bank's liquidity. Mobin and Admad (2014) assert that a bank's ability to manage its assets depends critically on its bank liquidity. The amount of demand for withdrawals from customers could only be met by a bank with effective liquidity management. While the flexibility of an Islamic bank's withdrawal policies may influence non-Muslim customer's need for Islamic deposit products. The main cause of depositors quitting a bank is liquidity problems, which arise from an inability of the bank to sustain an equilibrium between the demand for and supply of liquidity (Ismal, 2010). Every Islamic bank has a different flexible withdrawal strategy based on client preferences and features like online service and ATM locations (Aziza & Awais, 2016). However, Amin (2016) contended that consumer acceptance of Islamic deposit products is influenced by advertisements, social pressure, religious convictions, and the bank's cost-benefit analyses. Amin (2016), however, did not show a connection between flexibility.

Furthermore, when comparing the availability of credit to other criteria, Haron, Ahmad, and Planisek (1994) found that non-Muslim consumers only considered it as the ninth significant criterion that should influence their preference. The flexibility of withdrawals from the bank will be impacted, but this is still the case. It proved that non-Muslim customers are more concerned with other factors than the bank's creditworthiness and the way customers behave with regard to Islamic deposit products. Examples of these other factors include the caliber of deposit products and the withdrawal scheme. The availability of ATMs increased customers' likelihood of selecting a bank (Srouji, Halim, Lubis, & Hamdallah, 2015). Users will find it easier to use the ATM if they are more likely to select a bank's products. The research conducted by Mokhlis, Mat, and Salleh (2008) revealed that the availability of ATM ranked second, corroborating the earlier claim of a positive and significant association among undergraduates.

2.4 HYPOTHESIS STATEMENT

2.4.1 Shariah Regulations

H1: There is a considerable association between Shariah Regulations and clients' preferences for Islamic deposit products in Malaysia.

The term "shariah" in Islamic banking refers to the set of Islamic precepts that, in order to promote economic growth, demand investment but forbid interest (riba). Financing, products, and deposit transactions are a few examples of what goes into banking operations. With the effects of the global credit crisis, non-Muslims who conduct research tend to favor low-risk investments. According to Aziza and Awais (2016), customers will benefit from information that adheres to Sharia compliance as it will help them minimize losses during a recession. In order to strengthen management and preserve good relations with non-Muslims, many forms of governance, according to Abdul Aziz, Rokiah, and Ahmad Azrin (2012), employ ideas from Shariah. This may have an effect on Shariah principles that have drawn non-Muslim consumers who get along well with Islamic good.

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2.4.2 Understanding of Customer

H2: There is a considerable association between understanding of customer and their preference for Islamic deposit products in Malaysia.

Holliday (1996) states that a driving force behind ongoing account management examination is the recognition of the significance of comprehending the customer's perspective in bank selection. Islamic banks must be able to understand the public's belief that their banking system is superior to the conventional system if they hope to coexist with it. Furthermore, knowledgeable bank managers are better able to inform and educate their clientele, drawing in new business and growing the market share of Islamic banks. In a financial system like Malaysia, where Islamic finance is used in conjunction with traditional banking, this is a crucial issue.

2.4.3 Confidence and Trust

H3: There is a considerable association between confidence and trust and clients' preferences for Islamic deposit products in Malaysia.

One of the elements used in sharia compliant products in Islamic banking is trust. To put it another way, the bank must earn the trust of its clients by keeping its word and earning their increased confidence in the offerings of Islamic banks. Customers are more likely to select a bank with stable capital, a better reputation, and higher returns if they are trusted. Fungacova, Hasan, and Weill (2016) assert that a key component of the economy is public confidence in banks. Trust can support inclusive and stable financing, which in turn can support economic growth. In order to foster a positive working relationship between the customer and the bank, banks must therefore have the trust and confidence of their clients in order to draw in deposits and loan business.

2.4.4 Withdrawal Flexibility

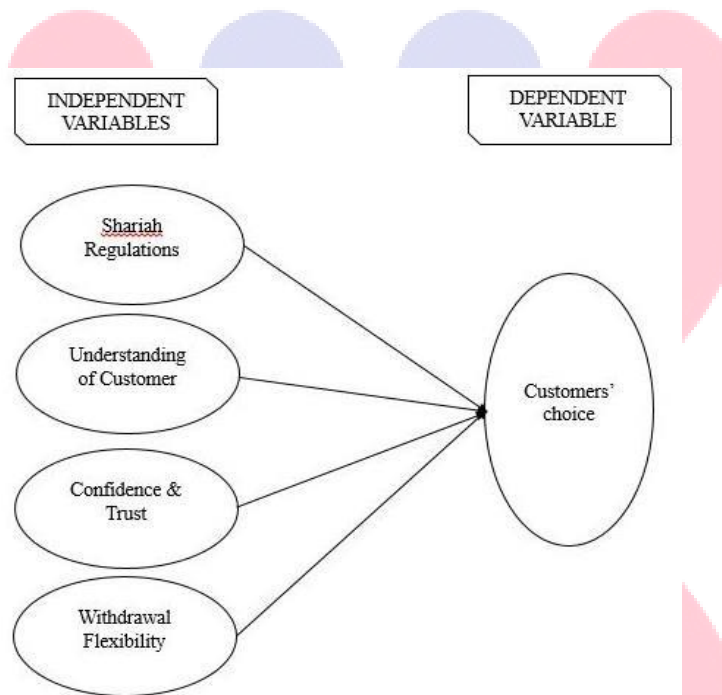
H4: There is a considerable association between withdrawal flexibility and clients' preferences for Islamic deposit products in Malaysia.

One of the elements used in sharia compliant products in Islamic banking is trust. To put it another way, the bank must earn the trust of its clients by keeping its word and earning their increased confidence in the offerings of Islamic banks. Customers are more likely to select a bank with stable capital, a better reputation, and higher returns if they are trusted. Fungacova, Hasan, and Weill (2016) assert that a key component of the economy is public confidence in banks. Trust can support inclusive and stable financing, which in turn can support economic growth. In order to foster a positive working relationship between the customer and the bank, banks must therefore have the trust and confidence of their clients in order to draw in deposits and loan business.

2.5 CONCEPTUAL FRAMEWORK

The theoretical framework of the study is depicted in Figure 2.2 below, with particular attention to the factors influencing Islamic deposit products as the primary inclinations towards non-Muslim banking transactions in Malaysia. The proposed model's explanation of how non-Muslim customers' preferences are influenced by independent variables like Shariah regulations, their understanding of the product, their confidence and trust in it, and withdrawal flexibility could be made clearer by using a conceptual framework.

Figure 2.2: Conceptual Model that Identifies the Primary Preferences for Non-Muslim Banking Transactions as the Variables Impacting Islamic Deposit



2.6 SUMMARY / CONCLUSION

To sum up, the correlation between shariah regulations, understanding of customer, confidence and trust, and withdrawal flexibility with regard to Islamic deposit products in Malaysia has been validated by journals, theories, and prior research. In addition, the four hypotheses examined whether or not there is a relationship between a subset of independent variables (iv) and dependent variables (dv). That being said, the research methodology will be covered in the following chapter.

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CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

The population under investigation, the size of the sample, sampling tactics, research instrument development, variable estimation, analysis of data, and study design processes will all be covered in this chapter. This study aims to investigate the factors that lead non-Muslim customers to prioritize Islamic deposit products. The purpose of this study is to gather information from 400 participants by having them complete a questionnaire that will be shared on social media.

3.2 RESEARCH DESIGN

Methods and procedures for data collection, as well as procedures for result analysis, are all included in research design. To collect data for this study, the researcher employed a quantitative methodology. The researcher used a "Google Form" to administer a questionnaire to the respondents as part of a quantitative approach to finish this study. With the help of the questionnaire survey, the analyst can gather more comprehensive data. References from other studies, such as theses, journals, and online sources, are also used as extra information.

3.3 DATA COLLECTION

A methodical process for obtaining information about the targeted variable is known as the data collection method. Primary data for this study will be gathered via an online survey, sometimes referred to as an online questionnaire. Non-Muslims who are at least 18 years old will be randomly assigned survey forms.

3.4 STUDY POPULATION

The population under investigation will be Malaysian citizens who are at least eighteen years of age. That being said, a few states are prioritized, specifically Kelantan, Kedah, and Penang. Majid (2018) states that the target population for a study is referred to as the "population." Prior to beginning any research, the population must be appropriately chosen and described. A population that is well defined can aid researchers in decide on a sample size that is representative of the entire community.

3.5 SAMPLE SIZE

Considering that the target population is frequently too big to have as respondents for every research project, sampling is an essential technique. Sample selection, according to Majid (2018), is the process of selecting a suitable sample from a population in order to achieve a particular objective. The sample size ought to be adequate to address the research question and ensure that the target population is statistically represented. Although an excessive sample size is simply a waste of time and resources, an inadequate sample size cannot be used to produce accurate and trustworthy evidence. Hence, to be able to produce correct information that could serve as a strong foundation for evidence-based policy, it is imperative to determine the appropriate sample size.

As the intended participants of the study aimed to collect both data and information, 400 sets of questionnaires are going to be distributed via a form on Google. Paper questionnaires would have required call interviewers to patiently await for answers before collecting their findings. However, digital forms are faster, which is why they were used on the present research. A minimum of 400 individuals are

required to accurately represent the total population, according to the table used to calculate the total number of representative samples from the population in question.

<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	1000000	384

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

Figure 3.1 Table for choosing the ideal quantity of population samples.

3.6 SAMPLING TECHNIQUES

A sampling strategy is a way to choose a small portion of the population to take part in a study. This means that the subjects chosen for study are guaranteed to accurately represent the large group from which they were drawn. The two different types of sampling methods are probability and non-probability, according to Saunders et al. (2009). Non-probability sampling techniques can be used to describe samples that the researcher examined without using randomization or in situations where it was uncertain whether any members of the population would be chosen. Probability sampling, on the other hand, describes the process of choosing samples from the population or from a sample of the population where all of the participants' identities were known, either from one of the study's sample units.

Probability sampling techniques were employed by the researchers because the study's sample was selected from among all residents of Malaysia. Using simple random selection, 300 questionnaires will be randomly selected from a population to represent the study's respondents. Due to their simplicity, ease of application, and reduced complexity compared to alternative sampling techniques, simple random sampling procedures were selected for this review. When employing this method, every person in the population has an equal opportunity of getting chosen. Basic random sampling techniques are more appropriate for a population that exhibits a high degree of similarity.

3.7 RESEARCH INSTRUMENT DEVELOPMENT

To gather all the data needed to complete this research, an online survey was utilized to gather data. One way to gather data is through questionnaires, which are distributed online and require respondents to complete multiple online Google Forms with questions. Besides being easy to monitor due to standardization, this kind of research is typically less expensive than other approaches. Since this approach is the most efficient means of gathering data and information, the researcher uses it for the large number of respondents in the study.

There are three sections to the questionnaire. Part A, which asks questions about respondents' age, gender, and occupation, is the first section. Questions about the independent variable are found in Part B, and questions about the dependent variable are found in Part C. Whereas the current interval in parts B and C uses a Likert scale, Part A of the questionnaire is structured using a nominal scale.

This study employed a 5-Likert scale because it can be used to measure and abstract effective responses for use in certain scientific calculations. Furthermore, the two extreme options of "strongly disagree" and "strongly agree," which are typically found on the 7-Likert Scale, are typically absent from the 5-Likert Scale (Pearse, 2011). Consequently, the 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, and 5-Strongly Agree ratings on a 5-Likert Scale correspond to these positions.

3.8 MEASUREMENT OF THE VARIABLES

Variables are used in measurements that make use of computers, devices, or instruments. The process of assigning numerical values to specific characteristics, variables, and events in compliance with scientific standards is known as measurement. This is a procedure that involves observing poses and recording the observations as part of the research that has been done. Any attribute, feature, quantity, or number that increases, decreases, or might assume a different value (in relation to a constant like n) in response to changing circumstances is referred to as a variable. The significantly changed scale of the variable will have an impact on the inferences that can be made from the data as well as the kinds of analysis methods that can be used on the data. Interval, ratio, ordinal, and nominal scales are the four different categories of variable measurement scales.

A variable that doesn't get influenced by the other factors you are trying to monitor is called an independent variable. An independent variable is one that has an unfavorable or favorable relationship with the dependent variable. When both the independent and dependent variables are present, that is the point in time. Convenience, attitude, and informative influence are examples of independent factors in this study.

In a study, the variable under investigation or measurement is known as the dependent variable. Understanding and explaining the variables that are dependent as well as explaining and forecasting the variation are the goals of a researcher. Stated differently, it is a valid component that requires additional research and evaluation as a crucial variable. The dependent variable in this study is waqf awareness.

3.8.1 Nominal Variable

Nominal data is a kind of data in statistics which can be employed to determine a variable without providing a numerical value. This measurement scale is the most basic one. Nominal data in both quantitative and qualitative forms are accessible. Quantitative labels, on the other hand, lack any numerical value or connection. The name, gender, and nationality of an individual are a few of the most common instances of nominal data. Nominal variables like student program, age, and gender are used in this study.

3.9 PROCEDURE FOR DATA ANALYSIS

In this study, we used the Statistical Package for Social Science (SPSS) Version 23 to analyse and interpret the information and data acquired. This software will let us organise vast amounts of data and calculate it statistically.

3.9.1 Descriptive Analysis

Descriptive analysis is helpful for this section since it allows for quantitative explanations of the information received from the questionnaire. In descriptive research, respondents' statistical profiles and behavioural central tendency measurements will be separated. There are some popular methods for concluding the data, such as computing the average, frequency distribution, and percentage. This study will provide statistics in the form of the frequency and percentage of mean values of group data summaries, which will be presented using a combination of tabular and graphical forms.

3.9.2 Scale Measurement

3.9.2.1 Reliability Test

The proper depiction of the complete population under research and the accumulation of data over time is based on reliability, which is one of the most significant aspects of test quality (Golafshani, 2003). An examination instrument is considered solid if the results can be replicated using the same methods. DeCoster (2004) defines the dependability of observed scores as whether the variability in observed scores accurately matches the variability in the underlying actual scores.

Cronbach's Alpha is a measure of internal consistency reliability offered by SPSS Version 23, calculated by averaging the coefficients from all conceivable split combinations. The greater the correlation between the variables, the better. According to Zikmund and Babin (2010), the coefficient value spans from 0 to 1, with 0 indicating no consistency reliability between items and 1 showing complete consistency reliability.

Table 3.1: Cronbach's Alpha Coefficient Value

Alpha Coefficient Range	Strength of Association
<0.50	Unacceptable
0.50 to less than 0.60	Poor
0.60 to less than 0.70	Questionable
0.70 to less than 0.80	Acceptable
0.80 to less than 0.90	Good
>0.90	Excellent

Source: by George, D., & Mallery, P. (2003). SPSS for Windows step by step: A simple guide and reference. 11.0 update (4th ed.). Boston: Allyn & Bacon.

3.9.3 Inferential Analysis

3.9.3.1 Pearson Correlation Coefficient Analysis

Pearson's correlation coefficient is a statistic that measures the relationship and strength of an association between two variables. A scatter plot will be used to measure the connection between variables. The correlation coefficient spans between -1 and +1. When a variable is assigned a value of -1, it denotes a perfect negative linear connection with a negative slope. A value of zero indicates that there is no linear relationship between the variables. A score of +1 indicates a completely positive linear relationship with a positive slope.

In this study, Pearson's correlation analysis was utilised to determine the relationship between the selected independent variables. The independent factors chosen are Shariah regulations, non-Muslim customers' understanding, trust and confidence, and flexibility withdrawal with the dependent variable, non-Muslim consumers' choice for Islamic deposit products.

3.9.3.2 Multiple Linear Regression Analysis

The most prevalent type of linear regression analysis is multiple linear regression. This study examines the link between two or more independent variables and a single dependent variable. It is a scientific procedure for determining the association between specified independent and dependent variables by calculating the coefficients in the linear multiple regression equation (Zikmund et al., 2010).

As a result, multiple linear regression analysis will be used to determine the significance of non-Muslim customer preference for Islam by substituting the selected independent variables into the equation, which are Shariah regulations, customer understanding, confidence and trust, and withdrawal flexibility. Deposit products are offered in Malaysia.

To determine how well the data fits into the regression line, R-square, also known as the coefficient of determination for multiple regression, will be employed. R-squared is also known as the percentage of the variation in the variable explained by the linear model. The higher the percentage, the better the model can explain the variability of the response variable around its mean value.

3.10 CONCLUSION

Finally, research technique will be employed to collect and investigate the data required for the following chapter. The research techniques discussed in this chapter include research design and instruments, data collection methods, sampling design, measurement creation, and data processing and analysis. A questionnaire was distributed to a random sample of 300 Malaysian non-Muslims. It includes a variety of non-Muslims, and the purpose of this study was to investigate the characteristics that influence non-Muslim customers' preferences for Islamic deposit products in Malaysia. In order to evaluate and determine the correlation of multiple linear regression analysis across variables, this study used Statistical Analysis Software (SAS) to perform, analyse, and retrieve the data. The data and outcomes will be investigated further in Chapter 4.

CHAPTER 4: DATA ANALYSIS AND FINDINGS

4.1 INTRODUCTION

In Chapter 4, the data analysis was performed utilizing the Statistical Package for the Social Sciences (SPSS) software. This section of the study divulges the results obtained from the analysis of questionnaire data and provides an in-depth discussion of the findings. The primary objective of the analysis was to evaluate the inquiries presented in the questionnaire distributed to respondents. Diverse analytical approaches were employed to interpret the data, encompassing the pilot test, scrutiny of respondents' demographic profiles, descriptive analysis, validation and reliability testing, Pearson correlation analysis, and hypothesis testing.

4.2 PRELIMINARY ANALYSIS

Before collecting data for this analysis, a preliminary test was undertaken to ensure the clarity of instructions, questions, and scale items. The pilot test involved querying participants about their responses to the questionnaire to detect any issues or errors in the data collection process. A total of 35 out of the 400 primary respondents participated in this pilot test. The significance of conducting thorough research prior to the main study is evident, as the pilot test enables researchers to identify and address practical challenges beforehand. The details of the 35 participants involved in the pilot test are presented in Table 4.2.1.

Table 4.2.1: Case Processing Summary

Case Processing Summary			
		N	%
Cases	Valid	35	100.0
	Excluded^a	0	.0
	Total	35	100.0

Table 4.2.1 outlines that the pilot test engaged 35 participants who responded to 21 items from the questionnaire derived from the main study. The researchers conducted the pilot test with the aim of identifying any potential issues in the study. The effectiveness of the pilot test is evaluated by scrutinizing the Cronbach's Alpha value, which, for questionnaire validity, is expected to exceed 0.07. As indicated in Table 4.2.2, the Cronbach's Alpha value is 0.943, surpassing the 0.07 threshold. This outcome affirms the questionnaire's validity for the study, confirming its suitability for distribution to respondents.

Table 4.2.2: Pilot Testing

Reliability Statistics	
Cronbach's Alpha	N of Items
.943	21

4.3 DEMOGRAPHIC PROFILE OF RESPONDENTS

The subsequent tables and charts present the demographic profile of survey respondents such as gender, age, race, marital status, highest education level, employment status, and monthly income.

4.3.1 Gender

Table 4.3.1: Respondent Demographic of Gender

GENDER					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	FEMALE	231	57.7	57.7	57.8
	MALE	169	42.3	42.3	100.0
	Total	400	100.0	100.0	

Figure 4.3.1: Respondent Demographic of Gender

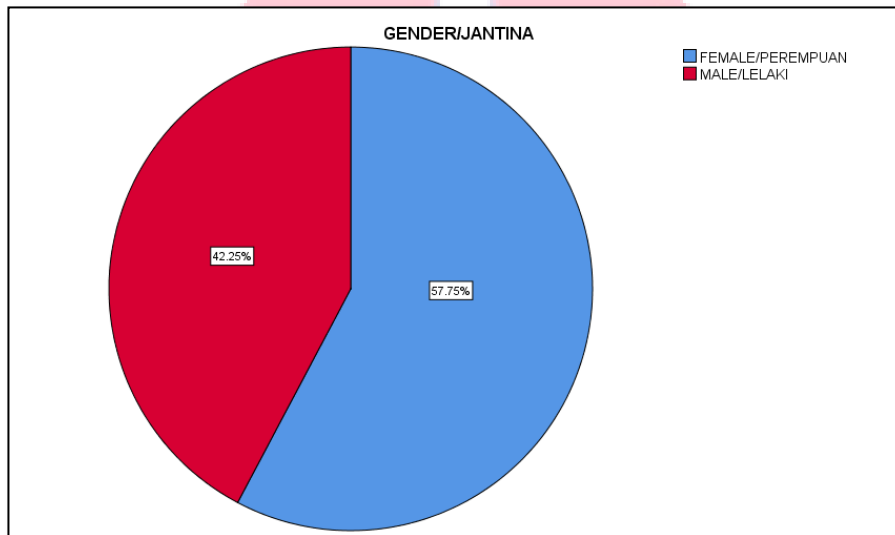


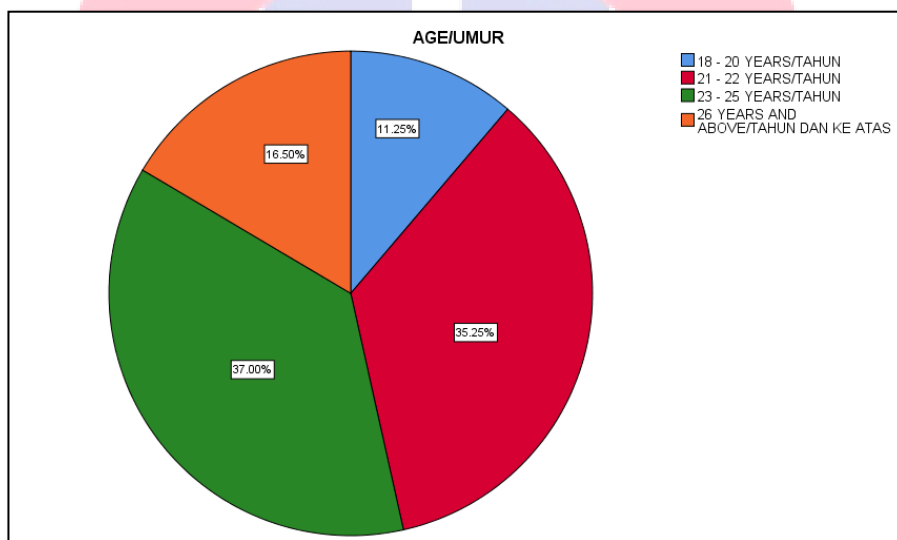
Table 4.3.1 and Figure 4.3.2, shows the genders of the respondents involved in this survey. Most respondents were female 57.70%, while the percentage of male respondents was 42.30%. From total number of the 400 respondents, 231 were female and 169 were male.

4.3.2 Age

Table 4.3.2: Respondent Demographic of Age

		AGE/UMUR			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 20 YEARS	45	11.3	11.3	11.3
	21 - 22 YEARS	141	35.3	35.3	46.5
	23 - 25 YEARS	148	37.0	37.0	83.5
	26 YEARS AND ABOVE	66	16.5	16.5	100.0
Total		400	100.0	100.0	

Figure 4.3.2: Respondent Demographic of Age



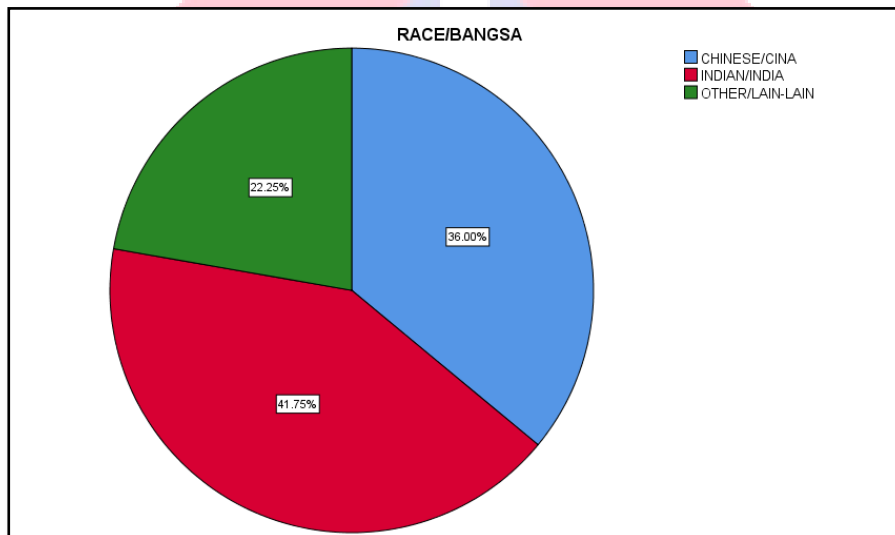
Regarding the age distribution of respondents, the largest segment falls within the 23 to 25 years age range, comprising 148 individuals (37.00%). The lowest representation is observed in the 18 to 20 years age group, with only 45 respondents (11.30%). The second-highest percentage is seen among respondents aged 21 to 22, accounting for 141 individuals (35.30%). Following this, respondents aged 26 years and above constitute 66 individuals (16.50%).

4.3.3 Race

Table 4.3.3: Respondent Demographic of Race

RACE/BANGSA					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	CHINESE	144	36.0	36.0	36.0
	INDIAN/	167	41.8	41.8	77.8
	OTHER	89	22.3	22.3	100.0
	Total	400	100.0	100.0	

Figure 4.3.3: Respondent Demographic of Race



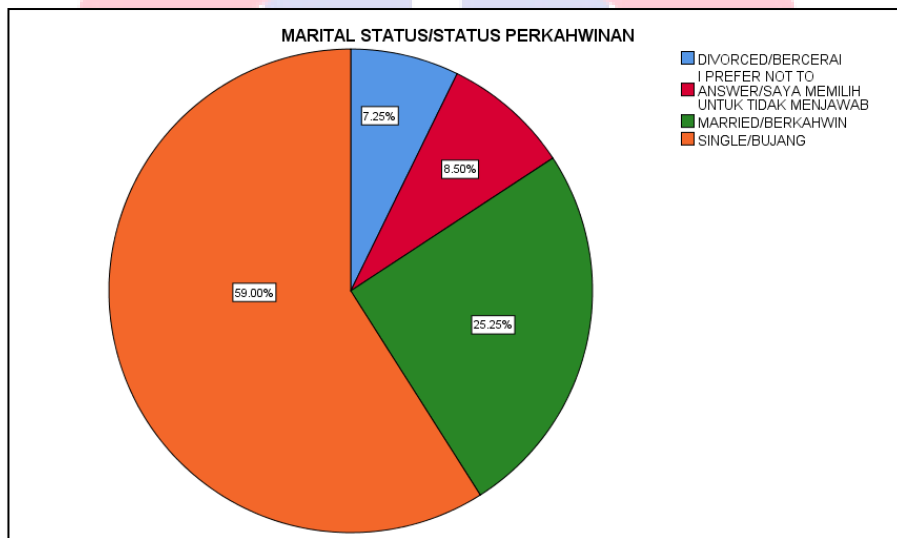
Regarding the racial background of respondents, the largest proportion comes from the Indian ethnicity, comprising 167 individuals (41.80%). Conversely, the lowest representation is observed in the "Other" race category, with 89 respondents (22.30%). The second-highest percentage of respondents is attributed to the Chinese ethnicity, with 144 individuals (36.00%).

4.3.4 Marital Status

Table 4.3.4: Respondent Demographic of Marital Status

MARITAL STATUS					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	DIVORCED	29	7.2	7.2	7.2
	I PREFER NOT TO ANSWER	34	8.5	8.5	15.8
	MARRIED	101	25.3	25.3	41.0
	SINGLE	236	59.0	59.0	100.0
	Total	400	100.0	100.0	

Figure 4.3.4: Respondent Demographic of Marital Status



As depicted in Figure 4.3.4 and Table 4.3.4, the marital statuses of respondents are illustrated. The findings reveal that the majority of respondents, constituting 59.00%, identify as single, comprising 236 individuals—more than half of the total respondents. The second-highest proportion is associated with the married status, accounting for 101 respondents (25.30%). The data on marital status further indicates that individuals identifying as divorced constitute 29 respondents (7.20%). Lastly, 34 respondents (8.50%) preferred not to disclose their marital status.

4.3.5 Highest Education Level

Table 4.3.5: Respondent Demographic of Highest Education Level

HIGHEST EDUCATION LEVEL/PERINGKAT PENGAJIAN TERTINGGI					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BACHELOR'S DEGREE	213	53.3	53.3	53.3
	MASTER DEGREE	64	16.0	16.0	69.3
	PhD	25	6.3	6.3	75.5
	STPM/STAM/DIPLOMA	84	21.0	21.0	96.5
	UPSR/PT3/SPM	14	3.5	3.5	100.0
	Total	400	100.0	100.0	

Figure 4.3.5: Respondent Demographic of Highest Education Level

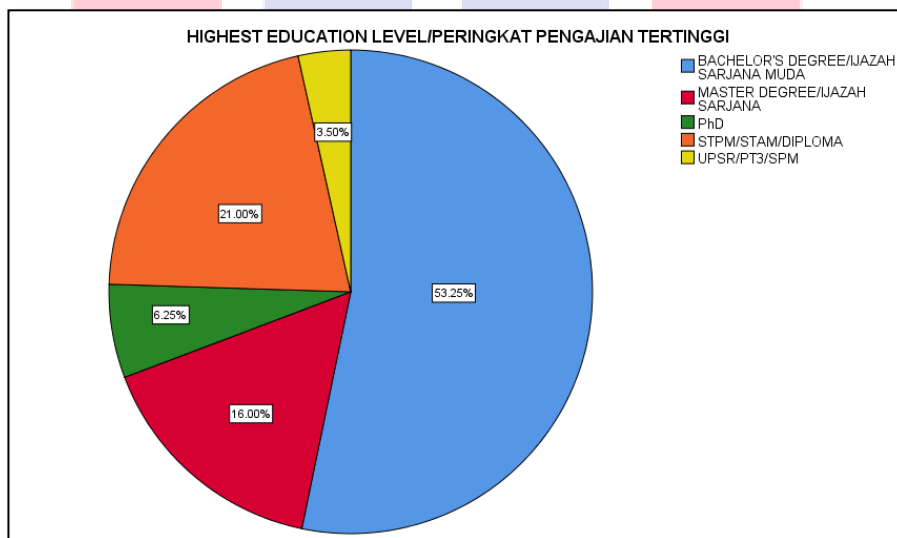


Table 4.3.5 and Figure 4.3.5 present the educational qualifications of respondents.

The data highlights that the majority, comprising 213 respondents (53.30%), hold a bachelor's degree. Conversely, the lowest percentage is observed among respondents with a PhD, with only 25 individuals, accounting for 6.30%. Additionally, 64 respondents (16.00%) in the research possess a master's degree. The second-highest

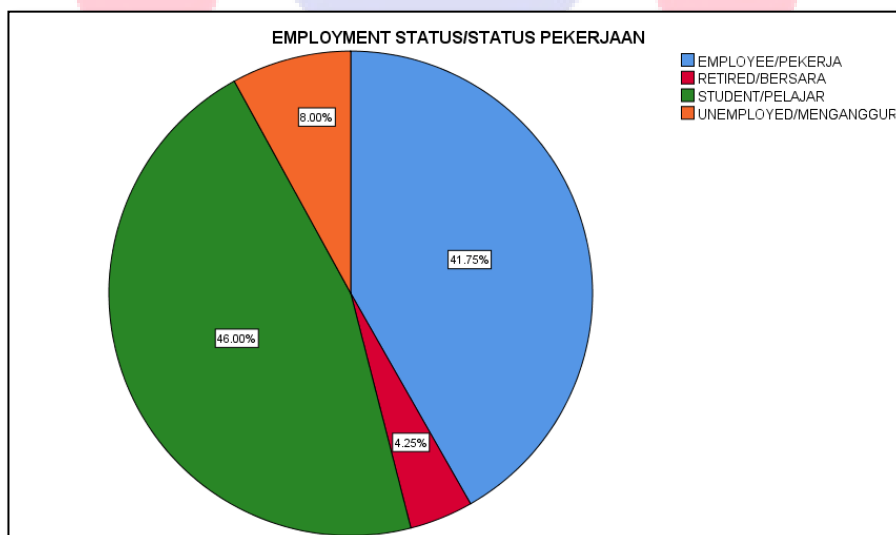
percentage is attributed to respondents with qualifications at the STPM/STAM/Diploma level, totaling 84 individuals (21.00%), followed by UPSR/PT3/SPM, which represents 14 respondents (3.50%).

4.3.6 Employment Status

Table 4.3.6: Respondent Demographic of Employment Status

EMPLOYMENT STATUS/STATUS PEKERJAAN					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	EMPLOYEE	167	41.8	41.8	41.8
	RETIRED	17	4.3	4.3	46.0
	STUDENT	184	46.0	46.0	92.0
	UNEMPLOYED	32	8.0	8.0	100.0
	Total	400	100.0	100.0	

Figure 4.3.6: Respondent Demographic of Employment Status



Regarding the employment status of respondents, the majority, comprising 184 individuals (46.00%), identify as students. The lowest representation is observed among retired respondents, totaling 17 individuals (4.30%). The second-highest number of respondents falls under the category of employed for wages, with 167 individuals (41.80%), followed by 32 respondents (8.00%) who are unemployed.

4.3.7 Monthly Income

Table 4.3.7: Respondent Demographic of Monthly Income

MONTHLY INCOME/PENDAPATAN BULANAN					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	LESS THAN RM1,000	166	41.5	41.5	41.5
	MORE THAN RM5,000	25	6.3	6.3	47.8
	RM1,000 - RM2,999	147	36.8	36.8	84.5
	RM3,000 - RM4,999	62	15.5	15.5	100.0
	Total	400	100.0	100.0	

Figure 4.3.7: Respondent Demographic of Monthly Income

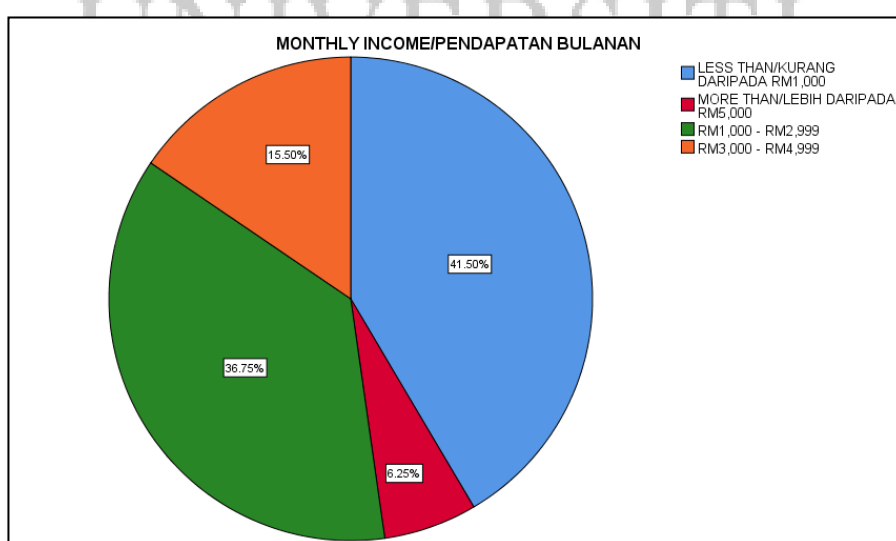


Table 4.3.7 and Figure 4.3.7 outline the distribution of respondents' monthly income frequencies. Notably, the majority of respondents, totaling 166 individuals, have a monthly income below RM1,000. Conversely, only 25 individuals, accounting for 6.30% of the respondents, report an income exceeding RM5,000 per month. Additionally, 147 respondents (36.80%) fall within the income range of RM1,000 to RM2,999 per month. For the monthly income bracket of RM3,000 to RM4,999, 62 out of 250 respondents (15.50%) fall within this range.

4.4 DESCRIPTIVE ANALYSIS

4.4.1 Descriptive Analysis of Customer's Choice

Table 4.4.1: Descriptive Analysis of Customer's Choice

Descriptive Statistics						
	N	Range	Minimum	Maximum	Mean	Std. Deviation
Owning Islamic deposit products can help individuals avoid earning or paying interest. Memiliki produk deposit Islam boleh membantu individu mengelakkan pendapatan atau membayar faedah.	400	4	1	5	4.75	.664
I prefer Islamic deposit products over conventional deposit products because of interest-free and profit-and-loss sharing notions. Saya lebih suka produk deposit Islam berbanding produk deposit konvensional kerana tanggapan perkongsian tanpa faedah dan untung rugi.	400	4	1	5	4.70	.722
I prefer Islamic deposit products over conventional deposit products because of the structure and transparency of the processes. Saya lebih suka produk deposit Islam berbanding produk deposit konvensional kerana struktur dan ketelusan prosesnya.	400	4	1	5	4.71	.689
I would consider investing in Islamic deposit products in the future. Saya akan mempertimbangkan untuk melabur dalam produk deposit Islam pada masa hadapan.	400	4	1	5	4.78	.617
Valid N (listwise)	400					

As indicated in Table 4.4.1, the statement "I would consider investing in Islamic deposit products in the future" holds the top rank, with the highest mean value of 4.78 among the provided options. Following closely, the statement "Owning Islamic deposit products can help individuals avoid earning or paying interest" secures the second position with a mean of 4.75. The statement "I prefer Islamic deposit products over conventional deposit products because of the structure and transparency of the processes" takes the third position, attaining a mean value of 4.71. Lastly, the statement "I prefer Islamic deposit products over conventional deposit products because of interest-free and profit-and-loss sharing notions" is mentioned without a specified mean value.

4.4.2 Descriptive Analysis of Shariah Regulations

Table 4.4.2: Descriptive Analysis of Shariah Regulations

Descriptive Statistics						
	N	Range	Minimum	Maximum	Mean	Std. Deviation
<p>Islamic products are free of activities such as alcohol, gambling, pornography, cigarettes, and pork processing.</p> <p>Produk Islam bebas daripada aktiviti seperti arak, perjudian, pornografi, rokok, dan pemprosesan daging babi.</p>	400	4	1	5	4.72	.732
<p>I prefer Islamic deposit products over non-Islamic deposit products from the bank.</p> <p>Saya lebih suka produk deposit Islam berbanding produk deposit bukan Islam dari bank.</p>	400	4	1	5	4.66	.759
<p>I get profit sharing from my savings deposit in an Islamic bank.</p> <p>Saya mendapat perkongsian keuntungan daripada simpanan saya di bank Islam.</p>	400	4	1	5	4.64	.749
<p>Losses in Islamic products provided by Islamic banks will be minimized by risk sharing with the bank in case of any economic risk.</p> <p>Kerugian dalam produk Islam yang disediakan oleh bank Islam akan diminimumkan dengan perkongsian risiko dengan bank sekiranya</p>	400	4	1	5	4.63	.768
Valid N (listwise)	400					

As per Table 4.4.2, the statement "Islamic products are free of activities such as alcohol, gambling, pornography, cigarettes, and pork processing" secures the top rank, with the highest mean value among others, at 4.72. Following closely, the statement "I prefer Islamic deposit products over non-Islamic deposit products from the bank" attains the second position with a mean of 4.66. The statement "I get profit-sharing from my savings deposit in an Islamic bank" occupies the third position, garnering a mean value of 4.64. Lastly, the statement "Losses in Islamic products provided by Islamic banks will be minimized by risk-sharing with the bank in case of any economic risk" is placed fourth, with a mean of 4.63.

4.4.3 Descriptive Analysis of Understanding Customer

Table 4.4.3: Descriptive Analysis of Understanding Customers

Descriptive Statistics						
	N	Range	Minimum	Maximum	Mean	Std. Deviatric
Information related to deposit products provided by both conventional and Islamic banks is the same. Maklumat berkaitan produk deposit yang diberikan oleh kedua-dua bank konvensional dan Islam adalah sama.	400	4	1	5	2.82	1.13
I think the bank's staff has sufficient knowledge to address queries about the bank's Islamic deposit products. Saya rasa kakitangan bank mempunyai pengetahuan yang mencukupi untuk menangani pertanyaan tentang produk deposit Islam bank.	400	4	1	5	3.41	.850
I can quickly acquire valuable information from the bank about Islamic deposit products. Saya dengan cepat memperoleh maklumat yang berharga daripada bank tentang produk deposit Islam.	400	4	1	5	3.49	.841
The disclosure of Islamic banking deposit product information is not equally accepted by customers of different age groups as it should be. Pendedahan maklumat produk deposit perbankan Islam tidak diterima secara sama rata oleh pelanggan yang berbeza perin	400	4	1	5	4.54	.812
Valid N (listwise)	400					

Based on Table 4.4.3, the statement "The disclosure of Islamic banking deposit product information is not equally accepted by customers of different age groups as it should be" holds the top rank, having the highest mean value among the options, which is 4.54. Following this, the statement "I can quickly acquire valuable information from the bank about Islamic deposit" secures the third position with a mean of 3.41. Lastly, the statement "Information related to deposit products provided by both conventional and Islamic banks is the same" is ranked fourth, with a mean of 2.82. The ranking and mean values for the second statement are not provided in the information provided.

4.4.4 Descriptive Analysis of Confidence and Trust

Table 4.4.4: Descriptive Analysis of Confident and Trust

Descriptive Statistics						
	N	Range	Minimum	Maximum	Mean	Std. Deviatric
I believe Islamic banks provide all consumers with the same level of truthful and exact information about their products and services. Saya percaya bank Islam menyediakan pengguna dengan tahap maklumat yang benar dan tepat tentang produk dan perkhidmatan mereka.	400	4	1	5	4.14	.7
I have faith in the Islamic banks' account and operational transparency systems. Saya percaya dengan akaun bank Islam dan sistem ketelusan operasinya.	400	4	1	5	4.19	.647
I am confident in the Islamic bank since it adheres to Islamic principles. Saya yakin dengan bank Islam kerana ia berpegang kepada prinsip Islam.	400	4	1	5	4.75	.680
I believe Islamic banking because it protects consumers' privacy. Saya percaya perbankan Islam kerana ia melindungi privasi pengguna.	400	4	1	5	4.78	.623
A bank's better image and reputation increase my trust and confidence in depositing money. Imej dan reputasi bank yang lebih baik meningkatkan kepercayaan dan keyakinan saya dalam mendepositkan wang.	400	4	1	5	4.72	.724
Valid N (listwise)	400					

According to Table 4.4.4, the statement "I believe in Islamic banking because it protects consumers' privacy" is ranked number one, having the highest mean value among the options, which is 4.78. The statement "I am confident in the Islamic bank since it adheres to Islamic principles" secures the second position with a mean of 4.75. Following this, the statement "A bank's better image and reputation increase my trust and confidence in depositing money" occupies the third position, with a mean of 4.72. The statement "I have faith in the Islamic banks' account and operational transparency systems" is ranked fourth, with a mean of 4.19. Lastly, the statement "I believe Islamic banks provide all consumers with the same level of truthful and exact information about their products and services" is ranked fifth, with a mean of 4.14.

4.4.5 Descriptive Analysis of Withdrawal Flexibility

Table 4.4.5: Descriptive Analysis of Withdrawal Flexibility

Descriptive Statistics						
	N	Range	Minimum	Maximum	Mean	Std. Deviatric
I am interested to deposit in an Islamic bank that offers online services. Saya berminat untuk mendeposit di dalam bank Islam yang menawarkan perkhidmatan dalam talian.	400	4	1	5	4.69	.71
I am interested to deposit in an Islamic bank that have availability of credit. Saya berminat untuk mendeposit di dalam bank Islam yang mempunyai ketersediaan kredit.	400	4	1	5	4.71	.696
I am interested to deposit money with an Islamic bank that can meet my particular demands. Saya berminat untuk mendepositkan wang dengan bank Islam yang boleh memenuhi permintaan khusus saya.	400	4	1	5	4.69	.729
I use Islamic bank ATM service because it is convenient. Saya menggunakan perkhidmatan ATM bank Islam kerana ianya mudah.	400	4	1	5	4.68	.740
Valid N (listwise)	400					

As per Table 4.4.5, the statement "I am interested to deposit in an Islamic bank that has the availability of credit" is ranked number one, securing the highest mean value among the options, which is 4.71. Following closely, the statements "I am interested to deposit in an Islamic bank that offers online services" and "I am interested to deposit money with an Islamic bank that can meet my particular demands" are both ranked number two, with a mean of 4.66. Occupying the third position is the statement "I use Islamic bank ATM service because it is convenient," with a mean of 4.68.

4.5 VALIDITY AND RELIABILITY TEST

Lee Cronbach indeed introduced Cronbach's Alpha in 1951 as a measure to assess the internal consistency and reliability of a composite score. Cronbach's Alpha analysis is employed to validate the accuracy and internal consistency of data. The Cronbach's Alpha coefficient ranges from 0 to 1, indicating the extent of internal consistency within a set of items. Below are the Rules of Thumb for interpreting Cronbach's Alpha Coefficient Range, as presented by George and Mallery (2016).

Table 4.5 The Rules of Thumb of Cronbach's Alpha Coefficient Range

Cronbach's Alpha Range	Level of Reliability
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha > 0.8$	Good
$0.8 > \alpha > 0.7$	Acceptable
$0.7 > \alpha > 0.6$	Questionable
$0.6 > \alpha > 0.5$	Poor
$0.5 > \alpha$	Unacceptable

According to George and Mallery (2016), a Cronbach's Alpha result below 0.4 is deemed unacceptable, while values exceeding 0.9 are considered excellent. Enhancing the score towards 1 is expected to improve the internal consistency and reliability of the measured items. Generally, a score above 0.7 is considered acceptable, although achieving a result higher than 0.9 is preferable for enhanced reliability.

4.5.1 Reliability result for Customer's Choice

Table 4.5.1 Reliability result for Customer's Choice

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.926	.927	4

In Table 4.5.1, the reliability analysis reveals that Cronbach's Alpha for the dependent variable, customers' choice towards Islamic deposit products, is calculated at 0.926. Following the Cronbach's Alpha Coefficient Range guidelines, this value of 0.926 indicates excellent consistency and stability. Additionally, the standardized item-based Cronbach's Alpha is reported as 0.927, also considered excellent. This implies a high level of reliability in the test, supporting its credibility for further analysis. The researchers presented four questions regarding customers' preferences for Islamic deposit products over non-Muslim banking transactions in Malaysia. The reliability test confirms that respondents comprehended the purpose of each question, leading to accurate and reliable responses.

4.5.2 Reliability result for Shariah Regulations

Table 4.5.2 Reliability Result for Shariah Regulations

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.921	.921	4

In Table 4.5.2, the reliability analysis indicates that Cronbach's Alpha for the independent variable, Shariah regulations affecting Islamic deposit products, is calculated at 0.921. As per the Cronbach's Alpha Coefficient Range guidelines, this value of 0.921 reflects excellent consistency and stability. The standardized item-based Cronbach's Alpha, reported as 0.921, further supports this excellence. Consequently, the test is considered reliable for further analysis. The researchers presented four questions regarding respondents' views on Shariah regulations impacting Islamic deposit products and their preferences in non-Muslim banking transactions in Malaysia. The reliability test affirms that respondents understood the purpose of each question, resulting in accurate and dependable responses.

4.5.3 Reliability result for Understanding Customer

Table 4.5.3 Reliability Result for Understanding Customer

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.648	.630	4

In Table 4.5.3, the reliability analysis reveals that Cronbach's Alpha for the independent variable, understanding customer perspectives on Islamic deposit products, is calculated at 0.648. According to the Cronbach's Alpha Coefficient Range guidelines, this value of 0.648 is considered questionable in terms of internal consistency. The standardized item-based Cronbach's Alpha, reported as 0.630, also falls into the questionable range. Consequently, the reliability of the test for further analysis is less certain. The researchers presented four questions regarding respondents' understanding of customer perspectives on Islamic deposit products and their preferences in non-Muslim banking transactions in Malaysia. While the reliability test indicates some level of understanding among respondents, it suggests caution in interpreting the results due to the lower internal consistency.

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4.5.4 Reliability result for Confidence and Trust

Table 4.5.4 Reliability Result for Confidence and Trust

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.832	.835	5

In Table 4.5.4, the reliability analysis indicates that Cronbach's Alpha for the independent variable, confidence and trust in Islamic deposit products, is calculated at 0.832. According to the Cronbach's Alpha Coefficient Range guidelines, this value of 0.832 is considered to have good consistency and stability. The standardized item-based Cronbach's Alpha, reported as 0.835, also falls within the good range. Consequently, the test is considered trustworthy for further analysis. The researchers presented five questions regarding respondents' confidence and trust in Islamic deposit products and their preferences in non-Muslim banking transactions in Malaysia. The reliability test affirms that respondents understood the purpose of each question, resulting in accurate and dependable responses.

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4.5.5 Reliability result for Withdrawal Flexibility

Table 4.5.5 Reliability Result for Withdrawal Flexibility

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.921	.921	4

In Table 4.5.5, the reliability analysis indicates that Cronbach's Alpha for the independent variable, withdrawal flexibility in Islamic deposit products, is calculated at 0.921. According to the Cronbach's Alpha Coefficient Range guidelines, this value of 0.921 is considered to have excellent consistency and stability. The standardized item-based Cronbach's Alpha, reported as 0.921, also falls within the excellent range. Consequently, the test is considered trustworthy for further analysis. The researchers presented four questions regarding respondents' perceptions of withdrawal flexibility in Islamic deposit products and their preferences in non-Muslim banking transactions in Malaysia. The reliability test affirms that respondents understood the purpose of each question, resulting in accurate and dependable responses.

4.6 NORMALITY TEST

In this study, the researchers employed normality testing to assess whether the sample exhibited a normal distribution. This examination also aids in determining the appropriateness of methods for data measurement. If the data were found to be normally distributed, the researchers planned to use Pearson's Correlation to test the study's hypotheses.

Table 4.6 Result of Normality Test

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Mean_Shariah Regulations	.408	400	.000	.573	400	.000
Mean_Understanding of customer	.326	400	.000	.812	400	.000
Mean_Confidence and Trust	.360	400	.000	.669	400	.000
Mean_Withdrawal Flexibility	.420	400	.000	.550	400	.000
Mean_Customer's Choice	.455	400	.000	.504	400	.000
a. Lilliefors Significance Correction						

The results of normality tests conducted using two methods, namely Kolmogorov-Smirnov and Shapiro-Wilk, are presented in Table 4.6. Gupta A. et al. (2019) suggests using the Kolmogorov-Smirnov test for sample sizes of 50 or greater ($n \geq 50$), whereas the Shapiro-Wilk test is more appropriate for sample sizes less than 50 ($n < 50$). Nevertheless, the Shapiro-Wilk test is suitable for sample sizes beyond 50. Since the researchers utilized a sample size of 400, which exceeds 50, the Kolmogorov-Smirnov test outcomes will be employed to validate the normality of the data.

The significance threshold is greater than 0.05 to determine whether the data is normal, and less than 0.05 indicates that the data is not usual. The normality test in Table 4.6 shows that all variables, including customer choice (DEPENDENT), Shariah regulations (SR), customer understanding (UC), confidence and trust (CT), and withdrawal flexibility (WF), have a significant value of < 0.001 , which is less than 0.05. Based on the Kolmogorov-Smirnov test, the researchers find that all of the variables do not follow the normal distribution and are classified as non-normal data.

Figure 4.6.1 Normal Q-Q Plot of Customer's Choice

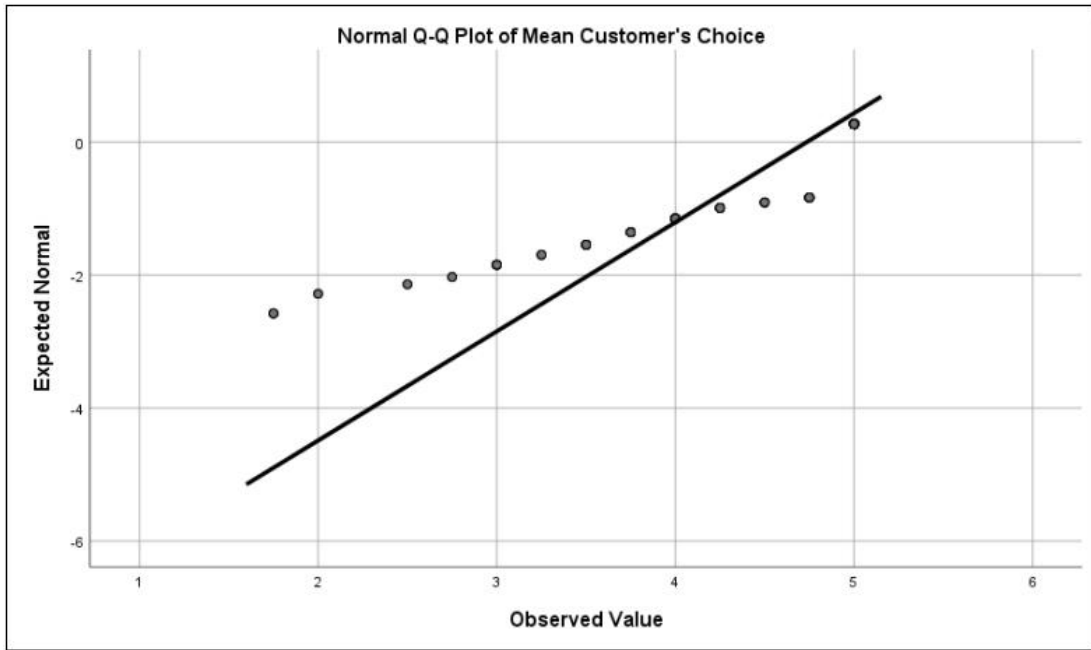
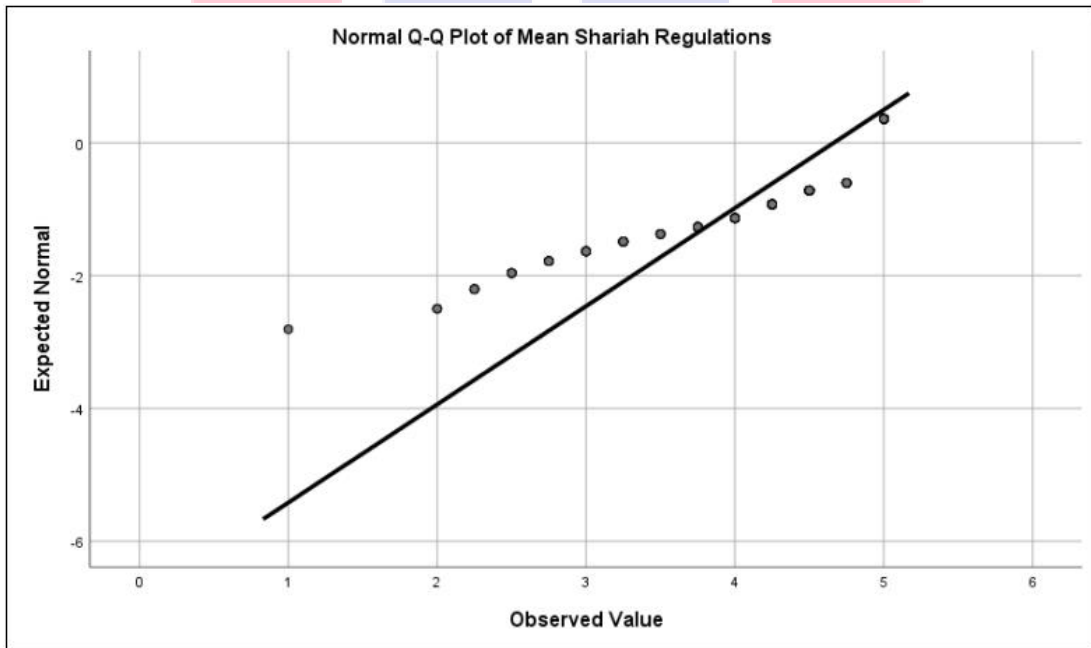
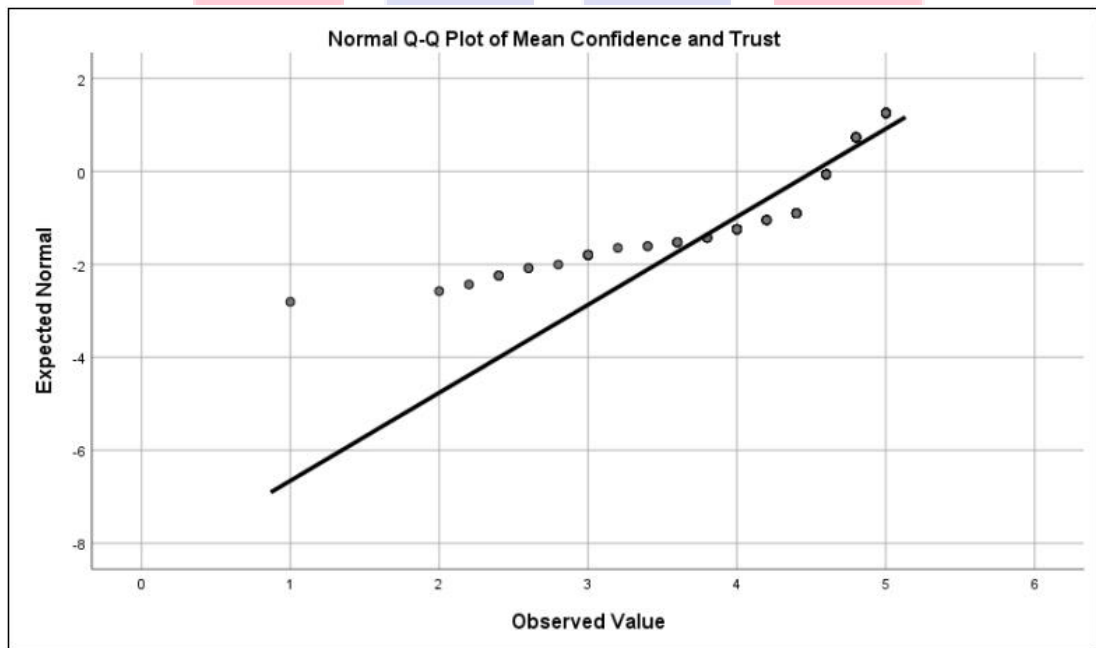


Figure 4.6.2 Normal Q-Q Plot of Shariah Regulations

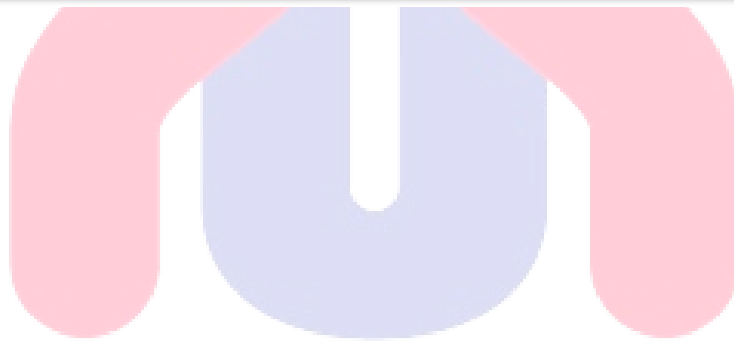
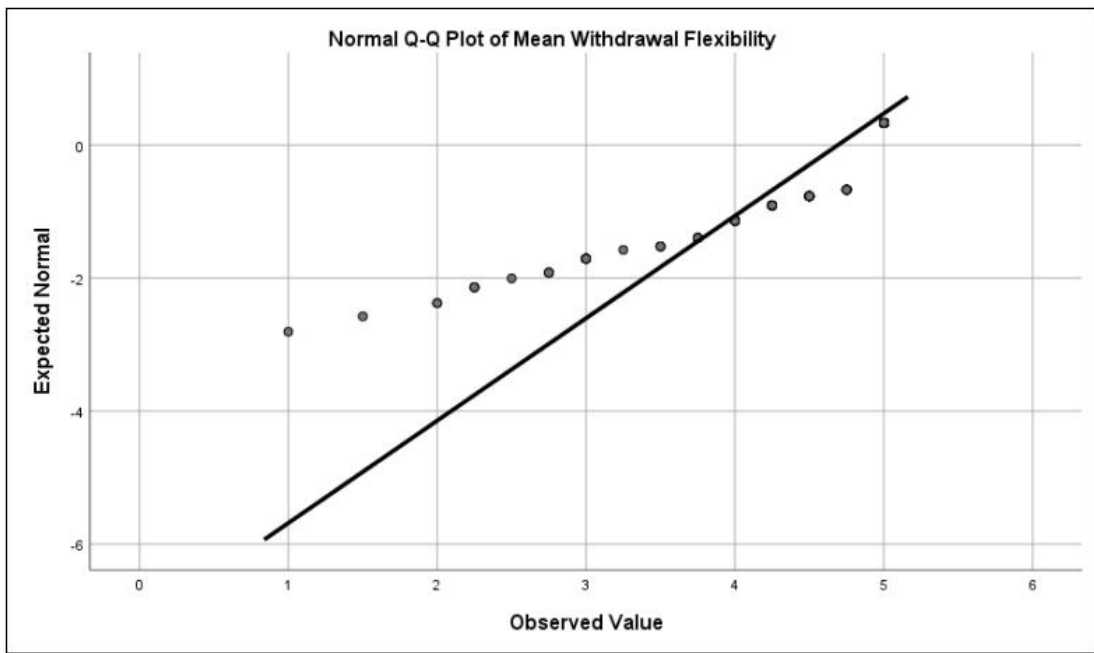


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Figure 4.6.3 Normal Q-Q Plot of Understanding of Customer**Figure 4.6.4 Normal Q-Q Plot of Confidence and Trust**

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Figure 4.6.5 Normal Q-Q Plot of Withdrawal Flexibility



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4.7 HYPOTHESIS TESTING

Hypothesis testing, a statistical technique, is employed to evaluate whether a hypothesis is substantiated by the available data. It constitutes a formal procedure that utilizes statistics to scrutinize theories about the world. Scientists utilize hypothesis testing to examine specific predictions emanating from theories or hypotheses. In this context, Pearson correlation analysis will be employed to test the hypothesis and ascertain whether it is accepted or rejected based on the data.

Table 4.7: Thumb Rule for Analyzing Pearson's Correlation

Correlation Coefficient Size	Relationship's Strength
0.90 - 1.00	Very strong to perfect correlation
0.70 - 0.90	Strong correlation
0.41 - 0.70	Moderate correlation
0.21 - 0.40	Weak correlation
0.20 - 0.01	Very weak or no correlation

4.7.1 Hypothesis 1

H₀: There's no significant relationship among Shariah regulations and the customers' choice towards Malaysian Islamic deposit products.

H₁: There's a strong correlation among the Shariah regulations and consumers' preferences towards Malaysian Islamic deposit products.

Table 4.7.1: Correlation for the Shariah Regulations

Correlations			
		Sharia Regulations	Customers' choice
Sharia Regulations	Pearson Correlation	1	.738**
	Sig. (2-tailed)		.000
	N	400	400
Customers' choice	Pearson Correlation	.738**	1
	Sig. (2-tailed)	.000	
	N	400	400

The table presents an association coefficient value of $r = 0.738$ between Shariah regulations and customers' preferences for Islamic deposit products in Malaysia. The results suggest a positive correlation between Shariah regulations and the customers' choice towards Malaysian Islamic deposit products, supported by a p-value of <0.0001 , indicating statistical significance below the 0.01 threshold. With a correlation value of 0.738, falling within the range of 0.70 to 0.90, the relationship is deemed strong. Consequently, there is a positive and robust correlation between Shariah regulations and customers' preferences for Islamic deposit products in Malaysia. These findings lead to the rejection of the null hypothesis, affirming that customers' preferences for Malaysian Islamic deposit products are significantly correlated with Shariah regulations.

4.7.2 Hypothesis 2

H0: There's no significant relationship among customers' understanding and their preference for Malaysian Islamic deposit products.

H2: There's a significant relationship among the understanding of customers along with the consumers' choice towards Malaysian Islamic deposit products.

Table 4.7.2: Correlation for the Understanding of Customers

Correlations			
		Understanding of Customers	Customers' choice
Understanding of Customers	Pearson Correlation	1	.089
	Sig. (2-tailed)		.076
	N	400	400
Customers' choice	Pearson Correlation	.089	1
	Sig. (2-tailed)	.076	
	N	400	400

The table presents a correlation coefficient value of $r = 0.089$ between the understanding of customers and their preferences for Malaysian Islamic deposit products. The obtained p-value (> 0.076) is higher than the significance level of 0.01. Consequently, the null hypothesis fails to be rejected. In other words, there is no significant relationship between these variables. The conclusion drawn is that the understanding of customers and their decision-making process regarding Malaysian

Islamic deposit products has an insignificant positive effect. This suggests that as the comprehension of the customer increases, there is no substantial impact on the customers' choice towards Malaysian Islamic deposit products, implying that it may not influence their preferences significantly.

4.7.3 Hypothesis 3

H0: There's no significant relationship within confidence and trust and the customers' choice towards Malaysian Islamic deposit products.

H3: There's a significant relationship within confidence and trust and the customers' choice towards Malaysian Islamic deposit products.

Table 4.7.3: Correlation for the Confidence and Trust

Correlations			
		Confidence & Trust	Customers' choice
Confidence & Trust	Pearson Correlation	1	.688**
	Sig. (2-tailed)		.000
	N	400	400
Customers' choice	Pearson Correlation	.688**	1
	Sig. (2-tailed)	.000	
	N	400	400

The table indicates a correlation coefficient value of $r = 0.688$ between confidence and trust and consumers' preferences for Malaysian Islamic deposit products. In simpler terms, a moderate positive relationship is observed between these variables. Moreover, the p-value of 0.0001 falls below the significance threshold of 0.01, leading to the rejection of the null hypothesis. In summary, a slight positive correlation is present among confidence, trust, and consumers' preferences towards Malaysian Islamic deposit products. This suggests that as customers' levels of confidence and trust increase, their preferences for Malaysian Islamic deposit products are likely to rise as well.

4.7.4 Hypothesis 4

H0: There's no significant relationship among withdrawal flexibility along with the customers' choices towards Malaysian Islamic deposit products.

H4: There's a significant relationship among withdrawal flexibility along with the customers' choices towards Malaysian Islamic deposit products.

Table 4.7.4: Correlation for the Withdrawal Flexibility

Correlations			
		Withdrawal Flexibility	Customers' choice
Withdrawal Flexibility	Pearson Correlation	1	.781**
	Sig. (2-tailed)		.000
	N	400	400
Customers' choice	Pearson Correlation	.781**	1
	Sig. (2-tailed)	.000	
	N	400	400

The table indicates a correlation coefficient value of $r = 0.781$ between withdrawal flexibility and customers' preferences for Islamic deposit products in Malaysia. Additionally, with a correlation coefficient of 0.738, the relationship is considered strong, falling within the range of 0.70 to 0.90. This implies a significant positive correlation between these variables. Furthermore, the p-value (<0.0001) surpasses the significance threshold of 0.01. Consequently, H4 is supported, while H0 is rejected. In summary, there is a significant positive correlation between consumers' preferences for Malaysian Islamic deposit products and the flexibility in withdrawal.

4.8 SUMMARY / CONCLUSION

This study employs descriptive analysis to examine distinct attributes of participants, including gender, age, race, marital status, highest educational attainment, employment status, and monthly income. This methodology emphasizes the measurement of central tendencies. The reliability analysis assesses the reliability of the four independent variables in the research. Pearson Correlation analysis is employed to ascertain the relationships between the independent variables (Shariah regulations, customer understanding, confidence and trust, and withdrawal flexibility) and the dependent variable (customer choice). The model is analyzed once diagnostic checks have been conducted. Moreover, multiple linear regression is employed to approximate the value of the dependent variable (customer choice) by utilizing two or more independent variables (Shariah regulations, customer understanding, confidence and trust, and withdrawal flexibility). ANOVA is subsequently employed to ascertain the significance of the model. Ultimately, hypothesis testing is employed to scrutinize the associations between the independent and dependent variables.

CHAPTER 5: DISCUSSION AND CONCLUSION

5.1 INTRODUCTION

The researcher will provide the significant findings derived from the study on the determinants influencing customers' selection of Islamic deposit products, followed by an analysis of whether the hypothesis was confirmed or refuted. This chapter also examined the consequences and constraints of the study, including potential issues or vulnerabilities arising from a combination of factors, and proposed suggestions for future research based on the study's findings.

5.2 KEY FINDINGS

The primary purpose of this study is to evaluate the relationship between Shariah regulations, customer understanding, confidence and trust, withdrawal flexibility, and customers' preferences for Islamic deposit products over non-Muslim banking activities in Malaysia. According to the findings in Chapter 4, the researcher acknowledged that shariah regulations, customer understanding, confidence and trust, and withdrawal flexibility are factors that influence customers' choices for Islamic deposit products over non-Muslim banking in Malaysia. Table 5.1 summarises the findings regarding the objectives of determining the relationship between Shariah regulations, understanding customers, confidence and trust, withdrawal flexibility, and the intention of customers to prefer Islamic deposit products over non-Muslim banking transactions in Malaysia.

5.3 DISCUSSION

The study's goal is to determine the primary determinants of Islamic deposit products' preferences over non-Muslim banking transactions in Malaysia. The study's 400 non-Muslim participants in Malaysia who were at least 18 years old, provided input via the questionnaire. Additionally, the purpose of this study is to ascertain the relationships between IV (sharia regulations, understanding of customer, confidence and trust, withdrawal flexibility), which will have a major influence on Malaysian customers' decisions regarding Islamic deposit products.

As a result, the process mode can be observed by employing a number of random variables to test the hypothesis. In accordance with Riya Jain (2021), the hypothesis is rejected in the event that the value becomes higher as opposed to 0.01 (a significant value); on the other hand, the hypothesis is accepted and if the p-value (a significant value) is below 0.01, then the result is true. The coefficient of correlation Pearson was utilized to conduct this investigation to include the degree of correlation within the independent and dependent variables.

5.3.1 Hypothesis 1

H1: There's a strong correlation among the Shariah regulations and consumers' preferences towards Malaysian Islamic deposit products.

The alternative hypothesis is approved in this study because the p-value exceeds below the significant level, as the outcome indicates the significance level is at p-value = 0.000 lower than 0.01. Thus, in Malaysia, customers' preferences for Islamic deposit products are greatly impacted by Sharia compliance. Thus, Shariah regulations has a major positive impact on customer choices.

The study's findings, as reported in the journal Abdullah, Sidek & Adnan (2012), indicate that when demand for products related to Sharia exceeds that of non-Sharia-bound products, there is a positive correlation between Sharia and non-Islamic banking transactions. Since most consumers would rather purchase safe goods than none at all, goods bearing the Sharia seal of approval will appeal to them more.

5.3.2 Hypothesis 2

H2: There's no significant relationship among customers' understanding and their preference for Malaysian Islamic deposit products.

The second hypothesis predicted that the alternative hypothesis is discarded, using a p-value of 0.076, that is above the significant level at 0.01. Customers' choices about Islamic deposit products in Malaysia are not significantly influenced by knowledge of the customer. As a result, in Malaysia, there is no connection between customer understanding and their decisions about Islamic deposit products.

According to Haque, Osman, and Ismail (2009), there's not a significant difference as indicated by a p-value of (0.613>0.05). Thus, it suggests that non-Muslim customers' knowledge of and attitudes toward Malaysian Islamic deposit products are unrelated. There's a rationale for the outcome, non-Muslim clients are aware of Islamic deposit products, but they will select conventional deposit products because of the superior benefits.

5.3.3 Hypothesis 3

H3: There's a significant relationship within confidence and trust and the customers' choice towards Malaysian Islamic deposit products.

The alternative hypothesis is accepted in this research with 0.000 as the p-value, that is still less compared to the significance level of 0.01. In Malaysia, customers' preferences for Islamic deposit products are significantly influenced by their sense of confidence and trust. Thus, there exists a strong positive correlation between customer preferences and trust and confidence. Numerous investigations and research findings support this theory.

According to Ergun and Djedovic's (2011) study, the confidence score in Islamic banking is 0.559, indicating that customers' preferences are influenced by confidence. Omar and Rahim's (2016) research demonstrated that acceptance of Islamic banking is significantly influenced by confidence. Furthermore, among the other variables in the study, the assurance dimension has been shown by El Nagar and El Biely (2011) to have the greatest impact on customers' preferences. Consequently, it can be said that happy customers tend to purchase more goods.

5.3.4 Hypothesis 4

H4: There's a significant relationship among flexibility of withdrawal and the customers' preferences towards Malaysian Islamic deposit products.

According to the previous hypothesis, the alternative hypothesis is considered valid when the p-value is 0.000, or less compared to the significant levels of 0.01. In other words, the withdrawal flexibility has a significant impact on customers' preferences towards Islamic deposit products. Thus, Islamic banking's flexibility with withdrawals has a major positive impact on customer preferences. Scholars have ascertained that Islamic banking products and withdrawal flexibility have a noteworthy positive impact.

According to the study's findings, the bank's capacity to borrow money will be improved since the reduced cost of liquidity maintenance gives prospective fund providers confidence regarding the bank's reliability (Greuning & Bratanovic, 1999). The researchers also claimed that compared to conventional banks, Islamic banks are more profitable and liquid. Based on (Fabozzi & Modigliani, 2003) the interbank money supply keeps the funding and liquidity structure required to support system stability in place by enabling surplus banks to transfer funds to deficit banks through a variety of means.

5.4 IMPLICATIONS OF THE STUDY

The findings are significant because they can give Islamic bankers with insight into the existing conduct of non-Muslim customers in Malaysia towards Islamic deposit products. Understanding the trend of non-Muslim consumers' preferences allows Islamic bankers to deliver better service to customers by inventing goods and strengthening non-Muslim customers' trust in Islamic banks. Furthermore, a significant proportion of respondents used Islamic banking goods and services. As a result, there is a large market to focus on and develop. As a result, this study has policy implications, as Malaysia aims to become Southeast Asia's financial Islamic hub. Policymakers must promote Islamic banking to enhance acceptance among Malaysians and provide the groundwork for a strong Islamic banking and finance foundation. Policymakers could host a discussion to educate non-Muslim clients about Islamic deposit schemes. Furthermore, Islamic bank websites can provide information regarding related Islamic deposit products for non-Muslim customers to study before engaging in any transactions.

5.5 LIMITATIONS OF THE STUDY

The purpose of this study is to determine the characteristics that impact Islamic deposit products as the predominant preference for non-Muslim banking transactions in Malaysia. Customers aged 18 and up will be the survey's target population.

This study's shortcomings include design or technique flaws that have influenced or will influence the interpretation of its results. One of the challenges in conducting this research is data collection. This is owing to the fact that the researcher exclusively collects information from respondents via an online survey administered via Google form. This survey also includes persons who work in Malaysia. The need to contact and gather data from

respondents across various Malaysian states makes conducting an online survey more complicated than it would otherwise be.

Researchers, on the other hand, must deal with the reality that they are unsure whether the information provided by respondents is correct. Data gathering from people who respond to an internet survey will take a long time, and the researcher will need to identify people to fill out the questionnaire.

When a researcher needs to collect committed respondents for a questionnaire and conduct a quantitative study, time management becomes tough. Not everyone who wished to respond to the inquiry agreed or clicked on the link to the researcher's questionnaire. Some respondents were too engaged with their occupations to complete the questionnaire. Due to challenges in gathering information or data from respondents, the researcher's capacity to complete this assignment or study within the timeframe set will be jeopardised. As a result, it took the researcher a long time to get and compile the study's results in the form of questionnaires.

The accuracy and sincerity of the answers also limited the study's scope. It was difficult for the researcher to confirm that the questionnaire replies were accurate. Because the researcher solely collects information through an internet survey with a Google Forms questionnaire. As a result, the researchers had no idea if the respondents' comments correctly represented their thoughts or opinions, or whether they felt compelled to react. As a result, the study's results will be unpredictable and perhaps invalid. This is because the researcher was unable to verify the accuracy of the information provided by the respondents. This is because the bulk of them may not have read the question carefully.

5.6 RECOMMENDATIONS / SUGGESTIONS FO FUTURE RESEARCH

There are some recommendations to help future researchers deal with problems that are comparable to the studies. Researchers should increase the quantity of questionnaires distributed to participants. As sample size is a key factor in primary data investigations, increasing the sample size of the studies can increase the reliability of the results. The likelihood of obtaining a significant difference between variables increases. As a result, the research can represent more accurate actual results that are closer to reality.

Aside from that, the survey questionnaire can use a variety of methodologies, such as an online survey questionnaire, a face-to-face interview, or a paper survey. These methods can assist the survey obtain data in a more efficient manner because the researchers can save time and money by visiting survey locations. In addition, before completing the questions, respondents can confer with researchers. When conducting face-to-face interviews, researchers might address questions to respondents regarding their understanding of Islamic products and services. Respondents can test their understanding of Islamic products and services, such as the distinction between a regular bank and an Islamic bank. Researchers can communicate with more respondents more effectively using this strategy. Respondents can gain a better understanding of the survey's goal.

Finally, the researchers' questions in the questionnaire should be relevant to the issue and should not confuse non-Muslim respondents. The questionnaire is at the heart of the investigations because it collects the data that will be analyzed later. As the fraud in the surveys is minimal, the correctness of the data might save time in the filtering process. The length of the questions should be concise and direct to the topic's main objective. Because answering paper questions takes time, respondents will try to answer them randomly in order to complete the questionnaires. This increases the likelihood of data errors occurring.

5.7 OVERALL CONCLUSION OF THE STUDY

This study highlighted the characteristics that influence non-Muslim clients' preference for Islamic deposit products in Malaysia. Shariah regulations, understanding of customers, confidence and trust, and non-Muslims' withdrawal flexibility towards Islamic deposit products are all issues to consider. A primary data survey is carried out by employing the factors to generate questionnaires for all respondents.

The data study indicates that the primary preferences for non-Muslim banking transactions in Malaysia are the Factors That Influence Islamic Deposit Products, with the exception of customer comprehension. Ultimately, this study successfully achieved its objectives, as the inclination of non-Muslim customers for Islamic deposit products is directly correlated with the factors examined in the study.

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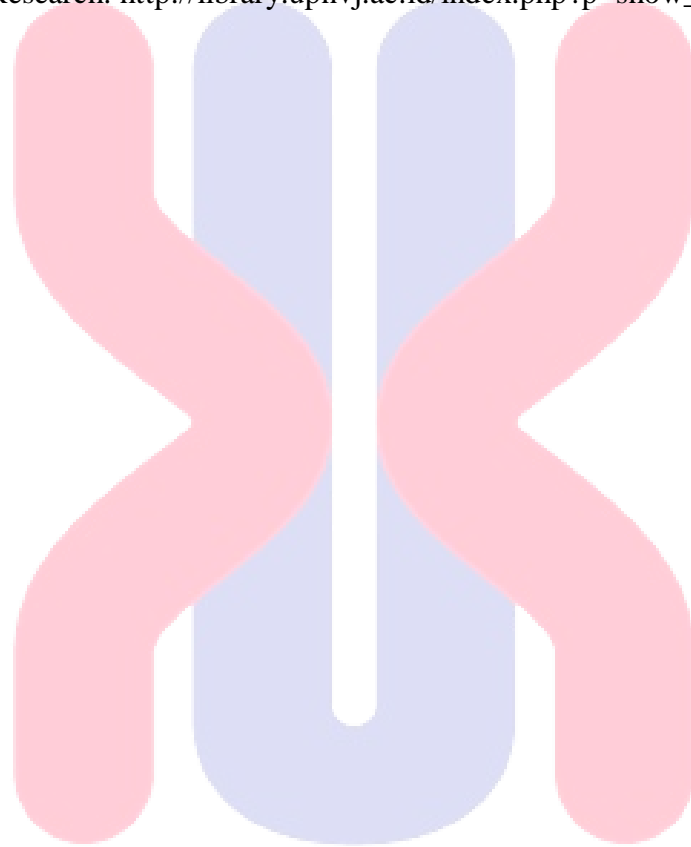
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APPENDIX A (Draft of Questionnaire)

SECTION A:

Question	Item Measure
Demographic Profile	<ul style="list-style-type: none"> • Age of the respondents • Race of the respondents • Marital status of the respondents • Highest education level of the respondents • Employment status of the respondents • Monthly income of the respondents.

SECTION B:

Independent Variable	Item Measure
A. Shariah Regulations	<ul style="list-style-type: none"> • Q1: Islamic products are free of activities such as alcohol, gambling, pornography, cigarettes, and pork processing. • Q3: I prefer Shariah deposit products over non-Shariah deposit products from the bank. • Q2: I get profit sharing from my savings deposit in an Islamic bank. • Q4: Losses in Islamic products provided by Islamic banks will be minimized by risk sharing with the bank in case of any economic risk.
B. Understanding of Customer	<ul style="list-style-type: none"> • Q1: Information related to deposit products provided by both conventional and Islamic banks is the same. • Q2: I think the bank's staff has sufficient knowledge to address queries about the bank's Islamic deposit products.

	<ul style="list-style-type: none"> • Q3: I can quickly acquire valuable information from the bank about Islamic deposit products. • Q4: The disclosure of Islamic banking deposit product information is not equally accepted by customers of different age groups as it should be.
C. Confidence & Trust	<ul style="list-style-type: none"> • Q1: I believe Islamic banks provide all consumers with the same level of truthful and exact information about their products and services. Q4: I have faith in the Islamic banks' account and operational transparency systems. • Q2: I have faith in the Islamic banks' account and operational transparency systems. • Q3: I am confident in the Islamic bank since it adheres to Shariah principles. • Q4: I believe Islamic banking because it protects consumers' privacy. • Q5: A bank's better image and reputation increase my trust and confidence in depositing money
D. Withdrawal Flexibility	<ul style="list-style-type: none"> • Q1: I interested to deposit in an Islamic bank that offers online services. • Q2: I interested to deposit in an Islamic bank that have availability of credit. • Q3: I interested to deposit money with an Islamic bank that can meet my particular demands. (For example, emergency pullout). • Q4: I use Islamic bank ATM service because it is convenient.

SECTION C:

Dependent Variable	Item Measure
Customers' Choice	<ul style="list-style-type: none">• Q1. Owning Islamic deposit products can help individuals avoid earning or paying interest.• Q2. I prefer Islamic deposit products over conventional deposit products because of interest-free and profit-and-loss sharing notions.• Q3. I prefer Islamic deposit products over conventional deposit products because of the structure and transparency of the processes.• Q4. I would consider investing in Islamic deposit products in the future.

APPENDIX B - Gantt Chart

Activity	Weeks (Chapter 1 - Chapter 3)													
Final Year Project I	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Division of group members														
Briefing of Final Year Project														
Determination of title to supervisor														
Confirmation of Final Year Project title														
Meeting with Supervisor														
Discussion about chapter 1														
Correction of chapter 1 and submit to supervisor														
Discussion about literature review														
Submit chapter 2 and comment from supervisor														
Re-do chapter 2														
Submit chapter 2 and comment from supervisor														
Searching for material														
Draft of chapter 3														
Submit chapter 3 and correction														
Preparation for presentation														
Record a video presentation														
Submit Final Year Project 1 to supervisor														

**ASSESSMENT FORM FOR FINAL YEAR RESEARCH PROJECT: RESEARCH REPORT (Weight 50%)
(COMPLETED BY SUPERVISOR AND EXAMINER)**

Student's Name: WAN DAHLIA ANGGUN BINTI WAN MOHAMAD NAZERI

Matric No. A20A2066

Student's Name: WAN FATIN AMIRAH BINTI WAN DAUD

Matric No. A20A2067

Student's Name: WAN NUR ATHIRAH BINTI WAN DASUKI

Matric No. A20A2071

Student's Name: WAN NUR FATINI IZZATI BINTI WAN FAUZI

Matric No. A20A2072

Name of Supervisor: DR. NOORMARIANA BINTI MOHD DIN

Name of Programme: ISLAMIC BANKING AND FINANCE (SAB)

Research Topic: FACTORS THAT INFLUENCE ISLAMIC DEPOSIT PRODUCTS AS THE MAIN PREFERENCES TOWARDS NON-MUSLIM BANKING TRANSACTION IN MALAYSIA

NO.	CRITERIA	PERFORMANCE LEVEL				WEIGHT	TOTAL
		POOR (1 MARK)	FAIR (2 MARKS)	GOOD (3 MARKS)	EXCELLENT (4 MARKS)		
1.	<p>Content (10 MARKS) (Research objective and Research Methodology in accordance to comprehensive literature review)</p> <p>Content of report is systematic and scientific (Systematic includes Background of study, Problem Statement, Research Objective, Research Question) (Scientific refers to researchable topic)</p>	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 and unscientific with unsearchable topic.	Content of report is written less systematic with include fairly Background of study, Problem Statement, Research Objective, Research Question and less scientific with fairly researchable topic.	Content of report is written systematic with include good Background of study, Problem Statement, Research Objective, Research Question and scientific with good researchable topic.	Content of report is written very systematic with excellent Background of study, Problem Statement, Research Objective, Research Question and scientific with very good researchable topic.	___ x 1.25 (Max: 5)	

**ASSESSMENT FORM FOR FINAL YEAR RESEARCH PROJECT: RESEARCH REPORT (Weight 50%)
(COMPLETED BY SUPERVISOR AND EXAMINER)**

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)	
		Writing styles (clarity, expression of ideas and coherence)	The report is poorly written and difficult to read. Many points are not explained well. Flow of ideas is incoherent.	The report is adequately written; Some points lack clarity. Flow of ideas is less coherent.	The report is well written and easy to read; Majority of the points is well explained, and flow of ideas is coherent.	The report is written in an excellent manner and easy to read. All of the points made are crystal clear with coherent argument.	___ x 0.25 (Max: 1)	
		Technicality (Grammar, theory, logic and reasoning)	The report is grammatically, theoretically, technically and logically incorrect.	There are many errors in the report, grammatically, theoretically, technically and logically.	The report is grammatically, theoretically, technically and logically correct in most of the chapters with few weaknesses.	The report is grammatically, theoretically, technically, and logically perfect in all chapters without any weaknesses.	___ x 0.25 (Max: 1)	
		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)	
		Format organizing (cover page, spacing, alignment, format structure, etc.)	Writing is disorganized and underdeveloped with no transitions or closure.	Writing is confused and loosely organized. Transitions are weak and closure	Uses correct writing format. Incorporates a coherent closure.	Writing include a strong beginning, middle, and end with clear transitions and a focused closure.	___ x 0.25 (Max: 1)	

**ASSESSMENT FORM FOR FINAL YEAR RESEARCH PROJECT: RESEARCH REPORT (Weight 50%)
(COMPLETED BY SUPERVISOR AND EXAMINER)**

				is ineffective.			
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)	