

**CUSTOMER PERCEPTION TOWARDS ISLAMIC BANKING IN FULFILLING
MAQASID SHARIAH**

By

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ABSTRACT

This research examined the customer perception towards Islamic banking in fulfilling *maqasid shariah*. *Maqasid shariah* is designed to promote benefit and repel harms as agreed by Muslim scholars. This concept is important to Islamic banking because it will guide and provide a clear direction to bankers in structuring its banking activities and operations. In addition, by upholding the essence of *maqasid shariah*, Islamic activities will not ruin from its original track. Besides it important, this concept is discussed at conceptual level only. The objective of this research is to provide empirical evidences by asking customer on their perception on *maqasid shariah*. The respondents of this research are clerical staff in UUM, Sintok, Kedah. Quantitative method using survey has been used to get information for this study. The Exploratory Factor Analysis was run to analyze the *maqasid shariah*. Based on this analysis, this research found that customer only perceived Islamic banking fulfil the *maqasid shariah* based on four dimensions namely religion, human life, intellect and progeny.

Keywords : Islamic banking, Maqasid Shariah, Exploratory Factor Analysis

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LIST OF ABBREVIATIONS

BNM Bank Negara Malaysia

EPU Economic Planning Unit

PLS Profit-Loss Sharing

EFA Exploratory Factor Analysis

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The contents of this chapter provide the background of this study and research objectives for the study. The main objective of this study is to examine customer perception towards Islamic banking in fulfilling *maqasid shariah*. This chapter also explains the scope, significant and limitation of this research.

1.1 Background of study

The acceptance and the development of Islamic financial system in Malaysia has started since 1963 with the establishment of the Tabung Haji . Originally, Tabung Haji main function is an organization for Muslim to deposit money for hajj. Since then, the Islamic financial system has developed continuously. (Laldin, 2008)

On July 1983, the first Islamic banking in Malaysia which is Bank Islam Malaysia Berhad (BIMB) was operated (Shahwan, 2013). With the establishment of BIMB, it was then become a core component of Malaysia's Islamic financial system, with its initial objective confined to the development of a viable and modern alternative to meet financial needs. The Malaysian Islamic financial and banking model is now one of the most established (Tawfique Al-Mubarak, 2010).

The principles of Islamic banking strictly follow the Islamic law principle or known as shariah law which is based on mutual risk and profit sharing between parties. The transaction of Islamic banking should be based on fairness, equitable distribution, and

justice for all transactions (Bank Negara Malaysia, 2014). With the principles of Islamic core and values, Islamic banking is prohibited from any sinful activities like interest (*riba*), gambling (*maisir*) and uncertainty or speculative trading (*gharar*). This is consistent with the evidences from al-Quran that prohibit these entire elements in business trading activities. As stated in surah al-Baqarah: 275, Allah s.w.t said about the prohibition of *riba* (interest):

“Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, "Trade is [just] like interest." But Allah has permitted trade and has forbidden interest. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah. But whoever returns to [dealing in interest or usury] - those are the companions of the Fire; they will abide eternally therein”

Another verse regarding the prohibition of *maisir* (gambling), Allah s.w.t stated in verse 5:90 that:

“O you who believe! Intoxicants and gambling, sacrificing to stones and divination by arrows, are abominable action of satan, so abstain from them that you may prosper”

From the verses above, it is clearly stated that, Islam is prohibit all activities that consists of *riba* (interest), *maisir* (gambling), *gharar* (uncertainty) and any sinful activities in doing any transaction. Thus, Islamic banking should promote societal development whereby activities that cultivate entrepreneurship, trade and commerce that bring benefit to the people is encouraged. Hence, any sinful and wrongdoing in their operation is prohibited.

Nowadays, many contracts have been created by Islamic banking in order to differentiate their system with conventional banking system. Some of the examples of Islamic banking contracts are as follows:

a) Bay' al-Murabahah (Mark-up Sale)

Bay' al-Murabahah refers to a sale in which the mark up is disclosed to the purchaser as per the seller's purchase price for a trust-sale of a certain specified asset, excluding monetary assets such as debit.

b) Bay' Al-Istisna' (Manufacturing Sale)

Bay' al-Istisna' refers as a contractual agreement with a manufacturer to produce items with specified descriptions at a determined price, and is made by the manufacturer's own expertise, using his own material.

c) Bay' Al-Salam (Forward Sale)

Bay' al-Salam contract refers to a sale contract whereby the seller undertakes to sell some specific commodities to the buyer at an agreed future date in exchange for a price fully paid in advance on a spot basis. The legality of this contract as in surah al-Baqarah:282 stated that:

“O ye who believe! When ye deal with each other, in transactions involving future obligations in a fixed period of time, reduce them to writing, let a scribe write down faithfully as between the parties”

d) Bay' Al-Dayn (Sale of Debt)

Bay' al-Dayn is a sale of debt which can be either against a debt or other than a debt, to the debtor or other than the debtor, on a cash basis or a deferred payment basis.

e) Bay' Al-Inah (Sell and Buyback)

The famous definition given to this contract is a situation whereby a person sells a commodity to another for a specific price with payment delayed until a fixed date, then he buys it back from the other person at a lower price in cash.

f) Bay' Al-Tawarruq (monetisation/Cash Financing/Cash Procurement)

Bay al-Tawarruq refers to a buying of a commodity with deferred payment and selling it to a person other than the buyer for a lower price with immediate payment.

g) Ijarah (Lease)

Ijarah is a contract for the transfer ownership of usufruct for compensation. The permissibility of *ijarah* contract has been drawn from the quran and sunnah, such in verse 28:26-27 :

Said one of the (damsels): "O my (dear) father! Engage him on wages: truly the best of men for thee to employ is the (man) who is strong and trusty". He said : "I intended to wed one of my daughters to thee, on condition that thou serve me for eight years, but if thou complete ten years, it will be grace from thee".

Besides Islamic banking has to comply with shariah rules and regulations, Islamic finance and banking scholars also claimed that Islamic banking must fulfil the maqasid shariah (Dusuki and Bouheraoua, 2011). By upholding the maqasid shariah, Islamic activities will

not ruin from its original track (Mohamad and Shahwan, 2013). Next section will discussed in detailed the concept of maqasid shariah.

1.2 Maqasid Shariah in Islamic Banking

There few concepts and definitions of maqasid shariah exists in literature. In general maqasid shariah refers to an act in achieving and protecting human and societies' well being (masalih). Imam al-Ghazali in Dusuki and Bourheraoua (2011) also describes *maqasid shariah* as benefits (masalih) that should be consistent and in line with the objective of the shariah, since the basic purpose of Islamic legislation is to protect the interest of people against harm (mafsadah) (Mohamad and Shahwan, 2013).

Maqasid shariah in Islamic banking industry is related to *Masalih* (social benefits) and welfare. Thus, bankers must ensure their decision on financial and investment decisions benefits the society.

As stated in the Quran in Surah Al-Nisa:135:

“You who believe stand steadiest before Allah as witness for (truth and) fair play”

Allah also mentioned about wealth in Surah Al-Baqarah:188:

“And eat up not one another's property unjustly (in any illegal way) nor give bribery to the rulers that you may knowingly eat up a part of the property of others sinfully”

Islamic banking is considered as a promotes *maqasid shariah* principles in wealth management due to any sinful activities are prohibited in their transaction such as *riba* (usury), *maisir* (gambling) and *gharar* (uncertainty) (Ismail, 2010). Furthermore, according to shariah principles, it is illicit to earn money by investing in activities that are

socially harmful such as alcohol, pork, drugs and pornography. In addition, their commitment towards individuals is also materialized through charitable donations and zakat payment.

Technically, the Islamic financial system is different from the conventional one since it is based on equity rather than debt (Eddy Yusof, 2009). It also aims at preserving certain social objectives, such as distributive justice, poverty alleviation and social equity not only focuses on profit maximization. As claimed by Al-Ghazali, the ultimate goal of *maqasid shariah* is bringing benefits, justice, and equitability to individuals and the society as a whole. The modern Islamic banking supposed to achieve such an ultimate goal and must protect the five objectives of *maqasid shariah* which is to protect religion, human life, intellect, progeny and also wealth in their operation. Whenever these primary objectives of *maqasid shariah* achieved, than it will lead to the secondary objective which are:

1. The establishment of justice and equity in social.
2. The promotion of social security, mutual help and solidarity, particularly to help the poor and the needy in meeting their basic needs.
3. The maintenance of peace and security.
4. The promotion of cooperation in matters of goodness and prohibition of evil deeds and actions
5. The promotion of supreme universal moral values and all actions necessary for the preservation and authority of nature.

1.3 Research Problems

The foundation of Islamic banking as guided by Central Bank of Malaysia (BNM) must strictly follow the *shariah* principles. Islamic banking should promote the principles of equity, cooperation and social justice among others. It is prohibited to Islamic banking to operate under unethical activities like *riba* (interest), *maisir* (gambling), *gharar* (uncertainty) and any sinful activities to their operation. In addition, Islamic banking should promote benefit to the society as stated by Al-Ghazali, the ultimate goal of *maqasid shariah* is bringing benefits, justice, and equitability to individuals and the society as a whole. On one interpretation, this factual idea entails that Islamic banking embeds morality and is more ethically efficient, thus can distinguishing them from conventional system.

Based on El-Hawary et. al (2004) in Feisal khan (2010) stated that, for Islamic banking to achieve *shariah* compliant, four elements must exist in banking operation which are: profit sharing, materiality, no exploitation and no financing of sinful activities. Whenever this four important element does not exist in the Islamic banking practices, so it is not fully achieved the *shariah* principles. In other words, it is same as the conventional banking system.

There are some studies conducted to examine Islamic banking practices (Chong and Liu, 2009 and Khan, 2010). In summary, these studies regarding this area and claimed that Islamic banking is not really following the *shariah* principles. For example, Chong and Liu (2009), Islamic banking is really mimicking conventional banking when its operations are based on interest-based and not interest-free from the perspectives of PLS paradigm. Based on PLS principles, Islamic banks are more able than conventional ones to consider the need of agents and not exploiting them by charging high financial fees.

Khan (2010) found that, Islamic banking is not really different from conventional system since the practice of Islamic banking still far away from the real theory. The differences of Islamic banking and conventional system only on the Arabic term used by Islamic banking, but in real the practices is still imitate the conventional ones.

Moreover, based on Based on the past studies, in sum this study found that they were only concentrated on the issues as to whether the Islamic banking is shariah compliance or not. Even though, the *maqasid shariah* has been highlighted as important agenda for Islamic banking, this has been discussed at the conceptual level only. Thus, there is no empirical evidence to support this claimed that bank practice the *maqasid shariah*. Hence, this study aims to examine empirically the customer's perception towards Islamic banking in fulfilling *maqasid shariah*. Based on this research gap, the following section shows the research questions.

1.4 Research Questions

1. To what extent customer perceived Islamic banking fulfill the *maqasid shariah* in term of:

1.5 Research Objectives

Based on the research question above, this research objective is to measure the customer's perception towards Islamic banking practices based on five dimensions of *maqasid shariah* which are:

1.6 Significance of the Research

This study will focus on measuring customers perception towards Islamic banking fulfill the *maqasid shariah*. The contributions of this research divided into two folds which are on theoretical and managerial contributions.

1) Theoretical contribution

For theoretical contribution, this study can provide empirical evidence to the literature on Islamic banking on *maqasid shariah*. It also develop the measurements scale for *maqasid shariah*. This measurement can be further improve by the Islamic banking academician research.

2) Managerial contributions

Managerial contributions are as follows:

For Islamic bank managers they can use this measurement scale with their customer regarding customer's perception towards their *maqasid shariah*. So that, the Islamic banking institutions can understand the level of customer perception towards Islamic banking practice towards *maqasid shariah*. The findings can be used to future improve this banking operations and products offers.

1.7 Scope of the Research

The scope of this study aimed to determine the customer perception towards Islamic banking in fulfilling *maqasid shariah*. Islamic banking institutions either there are promotes religion, human life, intellect, progeny and wealth or not. Due to time and cost constraints, this research will only focus on clerical UUM staff perception towards Islamic banking.

1.8 Limitation of the Study

There are some limitations discovered in this study. The outcome of this study does not represent all the staff of University Utara Malaysia (UUM), whereas it is only focused on clerical staff only and cannot be generalized to the whole population. Due to cost constraints, researcher only select a clerical staff to control so that the variations in

opinion and thoughts. In addition, due to the time constraint within 6 months it is possible to carry out such an extensive research.

1.9 Structure of the Research

Chapter 1 briefly explained an introduction, background of the study, and research problem. It then outlines the research questions, objectives, followed by the definition of the key terms and finally, it will present the structure of this research.

Chapter 2 contains the details review of past studies which are related to this research. The review presented in this section explains the *maqasid shariah* concepts and definitions.

Chapter 3 explained the research method used in this research paper which includes research design, population and sampling, the measurement of the variables used and also the data analysis method.

Chapter 4 discussed the results of the study. The profile of respondents, descriptive analysis, reliability analysis and Exploratory Factor analysis. The results of hypotheses tested are also presented. Lastly, a summary of results is highlighted

Chapter 5 presented the research findings followed with the discussions. In addition, the implications and limitations of the present study are also discussed. Finally, recommendation for future research and conclusion.

1.10 Summary

This chapter presented general view about the outline and direction of this research. The focus of this chapter explains the problems statements and research gaps. This chapter contained background of the study, problem statement, research questions and research objectives.

In addition, the significant of this study, limitation and organization of the study were also described on this chapter. The next chapter will discussed the literature review of *maqasid shariah*.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, some of the literatures relevant to this study have been explored. Sekaran (2003) stated that a literature review is a documentation of the inclusive reviews from the published work and is obtained from secondary sources of data in the specific areas of the researcher. This section hence will discuss the reviews on *maqasid shariah*.

2.1 Maqasid Shariah

There a few views of *maqasid shariah* concepts in literature offered by Muslim scholars. (Ismail al-Hasani, Imam Al-Syatibi, Imam Al-Ghazali, Ibn 'Ashur) . *Maqasid* is an Arabic term derived from the word *maqsad* which means final objectives or purpose. In general, *maqasid shariah* is designed to promote benefit and repel harms.

The most popular scholars in defining *maqasid shariah* are Imam al-Syatibi (Dusuki and Bourheraoua, 2011). He defines *maqasid shariah* into three meanings. Firstly, with *maqasid shariah*, it will lead man to do the right things and leave the wrongdoing. For example, with the guide from Al-quran and hadith p.b.u.h, human know how to do a shalat, fasting, give alms and so on. Secondly, *maqasid shariah* will lead man to the right things which is the meaning derived directly from Al-quran and sunnah without using Qiyas (analogy). For example, when human doing the good things, promote social welfare, helping each other, so it is clearly mentioned in Al-quran that Allah will record the reward of goodness. Thirdly, *maqasid shariah* is to achieve the objectives of *shariah* which is promoting social welfare, promote social security and so on. According to him,

if human manage to fulfill these three categories of meaning, they are already implement the *shariah* law. However, he did not state in detail all these three objectives clearly.

Another Islamic scholar, Ibn 'Ashur in Dusuki and Bouheraoua, 2011, offer indepth definition of *maqasid shariah*. He includes the aspect of wisdom (*hikam*) that God directed the human to follow the correct paths in all aspect of life. On the other hand, Imam al-Ghazali in Tawfique Al-mubarak and Osmani (2010) is the earliest scholars to discuss about the meaning of *maqasid shariah* and categorized it into two categories which is the *Deeni* (related to deen) and the *dunyawi* (related to this world). The *dunyawi* is to achieving the single *deeni* by protecting these four types which is *nafs* (life), *nasl* (lineage), *aql* (intellect) and *mal* (wealth).

Besides that, *maqasid shariah* has been divided into three broad categories which are *darruriyyat* (essentials), *hajiyyat* (complementary) and *tahsiniyyat* (embellishments). The *darruriyyat* undoubtedly necessary for benefit *deen* and *dunyawi*, without this, it will lead to the chaos (Dusuki and Bouheraoua, 2011).

According to Mashhad al-Allaf on his *maqasid* model, the circle of the essentials (*Daruriyyat*) includes five basic and universal necessities which are religion, life, intellect, procreation and property. According to him, these five necessities derived from *shariah* as necessary and basic human existence. Therefore, every society should preserve and protect these necessities; otherwise human life would be harsh, brutal, poor and miserable here and in the hereafter.

The *hajiyyat* is the next level required by society for betterment. However, absence of this *hajiyyat* will not lead to the chaos. On this level, the societies are able to feel more comfortable on their life. The last categories are *tahsiniyyat* which on this level, society are already completed his life by achieving his satisfaction.

In summary, the ultimate goal of *maqasid shariah* is to serve the interests of all human beings and to save them from harm. As agreed by Muslim scholars, the objective of *maqasid shariah* is to preserve the social order of the community which lies in safeguarding their faith (din), their lives (nafs), their intellect (aql), their progeny (nasl) and their wealth (mal). This research will use the concepts offered by Imam Al-Ghazali that explain about five necessities in *maqasid shariah* which are religion, human life, intellect, progeny and wealth.

2.2 Religion (deen)

Islam in Arabic called *dinul Islam*. The word Islam comes from the root word 'salima' which means safety, peace and harmony which leads to the meaning of submission, acceptance and acknowledgement. Islam as a human religion that comes from Allah s.w.t as stated in Holy Quran in Surah al-Imran:83:

“ So is it other than the religion of Allah they desire, while to Him have submitted [all] those within the heavens and earth, willingly or by compulsion, and to Him they will be returned? ”

In Islam, there are three dimensions in order to protect a religion which are faith (iman), Islam and charity (ihsan). The dimension of faith is measured through six core elements known as the pillars of faith (rukun iman). Meanwhile, the dimension of Islam is manifested using the five elements known as pillars in Islam (rukun Islam). While, the third dimension which is charity is measured by using two elements which are relationship between human and the creator (hablum min Allah) and relationship between humans (hablum min al-nas) (Mohamad et al. 2014).

Religion is the main category in *maqasid shariah*. In order to achieving this first necessity, all required things such as the principles, the rituals, the belief in angels and His messenger, the day of judgment and so on are needed as beneficial tools to attain the necessity of spirituality as well as in Islamic banking. Islamic banking should follow the rules and principles provided by *shariah* law which is strictly prohibited *riba* (interest), *gharar* (uncertainty), *maisir* (gambling) and *haram* product and services in their operation (Bank Negara Malaysia).

2.2.1 The prohibition of Interest (*riba*)

The prohibition of *riba* as stated in Surah al-Baqarah verse 275:

“Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, “Trade is [just] like interest.” But Allah has permitted trade and has forbidden interest. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah. But whoever returns to [dealing in interest or usury] - those are the companions of the Fire; they will abide eternally therein”

From this verse, Allah is prohibiting interest (*riba*) and permit trading. For those are taking *riba* is sinful. In other verse regarding the prohibition of *riba* also stated in Surah ar-Rum: 39:

*“That which you give as *riba* to increase the people’s wealth increases not with God but that which you give in charity, seeking the goodwill of God, multiplies manifold”*

From the verse above, *riba* is strictly prohibited in Islam. There are so many verses regarding the prohibition of *riba*. For those who taking *riba* is sinful and will be punish.

That is the reason why Islamic banking cannot be involved in *riba*, because it is clearly stated in Holy quran in order to protect religion, Muslims must forbidden this element.

2.2.2 The prohibition of Uncertainty (*gharar*)

Moreover, the second major element that prohibit in Islam is *gharar* (uncertainty). *Gharar* refer to the uncertainty or hazard caused by lack of clarity regarding the subject matter or the price in a contract or exchange (Ayub, 2007). Unlike the prohibition of *riba*, no verse from Quran can be found directly prohibiting *gharar*.

However, in Al-Quran clearly stated the prohibition of all forms of business transactions which cause injustice to any parties, particularly the party with a weaker economic. There is example in Surah al-Nisa: 29 mentioned about injustice in business:

“O you who believe! Eat not your property among yourselves unjustly by falsehood and deception, except it be a trade amongst you, by mutual consent”

The jurists agree that the word *al-batil* (unjustly) in the above verse includes all categories of illegal and defective elements in commercial contracts including *gharar*. On the other hand, the legal basis of the prohibition of *gharar* is come from hadith Nabi S.A.W narrated by Imam Muslim stated that:

“Indeed the prophet forbade gharar transaction”

(Narrated by Muslim)

The companions related that the prophet (P.B.U.H) (Ayub, 2007)has forbidden *gharar* in trading. In another hadith narrated by Abu Hurairah, it was reported that two types of transactions were prohibited by the Prophet (p.b.u.h), namely *al-mulamasah* and *al-munabadhah*. *Al-mulamasah* refers to a sale during the pre-Islamic era, whereby a buyer is

only allowed to feel a garment but cannot unfold it or examine what is in it. Instead, *al-munabadhah* is a sale concluded when a potential buyer throws his garment to another without making any inspection. In both cases, the sales are prohibited due to *gharar*. Hence, from the above report, the jurists unanimously agreed that *gharar* is prohibited and the existence of *gharar* may render a contract invalid.

2.2.3 The prohibition of gambling (*maisir*)

The other element must be forbidden in operational of Islamic banking is *maisir* (gambling). *Maisir* refers to easily available wealth or acquisition of wealth by chance, whether or not it deprives the other's right. The prohibition of *maisir* stated in Surah al-Maidah: 90:

“O you who believe! Intoxicants and gambling, sacrificing to stones and divination by arrows, are abominable action of satan, so abstain from them that you may prosper”

In Surah al-Nisa: 219:

“They ask thee concerning wine and gambling. Say: “In them is great sin and some benefits for people, but the sin is greater than the benefits”

From the verse above clearly stated that *riba* (interest), *gharar* (uncertainty) and *maisir* (gambling) are prohibited in Islam. Therefore, Islamic banking must avoid these elements in order to make them more efficient and absolutely different from conventional banking. When these major element excluded in their operation, so that can protect religion of Islam at once can protect the benefit of society.

Likewise Ahmed and Haroon (2002) in Imtiaz et. al (2013), found that religion is an important factor in Islamic banking. As long as Dusuki and Abdullah (2007), also stated that religion is the main factor why customers choose Islamic banking system instead of conventional banking system.

Customers choose Islamic banking because it is ethical banking which is free from *riba* (interest free banking). As stated in many verse, interest (*riba*) is prohibited in Islam, that is why customers of Islamic banking more comfortable and confident to choose Islamic banking rather than conventional banking. By choosing the best one, it will lead them to get the benefit for; at once can get *halal* sources, so that can protect the religion.

Besides, Islamic banking is not only popular among Muslim customers but also among non-Muslim customers is using Islamic banking as their system. This is supported by Fada, Kodun Abiah & Bundi Wabekwa in their research was done in Nigeria. They found that Christians actually have a higher percentage in using Islamic banking rather than Muslim and other religious.

2.3 Human life (*nafs*)

The second objective of *maqasid shariah* is to protect human life. According to Ayub (2007), the protection of human life refers to the sanctity of life as emphasized in the Quran and sunnah. When human doing or cause any harm to human life, so it is sinful and should be punish by law (*qisas*). This objective is referring to the provision of basic necessities to all human beings.

According to Islam, life is sacred not only human life but many creatures' life. It is prohibited to take a life without having authentic reason for it whether it is a human, animal, or insect. As long as it is a life, it has a right to live, and it is not allowed to be

killed. It is not only sacred and respected in the matter of killing, but neither is it allowed to harm nor is it allowed to disgrace it. Allah has emphasized in the Qur'an many times the importance of life and the consequences that one could face if he or she takes the lives of others. For example in Surah al-Isra: 33:

“And do not kill anyone whose killing Allah has forbidden, except for a just cause. And whoever is killed wrongfully (Mazhunan intentionally with hostility and oppression and not by mistake), We have given his heir the authority {to demand Qisas,- Law of Equality in Punishment-or to forgive, or to take Diah (blood-money)}. But let him not exceed limits in the matter of taking life (i.e he should not kill except the killer). Verily, he is helped (by the Islamic law)”.

Allah also mentioned in Surah Al-Nisa:93:

“And whoever kills a believer intentionally, his recompense is Hell to abide therein; and the Wrath and the Curse of Allah are upon him, and a great punishment is prepared for him” (4:93).

As well as in Islamic banking should promote life in their operation by promote the concept of economic wellbeing, universal brotherhood and justice, equitable distribution of income, and freedom of the individual within the context of social welfare. It is not allowed to Islamic banking to cheating or manipulates customers by using any way or anything to burden them. These concepts of promoting society wellbeing focus on every individual or organization commits to justice, fair, equity and freedom. It is significant to the foundation of Islamic banking promote a balanced life between the life here and hereafter. Thus, this development only can be achieved with the *maqasid shariah*.

This implies for the Islamic banking to create a product based on the concept of welfare, so that customers are not cheated and not burden them at all. Every aspect and detailed about the product should put in the legal contract clearly, so that customer will understand it.

The prophet p.b.u.h was said in his *hadith* regarding the value in Islam that strictly followed by human as well as in Islamic banking operation:

“Whoever calls people to a guidance (good act) he will receive rewards equal to the rewards of those who do that act, while their rewards is not lessened. Whoever calls people to a misguidance (evil act), he receives sin equal to the sins of those who do that act, while their sins are not lessened.” [Muslim]

This is one of the reasons why a Muslim tries his best to reform and rectify the wrongs of his society, by doing good deeds, promoting righteousness, and fighting evil and warning people from it.

On the other hand, as narrated by Tabrani:

“The best people in the sight of Allah are those who bring the most benefit to others. The best deeds in the sight of Allah are those which bring joy to another Muslim, bring him some relief, pay off a debt, or satiate another’s hunger. That I walk with a Muslim in fulfilling his need is more beloved to me than if I seclude myself in devotion in a Masjid for a month. Whoever restrains his anger, Allah will keep his private affairs hidden. Whoever suppresses his rage when he is able to take vengeance, Allah will fill his heart with pleasure on the Day of Resurrection. Whoever walks with his Muslim brother to fulfill his needs until he fulfills it, Allah will make his feet firm on a day in which people’s feet slip. Indeed bad manners spoil one’s deeds as vinegar spoils honey.” [at-Tabarani]

From the hadith above, Islam is very concern about the social welfare and seeks the well being of all people. In order to protect human life, Islamic banking should promote welfare, fair and equitable distribution, so that Islamic banking are really follow the *maqasid shariah*. Anything that prohibited in Islam should be avoided by Islamic banking as narrated by Muslim, prophet said:

“Whatever I have prohibited you, avoid it. And whatever I have ordered you, do as much of it as possible, for indeed those before you were destroyed due to their persistent questioning and differing with their prophets.” [Muslim]

2.4 Intellect (*Aql*)

The third objective of *maqasid shariah* is to protect intellect of human. The promotion of human intellect refers to acquiring knowledge, thus enabling people to differentiate between good and bad and play their part in enhancing the welfare or human society as a whole.

Islam is a religion which respects one’s intellect and thought, and has called man to use them appropriately. Allah (SWT) says in Surah Al-Jathiya:3-5:

“Verily, in the heavens and the earth are signs for the believers. And in your creation, and what He scattered (through the earth) of moving (living) creatures are signs for people who have Faith with certainty. And in the alternation of night and day, and the provision (rain) that Allah sends down from the sky, and revives therewith the earth after its death, and in the turning about of the winds, are signs for a people who understand.”

According to the above, it is important to human use intellect properly so then can protect the intellect of human. Many verses in the Qur'an address the intellect and encourage the person to think. Many times, Allah says in the Qur'an: 'Do they not understand?', 'Do they not reflect?', 'Do they not think and ponder?' Although this importance has been given to the intellect, Islam limits the circumstances in which it should be used. One should only use it to comprehend physical, tangible things, not matters pertaining to the unseen world, for this is futile and a waste of energy.

Allah (SWT) says in Surah Al-Baqarah:170:

"When it is said to them: Follow what Allah has sent down. They say: Nay! We shall follow what we found our fathers following. Even though their fathers did not understand anything nor were they guided?"

Nothing in Islam contradicts one's unadulterated intellect; rather, sound intellect attests to the truth, suitability, and benefit of the teachings of Islam. All its commandments and prohibitions are just. Islam does not command anything except for an absolute or relative benefit. Likewise, it has forbidden things due to the fact they are evil, or because its evil outweighs its good. This fact becomes clear when one ponders the Qur'an and hadith of the Messenger (PBUH).

From the hadith and verse in Al-Quran, clearly stated that the promoting of intellect is very important in life. Hence, Islamic banking should play a good role to make them efficiently followed the *maqasid shariah* by promoting social welfare, economic well being, brotherhood, justice, fair and so on, so that can promote intellect of human.

2.5 Progeny (*nasab*)

The forth objectives of *maqasid shariah* is to protect progeny of human. The protection of progeny or the family unit relates to marriage and the family institutions, whose purpose are reproductive, protection against lack of purity and the proper upbringing of children, enabling them to become good human beings and Muslims and to bring peace to society. Means to realize this objective are the promotion of the marriage contract, tenets relating to family life and the prohibition of adultery (Ayub, 2007 and Al-Allaf, 2013)

The importance of lineage descent is to maintain justice and individual rights. In Holy Quran stated that taking care of progeny is really important as in Surah Al-Imran: 14 said:

“Beautified for people is the love of that which they desire - of women and sons, heaped-up sums of gold and silver, fine branded horses, and cattle and tilled land. That is the enjoyment of worldly life, but Allah has with Him the best return”.

From the verse above explained that wealth and offspring is the enjoyment of worldly life. Without these, human life will become empty and meaningless (Mohamad et.al,2014). So that, taking care of progeny is really important to make our life more calmness and healthy and achieve the pleasure from Allah s.w.t.

Another verse in Surah al-Israa: 32 also explained about the importance of progeny, Allah s.w.t said:

“And do not approach unlawful sexual intercourse. Indeed, it is ever an immorality and is evil as a way”.

From the verse above, Allah s.w.t has been explained clearly about the importance of progeny and strictly prohibits the unlawful sexual intercourse in order to make the human life healthier.

The concept of taking care of progeny as stated by Kasule, 2005 include protection, preservation and support from family units. As long as Kasule, 2004 and Imam Syarifuddin, 2004 also mentioned that, taking care of progeny started from the early marriage, where the husband and wife start their responsibility as parents to their children. This responsibility is not only on materialistic only but also in spritual. Every role that played by the individual is really important in order to make sure our next generation can face the real challenges in future (Chapra, 2007).

From the past studies, it is really important to human to take care of their progeny in all aspect as long as in getting a financing to achieve the pleasure (*barakah*) from Allah s.w.t. To getting a healthy and a good financing, Islamic banking is the one who should provide a halal product and services to peoples. As we know, the concept of Islamic banking is really different from conventional system. As guided by central bank of Malaysia (BNM), Islamic banking should operate under the principles of *shariah* (Islamic law) which is the main principles that govern Islamic banking are mutual risk and profit sharing between parties, the assurance of fairness for all and that transactions are based on an underlying business activity or asset (info by Bank Negara Malaysia). The term use is shariah compliance which means it prohibits any payment and acceptance of usury or interest for financing. Activities that involve interest (*riba*), gambling (*maisir*) and speculative trading (*gharar*) are sinful and prohibited.

In order to achieve the pleasure from Allah s.w.t, people must strictly choose the best financing for them to make human life more healthy,peace and quality. According to the Malaysia quality of Life Index 2013 (EPU), the quality of life can be measured by looking at the total divorce, juvenile crime levels, the birth rate and household size. However, the measurement is more on the management objectivity and not specifically on individual

perspective. To overcome this problem, the measurement of progeny and dignity in *maqasid shariah* are based on three main aspect of relationship which is:

1. Family relation
2. Neighbourhood relation
3. and law enforcement

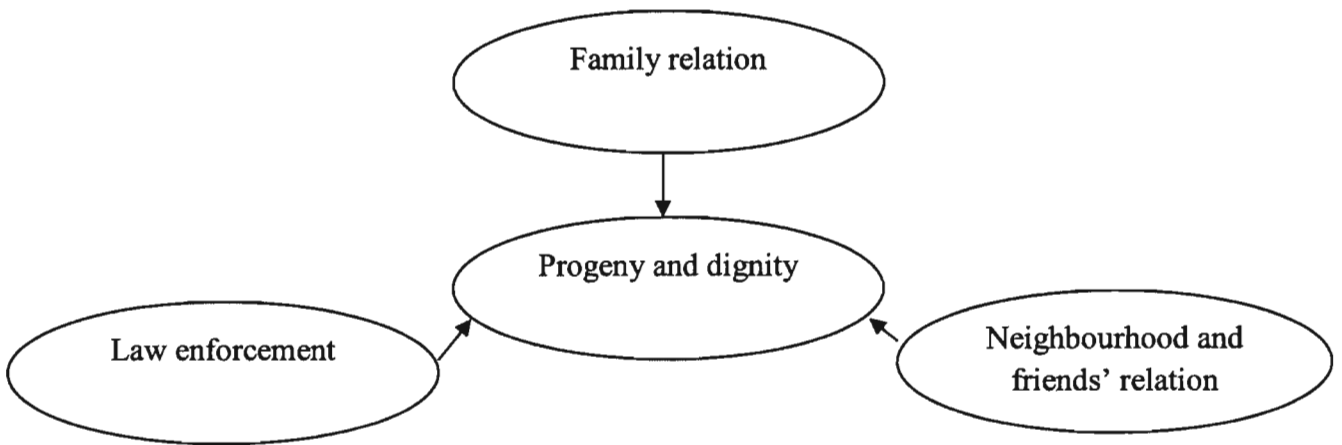


Figure 2.1 Measurement of progeny and dignity

Dimension	Sub-dimension	Element
Progeny and dignity	Family relation	Marriage, husband and wife relation, parents and children
	Neighbor and friend relation	Support and dignity
	Law enforcement	Understanding the concept of law

Table 2.1 Sub dimension and element of progeny and dignity

Based on the figure and table above, to measure the quality of life is based on the measurement of three main aspect of relation which is family relation, neighbor and friend relation and law enforcement.

2.5.1 Family relation

A good and healthy family institution is full with love, respect, tolerance, responsible and directly will create a good environment to the family. Family relation can be seen from marriage, role of husband and wife, role of parents and role of the children. As in Surah as-Syura:49-50, Allah s.w.t said:

“The dominion of the heavens and the earth belongs to Allah. He creates whatever He pleases. He grants females to whomever He pleases and males to whomever He pleases, or grants them a mix of males and females, and causes whomever He pleases to be barren. He is All- Knowing, All-Powerful”

In Surah ar-Rum: 21 clearly explained to us of three benefit and advantages of marriage which is *As-sakinah* (peaceful), *Al-mawaddah* (love each other) and *At-Tarahum* (compassion between husband and wife) as in verse below:

“And of His signs is that He created for you from yourselves mates that you may find tranquillity in them; and He placed between you affection and mercy. Indeed in that are signs for a people who give thought”.

However, this aspect only can be achieved when Allah s.w.t pleased. To get pleasure from Allah s.w.t, human must follow all He want us to do and leave the prohibit things started from choose the good financing to us and avoid *riba* (interest), *gharar* (uncertainty), *maisir* (gambling) and any sinful activities. As in Surah al-Baqarah: 275 mentioned about the prohibition of *riba*:

“Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, “Trade is [just] like interest.” But Allah has permitted trade and has forbidden interest. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah. But whoever returns to [dealing in interest or usury] - those are the companions of the Fire; they will abide eternally therein”

Another verse in Surah al-Nisa’:29 clearly mentioned about the prohibition of *gharar*:

“O you who believe! Eat not your property among yourselves unjustly by falsehood and deception, except it be a trade amongst you, by mutual consent”

In verse above, Allah s.w.t is strictly prohibit *riba* (interest), *gharar* (uncertainty) and *maisir* (gambling) in all activities. Any sinful activities will be punished by Him.

2.5.2 Neighbour and friend relation

Islam is a way of life that encompasses all aspects of life, including taking good care relationship with friends and neighbors. The importance of human to maintain and caring of friend and neighbour has been stated in Surah Al-Nisa:36:

“Worship Allah and join none with Him (in worship); and do good to parents, kinsfolk, orphans, Al-Masakin (the poor), the neighbour who is near of kin, the neighbour who is a stranger, the companion by your side, the wayfarer (you meet), and those (slaves) whom your right hands possess.”

Another verse also mentioned about maintaining a relationship with neighbour as narrated by Al-Bukhari and Muslim:

“ Ibn `Umar and `Aishah (May Allah be pleased with them) reported: Messenger of Allah (sallallaahu `alayhi wa sallam) said, "Jibril kept recommending treating neighbours with kindness until I thought he would assign a share of inheritance".

In another narration by Muslim about relationship with neighbour is stated below:

“Abu Dharr (May Allah be pleased with him) reported: Messenger of Allah (sallallaahu `alayhi wa sallam) commanded me thus, "O Abu Dharr! Whenever you prepare a broth, put plenty of water in it, and give some of it to your neighbours".

This *Hadith* makes it clear that Islam does not like a Muslim to ignore his poor neighbour and eat up everything himself. It stresses that one must take care of his poor neighbours. If a person is not in a position to do more, he should at least add some water in the broth he cooks for his own food and send a portion of it to his deserving neighbour. It leads us to the conclusion that a Muslim should in no case be unmindful of his neighbour and if he is well-to-do, he should be all the more charitable to his neighbours.

2.5.3 Law enforcement

Adultery is a matter which may impair the descendants of the Holy. As a result of sexual behavior among couples who do not follow Islam through marriage will produce illegitimate offspring. Therefore, Allah s.w.t forbid adultery and all that entailed, or closer to adultery such as retreat and saw the nakedness. As in Surah al-Israa':32, Allah s.w.t has mentioned about the prohibition of adultery:

“And do not approach unlawful sexual intercourse. Indeed, it is ever an immorality and is evil as a way”.

Islam is really concerns about the prohibition of adultery. If human doing wrong and approach adultery, Islam has guide a punishment to them as in Surah an-Nur: 2 Allah s.w.t clearly mentioned about the punishment of adultery as in verse below:

“The [unmarried] woman or [unmarried] man found guilty of sexual intercourse - lash each one of them with a hundred lashes, and do not be taken by pity for them in the religion of Allah , if you should believe in Allah and the Last Day. And let a group of the believers witness their punishment”.

2.6 Wealth (al-mal)

One of the primary objectives of *maqasid shariah* is to protect the wealth of human to ensure the preservation and growth of the community’s wealth (Ismail,2010). The protection of property refers to the sanctity of the wealth of all members of society, with an emphasis on valid (halal) earning and discouragement of a concentration of wealth leading to a vast gap between the poor and the rich and the inability of the former to meet their basic needs of food, health and fundamental education (Ayub, 2007). For this purpose, Islam provides a comprehensive law governing *muamalat* among members of a society (al-Allaf, 2013).

In Islam, the meaning of wealth as both an individually demanded artefact and a social artefact is inextricably intertwined in circular causality. Thus Islamic law impinges on Private Wealth and Social Wealth in the same way as it impinges on the individual and society, thereby characterizing what is, and what is not recommended wealth (Choudhury, 2003).

From the Islamic perspective, all wealth belongs to Allah s.w.t and man is only a trustee. Allah have mentioned in Surah An-Nur:33

“... and give them something out of the wealth that God has bestowed upon you.”

From the verse above, Allah is the one who owns the wealth and that wealth has been bestowed by Him.

Since Allah s.w.t is the absolute owner, man is just a trustee and this is evidenced in the Surah Al-Ahzab:72

“Lo! We offered the trust unto the heavens and the earth and the hills, but they shrank from bearing it and were afraid of it. And man assumed it”. And man assumed it. Lo! he hath proved a tyrant and a fool.”

The protection of property refers to all activities beginning with acquiring the property legally and used the property properly (Mohamad et.al,2014). Therefore, the unauthorized possession of the property and its use does not comply with the religious order would lead to the wrath of Allah s.w.t. Therefore, the ownership of the property should be implemented in order to achieve the prosperity and lawful harmony. The measurement of the wealth ownership based on *maqasid shariah* are based on three main element (Isemaail Basri,2010):

1. Production
2. Management
3. Distribution

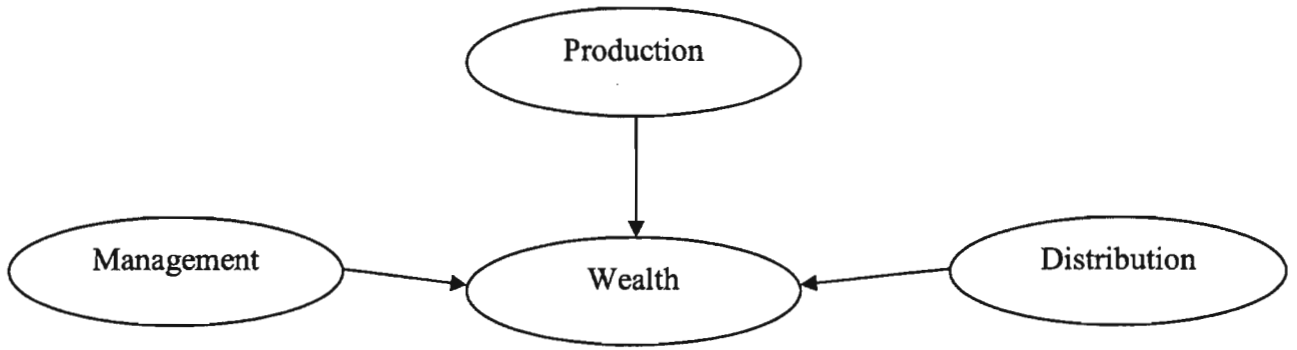


Figure 2.2 Measurement of wealth protection

Dimension	Sub dimension	Element
Wealth	Production	Halal sources
	Management	Using and controlling the wealth from destruction.
	Distribution	Donation, gift, endowment and so on.

Table 2.2 Dimension of wealth protection

2.6.1 Production

Islam is always asked a human to seek and accumulate wealth as in Surah al-Qasas:77, Allah s.w.t said:

“But seek, through that which Allah has given you, the home of the Hereafter; and [yet], do not forget your share of the world. And do good as Allah has done good to you. And desire not corruption in the land. Indeed, Allah does not like corrupters.”

As guided by Islamic law (shariah), human should seeking and collecting wealth using the *halal*(valid) way and must avoid the prohibit way such as interest (*riba*), uncertainty (*gharar*), gambling (*maisir*), corruption, steal and so on. There is a lot of verses mentioned

about these elements as in verse 5:42 mentioned about the prohibition of corruption, Allah s.w.t said in Surah al-Maidah:42:

“[They are] avid listeners to falsehood, devourers of [what is] unlawful. So if they come to you, [O Muhammad], judge between them or turn away from them. And if you turn away from them - never will they harm you at all. And if you judge, judge between them with justice. Indeed, Allah loves those who act justly”.

The prohibition of corruption also stated in Surah al-Baqarah:188:

“And do not consume one another's wealth unjustly or send it [in bribery] to the rulers in order that [they might aid] you [to] consume a portion of the wealth of the people in sin, while you know [it is unlawful]”.

Islam emphasizes the harmony of social life. Thus, any illegal activities is prohibit because it will caused a lot of destruction to society such as stealing, robbing, plundering the property of others and so on. The fundamental of the prohibition of illegal activities can be seen in many verses in al-Quran as well as the punishment for those who doing that, as in Surah al-Maaidah:38, Allah s.w.t said:

“[As for] the thief, the male and the female, amputate their hands in recompense for what they committed as a deterrent [punishment] from Allah . And Allah is Exalted in Might and Wise”.

For those who doing such illegal activities like stealing and robering, Allah s.w.t has mentioned in al-Quran the punishment for them because these activities will bring the negative impact to the society.

2.6.2 Wealth management

Since the wealth is belong to the creator which is Allah s.w.t, thus, man as a trustee is responsible to manage the wealth properly and avoid the wealth from destruction (Mohamad et al,2014). Since that wealth is an aggregate, it is protected by establishing the appropriate rules for its management both in public or private levels. The protection of the community's wealth as an aggregate depends on the protection of the property and wealth of its particular individuals (Ismail,2010). In other words, the wealth owned by individuals benefits both its respective owners and the whole community, for its utility is not restricted to the immediate beneficiaries handling it.

The protection of wealth in management aspect can be done in several ways, such as:

1. Manage personal budget

As a Muslim, it is our duty to acknowledge that whatever wealth we have been blessed with, is indeed a blessing from Allah s.w.t. Use the wealth to cater to our own needs and permissible (halal) desires and always remain mindful that Allah s.w.t has given you a measure of wealth to test what you will do with it, whether you will hoard it selfishly or spend an amount for His pleasure.

The verse regarding the personal budget management clearly stated in Surah Yusuf :67 said:

"And he said, "O my sons, do not enter from one gate but enter from different gates; and I cannot avail you against [the decree of] Allah at all. The decision is only for Allah ; upon Him I have relied, and upon Him let those who would rely [indeed] rely."

2. Avoid wastage

Along with the Quranic teaching, the prophetic tradition (the sunnah) provides us with the best example of living in a state of gratitude and avoiding waste. The prophet Muhammad p.b.u.h was famous for his attention to conserving and avoiding waste. He was careful not to waste a crumb of food, licking the last morsel from the utensils so that nothing would go to waste. He urged believers to avoid using more water than necessary must it be to avoid waste in less-important activities.

As in Surah al-Furqan:67, Allah s.w.t said:

“And [they are] those who, when they spend, do so not excessively or sparingly but are ever, between that, [justly] moderate”.

3. By doing investment

Islamic investment is a form of investing based on Islamic economic principles and differs substantially from conventional wealth management and investment. There are four core principles of Islamic investment which is:

i) Must avoiding interest (riba)

The prohibition of interest arises from the Islamic view that money should be used only as a medium of exchange, a store of value, and a unit of measurement. Money itself possesses no intrinsic value. The charging or receipt of interest is therefore prohibited. Any return on money invested should be linked to the profits of an enterprise.

ii) Avoiding Uncertainty (gharar)

The existence of uncertainty in a contract is prohibited. Everyone participating in a financial transaction must be adequately informed and all fundamental terms such as price or quantity must be clearly determined at the outset.

iii) Avoiding Speculation

Investments that rely on chance or speculation, rather than the efforts of the investor, to produce a return are prohibited. Normal commercial risk-taking and related speculation is otherwise permitted.

iv) Investing Ethically and Morally

Similar to socially responsible investing, Islamic investment filters out socially detrimental activities, such as gambling, tobacco, adult materials, alcohol, weapons and more. For the most part, Islamic investing is consistent with conventional value-based investing, which mandates social values and good governance.

Many verses in al-Quran have mentioned about the investment, one of them is in Surah Yusuf: 47-49:

“Yusuf PBUH said: “For seven consecutive years, you shall sow as usual and that (the harvest) which you reap you shall leave in ears, (all) – except a little of it which you may eat. Then will come after that, seven hard (years), which will devour what you have laid by in advance for them, (all) except a little of that which you have guarded (stored). Then thereafter will come a year in which people will have abundant rain and in which they will press (wine and oil due to good cultivation).”

2.6.3 Wealth distribution

In *maqasid shariah* also aims at a fair and equitable distribution of economic resources, wealth and income. Islam discourages concentration of wealth in a few hands; rather, it promotes its circulation among all the sections of society, thus enabling the poor and destitute of the nation to also take benefit from it. Thus it is of the utmost importance for the Islamic banking system to bridge the gap between the rich and the poor by modifying

the distribution of wealth and economic resources in favor of the less fortunate. As in Islamic banking doing in distribute their profit is giving *hibah* (gift) to their customers.

Wealth distribution is really importance in Islam. As a trustee of the wealth, we need to avoid from using and spending the wealth according to desires. Every wealth that we earned should distribute to others people like donation, charity and *zakat*. As in Surah al-Baqarah :261, Allah s.w.t mentioned:

“The example of those who spend their wealth in the way of Allah is like a seed [of grain] which grows seven spikes; in each spike is a hundred grains. And Allah multiplies [His reward] for whom He wills. And Allah is all-Encompassing and knowing”.

2.7 Summary

This chapter has covered a review of relevant literature regarding *maqasid shariah*. *Maqasid shariah* consists of five aspects of life that have to protect which is religion, human life, intellect, progeny and wealth. These five aspects will lead to the peaceful and healthy life and bring more quality in this world and hereafter. There are three levels of *maqasid shariah* which is *dharuriyat* (the essentials), *hajiyyat* (the complementarities) and *tahsiniyat* (the embellishment).

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter explains the research methodology adopted in this study. It includes the research model, theoretical framework, together with hypothesis generated from the literature review in the previous chapter.

This chapter also describes the population, sampling frame, sampling technique, data collection method and data administrative analysis. In conclusion, this chapter provides information in term of processes and techniques that were applied in conducting this research.

3.2 Research design

Since this study is carried out to understand the customer's perception towards Islamic banking in fulfilling *maqasid shariah*, the researcher tends to choose a quantitative method in which survey report was employed to collect the data. The type of this research is applied to collect numerical data and analyze it by using mathematical methods (SPSS software). This method was employed because this research aim to provide empirical evidences to the research.

The survey chosen in this study was self-administered questionnaires. According to Sekaran (2000), the questionnaires are the most useful as a data collection method when large numbers of people are to be reached in different geographical regions. In addition, questionnaires are popular method of collecting data because researchers can obtain data

easily, and the questionnaire responses are easily coded. Thus, the Muslim customers which are using Islamic banking product and services were requested to answers the questionnaires.

Other than that, the self-administered questionnaires are cheaper and quicker rather than others. They can be distributed all together and it is very effective. The respondents can complete the questionnaires whenever they convenient and able to check the record if necessary.

3.3 Theoretical Framework

The conceptual framework for this study was designed towards exploring the customer's perception towards Islamic banking in fulfilling *maqasid shariah* based on the selected identifiable variables. The selected factors that influence the perception for Islamic banking were based on five basic objectives of *maqasid shariah* which is religion, human life, intellect, progeny and wealth. This framework is based on the model of literature review on *maqasid shariah* explains in chapter two. Based on the Figure 3.1, the diagram for the theoretical framework is as follows:

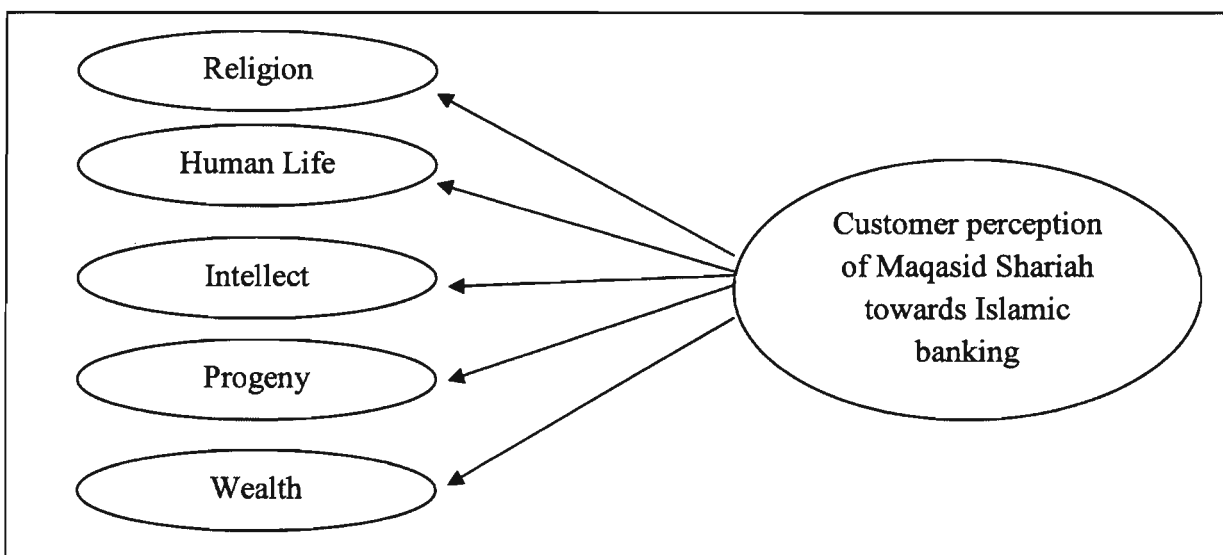


Figure 3.1: *Theoretical Framework*

The operational definitions of constructs contained in the research framework can be seen as below:

1. Perception

Perception is the act of perceiving, attention by the senses or intellect, concerns by the bodily organs or by the mind of what is presented to them. Zeithaml et. al (1990) also identify some factors which can influence the customer's perception such as the physical surroundings in which the service transaction takes place, the equipment involved and so on. In this research, customers perception refers to the level of agreement towards the *maqasid shariah* (religion, human life, intellect, progeny and wealth).

2. Religion

This research operationalize religion as the level of agreement of the respondents towards the protection of religion, means achieving the purpose of worship of Allah s.w.t. In Islam there is a comprehensive system of beliefs and shariah makes it the responsibility of the state to implement shariah requirements in respect of beliefs (Ayub, 2007).

3. Human life

This research operationalize human life as the level of agreement of the respondents towards the secured by obtaining lawful of sustenance such as food, marriage, medicine and so on. The way to protect it is through the enforcement of prescribed penalties provided by the divine law (Al-Allaf, 2013).

4. Intellect

This research operationalize intellect as the level of agreement of the respondents towards the human resource that thinks, evaluates, plans, manages and produces the goods of well-being (Dusuki, 2012).

5. Progeny

This research operationalize progeny as the level of agreement of the respondents towards the concept of maintaining lineage includes the protection, preservation and support (Kasule, 2005)

6. Wealth

This research operationalize wealth as the level of agreement of the respondents towards the protection of wealth that refers to the sanctity of the wealth of all members of society with an emphasis on valid (halal) sources (Ayub, 2007 and Al-Allaf, 2013).

3.4 Instruments of Measurement

For the purpose of this study, a set of complete questionnaire with the total of 31 items was used to gather the information. To measure all variables, the method of likert scale of five-point was used. The first section is on customer's perception towards Islamic banking which consists of five basic objectives of *maqasid shariah* which is religion, human life, intellect, progeny and wealth. And the second section is to capture demographic information such as gender, age, educational level, average monthly income level, and marital status. The respondent are required to answer each of the question based on the scale ranging from he or she are strongly disagree (1) to strongly agree (5).

3.5 Research Instruments

The questionnaire was divided into two sections. Section A consists of customer's perception towards Islamic banking. While section B is demographic data that asked about gender, age, marital status, monthly income and level of education. All these measures were self-construct by researcher. Table 3.2 shows the number of sub-questions according to variables.

Table 3.2: *The Measurements of Questionnaire Design*

Variables	Number of questions	Total of items
Demographic factors	1-5	5
Religion	1-6	6
Human life	7-11	5
Intellect	12-16	5
Progeny	17-25	9
Wealth	26-31	6

The set of questionnaire was originally written in Malay, in order to be suit to customer of Islamic banking itself. (Please refer to Appendix 8 for sample of Questionnaire)

3.5.1 Measurement of demographic factors

This part consists of 5 items to measure the demographic factors to researcher to get known the users of Islamic banking product and services in Malaysia. The demographic information that asked in this section such as gender, age, level of education, marital status and monthly income of customers is self-created by the researcher.

3.5.2 Measurement of variables

This part consists of 31 items consists of 5 dimensions of the variables which is religion, human life, intellect, progeny and wealth to measure the customer's perception towards Islamic banking in fulfilling *maqasid shariah*. All these measurement are newly developed based on literature. The instrument used to develop a dimension/measurement of the customers perception towards Islamic banking practices either there are fulfilling *maqasid shariah* or otherwise.

On this part, the measurement of the customer's perception towards Islamic banking in fulfilling *maqasid shariah* were used five-point of likert scale to determine the extent of the agreement and disagreement. Rating scale was from "strongly disagree" with a value of "1" and to "strongly agree" with a value of "5". A respondent that indicates the score of 1 or strongly disagree represent a very low of their perception towards Islamic banking in fulfilling *maqasid shariah*, while the score of 5 or strongly agree is represent a very high perception on Islamic banking practices are fulfilling *maqasid shariah*.

3.5.3 Dimension of Religion

As study by Ayub (2007), the protection of religion means achieving the purpose of worship of Allah s.w.t. This dimension consist of six questions in Malay language and each items is accompanies by a five likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). All items were developed based on literature review. The validity of all these items has been tested. Table 3.3 indicated the measurement for this dimension.

Table 3.3 Dimension of Religion

No.	Items
1	Saya menggunakan perkhidmatan perbankan Islam kerana ianya merupakan satu tuntutan ibadah agama.
2	Saya menggunakan transaksi perbankan Islam kerana ianya merupakan kewangan tanpa <i>riba</i> (faedah).
3	Saya menggunakan transaksi perbankan Islam kerana ianya merupakan kewangan tanpa <i>gharar</i> (ketidakpastian).
4	Saya menggunakan transaksi perbankan Islam kerana ianya merupakan kewangan tanpa <i>maisir</i> (perjudian).
5	Saya menggunakan transaksi perbankan Islam kerana yakin ianya tanpa percampuran produk haram.
6	Saya mengerjakan solat 5 waktu setiap hari.

3.5.4 Dimension of Human Life

According to Al-Allaf (2013), human life is secured by obtaining lawful means of sustenance such as food, marriage, medicine and so on. The way to protect it is through the enforcement of prescribed penalties provided by the divine law. This dimension consist of five questions in Malay language and each items is accompanies by a five likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). All items were developed based on literature review. The validity of all these items has been tested. Table 3.4 indicated the measurement for this dimension.

Table 3.4 Dimension of Human Life

No.	Items
1	Jiwa saya merasa tenang menggunakan produk dan perkhidmatan daripada perbankan Islam.
2	Saya merasa berlapang dada setelah menggunakan produk dan perkhidmatan daripada perbankan Islam.
3	Saya merasa bahagia selepas menggunakan produk dan perkhidmatan yang ditawarkan oleh perbankan Islam.
4	Saya tidak merasa apa-apa selepas menggunakan produk dan perkhidmatan daripada perbankan Islam.
5	Saya tidak merasa sebarang manfaat apabila menggunakan produk dan perkhidmatan daripada perbankan Islam.

3.5.5 Dimension of Intellect

As study by Dusuki (2012), intellect is the human resource that thinks, evaluates, plans, manages and produces the goods of well-being. This dimension consist of five questions in Malay language and each items is accompanies by a five likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). All items were developed based on literature review. The validity of all these items has been tested. Table 3.5 indicated the measurement for this dimension.

Table 3.5 Dimension of Intellect

No.	Items
1	Dengan menggunakan sistem kewangan Islam saya yakin ilmu yang saya pelajari lebih barakah(berkat).
2	Melalui perbankan Islam saya terdorong untuk meluaskan ilmu pengetahuan tentang jual beli barangan keperluan harian saya mengikut syariat Islam.
3	InshaAllah dengan menggunakan produk dan perkhidmatan yang halal yang ditawarkan oleh perbankan Islam saya mampu menjaga akal saya.
4	Perkhidmatan perbankan Islam telah menggalakkan saya untuk mencari ilmu tentang pengurusan secara Islam.
5	Melalui perbankan Islam saya bermotivasi untuk mendapatkan maklumat tentang urusaniaga secara Islam.

3.5.6 Dimension of Progeny

The concept of progeny is maintaining lineage includes the protection, preservation and support as stated by Kasule (2005). This dimension consist of nine questions in Malay language and each items is accompanies by a five likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). All items were developed based on literature review. The validity of all these items has been tested. Table 3.6 indicated the measurement for this dimension.

Table 3.6 Dimension of Progeny

No.	Items
1	Dengan adanya produk dan perkhidmatan yang halal hidup saya dan keluarga lebih terjamin.
2	Kedudukan kewangan keluarga saya lebih baik setelah menggunakan produk dan perkhidmatan yang halal daripada perbankan Islam.
3	Saya merasa kecewa dengan perbankan Islam.
4	Hubungan keluarga saya semakin erat.
5	Saya seringkali mengalami perselisihan faham dengan keluarga saya.
6	Pengurusan kewangan keluarga saya terurus setelah menggunakan produk dan perkhidmatan yang halal daripada perbankan Islam.
7	InshaAllah kelangsungan hidup saya terpelihara dengan mengamalkan produk dan perkhidmatan daripada perbankan Islam.
8	InshaAllah pengurusan kewangan keluarga yang menggunakan sistem kewangan Islam akan menjadikan kehidupan lebih diberkati.
9	InshaAllah pengurusan kewangan keluarga yang menggunakan sistem kewangan Islam mampu menjaga keturunan keluarga yang baik.

3.5.7 Dimension of Wealth

As study by Ayub (2007) and supported by al-Allaf (2013), the protection of wealth refers to the sanctity of the wealth of all members of society with an emphasis on valid (halal) sources. Under this variable, it consists of five questions where respondents were requested to marking one of the five likert scale given which is ranging from 1 (strongly

disagree) to 5 (strongly agree). All items were developed based on literature review. The validity of all these items has been tested. Table 3.7 indicated the measurement for this dimension.

Table 3.7 Dimension of Wealth

No.	Items
1	Objektif utama perbankan Islam ialah keuntungan semata-mata.
2	Perbankan Islam berkongsi keuntungan secara adil dengan pelanggan-pelanggannya.
3	Saya akan terus menggunakan produk dan perkhidmatan perbankan Islam.
4	Perbankan Islam sentiasa menjaga kepentingan pelanggan-pelanggannya.
5	Perbankan Islam sentiasa menitik berat tentang sumber-sumber halal dalam operasinya.
6	Saya terdorong untuk mendapatkan barangan yang halal dari pelbagai tempat.

3.6 Reliability Analysis

In order to test the reliability of the data, the Cronbach's Alpha Test of reliability is applied by the researcher. Reliability is defined as consistency, which is the degree of intercorrelation among the items (internal consistency) that measure the same concepts. Thus, according to Sekaran (2000), Cronbach's alpha is considered as a perfectly adequate indication of the internal consistency and also the reliability. Nunally and Benstein (1994), stated that a score which exceeding 0.7 show the high internal reliability of the scale items.

Table 3.8: Reliability Test for all items

No of Items	Cronbach's Alpha (α)
31	0.853

(Please refer to Appendix 1 for detail output)

The previous table above shows that, the result of Cronbach's alpha for all items above 0.7. It means that all items are reliable and can be used to measure the construct to which they pertain.

In this study, all the measurements pilot test was carried out to validate and examined the output validity. This is because the measurements were newly developed. After that, 30 questionnaires were pre-tested and finally data was analyzed. During the pilot test, the reliability of this measurement have very low which is below than 0.5. After Then four (4) items have been deleted and it 31 items were left for further analysis. Data was re-analyzed and showed the reliability was increased from 0.5 to 0.75. Then the data collection was performed and questionnaires were distributed to administration staff at UUM. .

3.7 Data Collection and Research Procedures

This section will discuss on the data a collection method and research procedure that has been carried out for the purpose of the study.

3.7.1 Population and Sample of a study

According to Zikmund (2000), population can be defined as a complete group of entities that sharing some common set of characteristics or features. In this research, population is the total category of subjects that is the focus of attention on a particular research project. The target population that employed in this research will be the Muslim customers who are using the Islamic banking product and services in Malaysia. The sample of the population then focused in UUM Sintok, Kedah. The researcher chooses a non-academic staff of UUM as a sample to reduce the variation between populations.

3.7.2 The sampling Method

As stated by Creswell (2008), a sample is a subgroup of a target population studied for the purpose of generalizing about the target population. Sampling involves any procedure that uses a small number of items or those user's parts of the population to make a conclusion regarding the whole population. According to the Corporate Planning Unit of UUM, the total of UUM staff as at end of August 2014 is about 3416 peoples, which is academic staff is about 1440 peoples and non-academic staff is 1976 peoples. Researcher decide to select a non-academic staff as a respondents because it easy to collect data from them rather than academic staff.

Based on Noah (2002), there are two important things in the issue of the adequacy of the sample size and the issue of representation. The issue in the adequacy is that whether the number of selected samples are sufficient enough to make generalizations while in the representation issues is whether sample size represents the total population in the study.

Therefore, 300 respondents was considered sufficient for the author to analyze the data accurately. The area sampling technique was used in distributing the questionnaires to the respondents who are the Muslim customers that used Islamic banking product and services in UUM, Sintok, Kedah. Based on Sekaran (2005), when the population is about 1500 to 2000, then sample size should be between 300 and above. Therefore, the totals of 300 sets of questionnaires were distributed to all respondent.

3.7.3 Data Collection

In order to collect the data, this study selected Muslim customers among non-academic staff of UUM, Sintok Kedah. For this study, the methods used to collect data basically by distributing the administered questionnaires face to face in each department.

3.8 Data Analysis

According to Sekaran (2006), normally they have three objectives in data analysis and that is getting the feel of data, testing the goodness of data, and the hypothesis developed for the researcher. The data gathered in this study will be analyzed by using descriptive and EFA analysis (Exploratory Factor Analysis). Descriptive methods will be used to interpret data in general, while factor analysis attempts to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables.

Statistical Package for Social Science (SPSS) Version 20 in order to answer the research questions and also to achieve research objectives of this study. Before that, the normality testing and outliers of data were tested to validate the data collected can be used for the analysis using SPSS.

3.9 Descriptive Statistic Analysis

According to Hair *et al.* (2007), the standard deviation describes the spread or variability of the sample values from the mean. If the value of standard deviation is small, therefore the responses in a sample distribution of number fall very close to the mean. In this research, this analysis is used for researcher to get known about respondent background.

3.10 Normality test

Normality of data is perceived as fundamental element in a research conducted especially multivariate research as suggested by Hair *et al.*(1998). The used of normality was aimed to make sure that all data is in normal distribution.

Pallant (2001) said that normality is used to describe a symmetrical bell shape curve which has the greatest frequency of scores in the middle with smaller frequencies towards extreme. If the variation from the normal is sufficiently large, all resulting statistical test are invalid because normality is required to use the F and t statistic (Hair *et al.*2006).

According to Coakes and Steed (2007) positive values for skewness indicate a positive skew while positive values for kurtosis indicate a distribution that is peaked (leptokurtic). Negative values for skewness indicate a negative skew while negative values for kurtosis indicate a distribution that is flatter (platykurtic). While according to Hair *et al.*(2003), if the skewness values are larger than +1 or smaller than -1 this shows a substantially skewed distribution. For the kurtosis, a curve is too peaked when the values exceed +3 and is too flat when it is below -3. (Please refer Appendix 2 for detail output)

3.11 Paired Sample T-test

A paired sample t-test is used to determine whether there is a significant difference between the average values of the same measurement made under two different conditions. Both measurements are made on each unit in a sample, and the test is based on the paired differences between these two values. The usual null hypothesis is that the difference in the mean values is zero. For example, the yield of two strains of barley is measured in successive years in twenty different plots of agricultural land (the units) to investigate whether one crop gives a significantly greater yield than the other, on average.

The null hypothesis for the paired sample t-test is $H_0: d = \mu_1 - \mu_2 = 0$ where d is the mean value of the difference.

This null hypothesis is tested against one of the following alternative hypotheses, depending on the question posed: $H_1: d = 0$

$$H_1: d > 0$$

$$H_1: d < 0$$

The paired sample t-test is a more powerful alternative to a two sample procedure, such as the two sample t-test, but can only be used when we have matched samples.

3.12 Exploratory Factor Analysis

Exploratory Factor Analysis (EFA) is used to determine the number of continuous latent variables that are needed to explain the correlations among a set of observed variables. In EFA, factor indicators can be continuous, censored, binary, ordinal, counts, or combination of this variable types.

According to Tucker and C. MacCallum (1997), Factor Analysis involves the study of order and structure in multivariate data. The fields includes both theory about the underlying constructs and dynamics which give rise to observed phenomena, and methodology for attempting to reveal those constructs and dynamics from observed data.

Based on child (1990), Exploratory Factor Analysis (EFA) could be described as orderly simplification of intercorrelated measures. EFA traditionally, has been used to explore the possible underlying factor structure of a set of observed variables without imposing a preconceived structure on the outcome.

In this study, Factor Analysis has been used for combination items which are religion, human life, intellect, progeny and wealth. This analysis is important as to confirm the validity of the scale by using the principle component analysis. In this study, Eigen value is not been used since the factor is known.

The Kaiser-Meyer-Olkin (KMO) is used to measure the combined items of religion, human life, intellect, progeny and wealth which indicating that the sampling adequacy must greater than 0.6 and therefore satisfactory.

Table 3.9: *Principle Component Analysis*

<hr/>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.589
<hr/>		
	Approx. Chi-Square	9035.521
Bartlett's Test of Sphericity	df	465
	Sig.	.000
<hr/>		

The KMO result shows 0.589 ~ 0.6. This indicated that all items used in this research is satisfactory and can be used for further analysis. The items that related to the five objectives of *maqasid syariah* which is religion, human life, intellect, progeny and wealth shows the detail of the outcomes of the factor loading for combined factors which reported that all items examined were significant.

3.12 Summary

This chapter has briefly views all parts of the research methodology applied in this study. The researcher has described how the research approach adopted in the study, providing the details in research subjects based on population and size sample, about the questionnaires and how the questionnaire will be administered. The data collected then has been analyzed using SPSS Version 20.0 and the results of statistically analysis are explained in the next chapter that is Chapter 4.

CHAPTER FOUR

FINDINGS

4.0 Introduction

This section will be divided into several sections. First section will be discussed on profile of respondent and observation of the variables. Second section discussed on the level perception of customer's Islamic banking. Third section will look at the process of developing a measurement by using Exploratory Factor Analysis (EFA). Forth section will look at the differences mean between two groups which is early response and late response by respondents by using paired sample T-test and last will be the conclusion.

4.1 Profile of Respondents

In the descriptive analysis, the researcher conducted the research to explore the data and also describes the observations or an overview of the sample data that has been collected. It explained the demographic profile of the respondents and observation of the variables.

The profile of the respondent shows the group of respondent profile put in this result. The demographic variables are included gender, age, marital status, level of education and monthly income. Table 4.0 presents the profile of respondents in this study. (Please refer to Appendix 3 for detail output).

Table 4.0: *Profile of the respondents*

No	Demographic items	Frequency	Percentile
1	<i>Gender</i>		
	Male	65	28.3
	Female	165	71.7
2	<i>Age</i>		
	Below 20-30	141	61.3
	31-40	61	26.5
	41-50	25	10.9
	51 and above	3	1.3
3	<i>Marital status</i>		
	Single	79	34.3
	Married	150	65.2
	Widow	1	0.04
4	<i>Level of education</i>		
	SPM	35	15.2
	Diploma	32	13.9
	Degree	113	49.1
	Others	50	21.7

5	<i>Monthly income</i>		
	Below RM1400	71	30.9
	RM1500-RM2400	41	17.8
	RM2500-RM3400	75	32.6
	RM3500-RM4400	27	11.7
	RM5500 and above	16	7.0

Table 4.0 presents a summary of respondent's socio-demographic profile. In terms of gender, more female respondents were found as compared to males. The result shows that male and female respondents have a total of 65 respondents (28.3%) and 165 respondents (71.7%) respectively. Based on the data collected, the highest percentage in the age category is from those who below 20-30 years old 61.3%, followed by age category 31-40 then respondent from those who 41-50 and 51 and above with only 1.3%.

According to the marital status, married is the highest number which are 150 respondents (65.2%) followed by single 79 respondents (34.3%) and widow only 1 respondent (0.04%). For the respondent's education level, 113 respondents (49.1%) are degree holder, 50 respondents (21.7%) are others holder, 35 respondents (15.2%) are SPM holder and 32 respondents (13.9%) from diploma holder.

This table also shows the level of income. Majority of the respondents gain income between RM 2500 to RM3400 which represent about (32.6%), followed by respondents who gain income below RM1400 (30.9%), while respondents who gain income between

RM1500 and RM2400 are 41 respondents (17.8%), followed by respondents who gain income between RM3500 and RM4400 which (11.7%) and last respondents who gain income above RM5500 which (7.0%).

4.2 Level of Perception of Islamic Banking Customers

Descriptive analysis has been used to analyze the customer’s perception towards Islamic banking product and services based on five factors of *maqasid shariah* which is religion, human life, intellect, progeny and wealth. This study also being used to identify the situation of each constructs in the form of mean and standard deviation. The mean values of the variables were obtained by the measure on a five Likert scale, which means the greater the number of the five point scale, the greater the goodness of the variable will be. The values which are nearer to five are considered good, while the values close to zero are considered bad. Moreover, a mean value equal or more than 4 indicates a high agreement with a particular criterion which are a mean value equal or less than 2 were considered is low, and a mean value of 3 was considered as a moderate agreement. A descriptive analysis of all five variables is presented in the Table 4.2.

Table 4.1: *Descriptive analysis of variables*

Variables (N=230)	Minimum	Maximum	Mean	Std. Deviation
Religion	3.67	5.00	4.6159	.31320
Human Life	3.20	5.00	4.4122	.64057
Intellecct	3.40	5.00	4.7130	.36110
Progeny	3.33	5.00	4.3367	.36821
Wealth	3.17	5.00	4.3514	.59026

Table 4.1 indicates the minimum, maximum, mean and the standard deviation of the model variables. The mean values of religion, human life, intellect, progeny and wealth are between 4.33 to 4.71. Mostly, all the values are nearer to five and it is considered good.

The level of customer’s perception towards Islamic banking is quite high in moderate with the mean value of 4.71. This figure shows that the Islamic banking generally promote intellect in their operation.

The highest mean value of five variables was obtained by intellect at 4.71, followed by religion at 4.61 and human life at 4.41. The second lowest mean value is wealth with 4.35 and the most lowest of mean value is progeny with 4.33 . On the other hand, all the variables are considered moderate and nearer to good in mean values. Hence, all the five variables of *maqasid shariah* is considered good.

4.3 Paired Sample T-test

This analysis is used to determine whether there is a significant difference between the early response and late response by customers of Islamic banking. Both measurements are made on each unit in a sample, and the test is based on the paired differences between these two values.

Table 4.2: Paired Samples Correlations

	N	Correlation	Sig.
Pair 1 meanA & MeanB	10	-.174	.630

Based on the table above, it indicated that there is no significant value exist between the two means because $p > 0.05$. It means, there is no difference between early response and late response by respondents. (Please refer Appendix 4 for detail output)

4.4 Process in developing a measurement

In developing a measurement of *maqasid shariah* based on the following steps:

1) Literature Review

For the first phase on this research, some of the literature relevant to this study have been reviewed. There are few views of *maqasid shariah* concepts in literature offered by Muslim scholars such as Ismail al-Hasani, Imam al-Syatibi, Imam al-Ghazali and Ibn 'Ashur.

As agreed by Muslim scholars, the objective of *maqasid shariah* is to preserve the social order of the community which lies in safeguarding their faith (din), their lives (nafs), their intellect (aql), their progeny (nasl), and their wealth (mal). This research will use the concepts offered by Imam Al-Ghazali that explain about five necessities in *maqasid shariah* which is religion, human life, intellect, progeny and wealth.

2) Developed Questionnaire

Based on the literature, researcher has developed a questionnaire for the first time. Researcher with guided from her supervisor has construct a questionnaire by itself. This is due to the limited research on this field and hard to find a questionnaire to adapted. In constructing the questionnaire, 35 items has been created and used in first section with using five point of likert-scale. The range value is from 1 until 5, which the value of "1" is refer to strongly disagree, the value of "2" refer to disagree, the value of "3" refer to neutral, while the value of "4" refer to agree and the value of "5" refer to strongly agree.

After completed the questionnaire, researcher has run a pre-test with 30 respondents to a selected sample for the first time. From this pre-test, reliability test has been used to know the reliability of the data.

3) Reliability Test

Table 4.4 Reliability Test for all items

	Cronbanch's Alpha (α)
Pre-Tested	0.076
After Recorded Item	0.936
After Data Cleaning Process	0.853

After analyzing the pre-tested result, the realibility of the data is very low with 0.076 only. For the reliability test it should be above 0.7 for the high internal reliability of the scale items.

In order to make the data more reliable, researcher tries to delete the items which have a negative value on corrected item-total correlation on reliability test. By doing this, the data shows improving with 0.936 and the items have been reduced from 35 items to 31 items due to the corrected item.

After improving the questionnaire, the actual data has been distributed to the non-academic staff with 300 questionnaires. After analyzing the result, the data shows reliability with 0.853 and in normal distribution.

4) Improved Questionnaire

After run the pre-test and analyzing the data, the result shows the data is not reliable and not in normal distribution. Researcher and supervisor try to seeking the problematic in order to improve the reliability and the validity of the data. From the questionnaire, there is 5 items having a negative question and the indicator should be record in reverse. The item is in section A which is question number 10,11,19,21 and 26. All the five items must be recorded in reverse indicator which is the value of “5” is equal to “1”, the value of “4” is equal to “2”, the value of “3” recorded as “3”, the value of “2” recorded as “4” and the value of “1” recorded as “5”.

No.	Items
10	Saya tidak merasa apa-apa selepas menggunakan produk dan perkhidmatan daripada perbankan Islam.
11	Saya tidak merasa sebarang manfaat apabila menggunakan produk dan perkhidmatan daripada perbankan Islam.
19	Saya merasa kecewa dengan perbankan Islam.
21	Saya seringkali mengalami perselisihan faham dengan keluarga saya.
26	Objektif utama perbankan Islam ialah keuntungan semata-mata.

Table 4.5 Recorded Items

Furthermore, in order to make the data more reliable, researcher try to delete the items which have a negative value on corrected item-total correlation on reliability test side. By doing this, the data shows improving with high reliability which is 0.936. After correction, the item has been reduced from 35 items into 31 items due to the corrected item.

5) Actual Data Collection

After doing the data cleaning process, the actual survey was conducted. The questionnaire has been distributed to non-academic staff since the sampling chosen for this study is for staff of UUM. The total of 300 questionnaires has been distributed and only 230 questionnaires have succeeded to collect. After analyzing the data, the result shows the data is reliable with Cronbach's alpha 0.853 and in normal distribution. (Please refer Appendix 1 and 2 for detail output)

4.5 DATA ANALYSIS

For the next step, researcher has used factor analysis in order to develop a dimension of *maqasid syariah* to meet the research objective of this study. In this analysis, researcher has look at The Kaiser-Meyer-Olkin (KMO) and Bartlett-test for the goodness of the data. The Kaiser-Meyer-Olkin (KMO) is used to measure the combined items of religion, human life, intellect, progeny and wealth which indicating that the sampling adequacy must greater than 0.6 and therefore satisfactory.

First process in developing a dimension, researcher tries to extract the item into five factors since the factor is known (religion, human life, intellect, progeny and wealth). To interpret a factor matrix, we examine the factor loadings. Factor loadings are the correlations between each of the original variables and the newly extracted factors. Each factor loading is a measure of the relative importance of a particular variable in representing the factor (Hair et. al, 2003). The detail of the outcomes of the factor loading is indicated in the table below:

Table 4.6: KMO and Bartlett's Test

	First rotation	Second rotation
KMO	0.589	0.653
Sig	.000	.000

From the table above, it shows the improvement from the first rotation and second rotation.

(See Appendix 6 and 7 for detail output)

Table 4.7: Dimension of Maqasid Shariah

Human Life	1- Saya tidak merasa apa-apa selepas menggunakan produk dan perkhidmatan daripada perbankan Islam.
	2- Saya tidak merasa sebarang manfaat apabila menggunakan produk dan perkhidmatan daripada perbankan Islam.
	3- Saya merasa kecewa dengan perbankan Islam.
	4- Insha Allah dengan menggunakan produk dan perkhidmatan yang halal yang ditawarkan oleh perbankan Islam saya mampu
	5- menajga akal saya.
	6- Saya terdorong untuk memberikan pendidikan mengenai perbankan Islam yang sempurna kepada anak-anak saya kelak.
Religion	1- Saya menggunakan transaksi perbankan Islam kerana yakin ianya tanpa percampuran produk haram.

	<p>2- Jiwa saya merasa tenang menggunakan produk dan perkhidmatan daripada perbankan Islam,</p>
	<p>3- Saya merasa berlapang dada setelah menggunakan produk dan perkhidmatan daripada perbankan Islam.</p>
	<p>4- Saya merasa bahagia selepas menggunakan produk dan perkhidmatan daripada perbankan Islam.</p>
Intellect	<p>1- Dengan menggunakan sistem kewangan Islam saya yakin ilmu yang saya pelajari lebih barakah (berkat).</p>
	<p>2- Perkhidmatan perbankan Islam telah menggalakkan saya untuk mencari ilmu tentang pengurusan secara Islam.</p>
	<p>3- Melalui perbankan Islam saya bermotivasi untuk mendapatkan maklumat tentang urusanniaga secara Islam.</p>
Progeny	<p>1- Saya seringkali mengalami perselisihan faham dengan keluarga saya.</p>
	<p>2- Hubungan keluarga saya semakin erat.</p>
	<p>3- Insha Allah pengurusan kewangan keluarga yang menggunakan sistem kewangan Islam akan menajdikan kehidupan lebih diberkati.</p>
Wealth	<p>1- Saya menggunakan transaksi perbankan Islam kerana ianya merupakan transaksi tanpa <i>gharar</i> (ketidakpastian).</p>

	2- Perbankan Islam berkongsi keuntungan secara adil dengan pelanggan-pelanggannya.
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Table 4.8: Table of Total variance

Component	Cumulative %	
	First rotation	Second rotation
1	20.952	19.506
2	37.668	36.283
3	51.537	51.704
4	64.758	62.046
5	71.775	71.825

From the table of total variance above indicated the improvement in second rotation with 71.825% of the dimension of *maqasid syariah*, another 28% still unexplained. (Please refer to Appendix 6 and 7 for detail output). In conclusion, from the result above the dimensions of *maqasid syariah* has been identified. Based on the data, for factor 1 it can be considered as human life dimension since all the item is referring to human life. For factor 2 it can be considered as religion dimension, for factor 3 it can be considered as intellect dimension, while for factor 4 it can be considered as progeny dimension and lastly for factor 5 it can be considered as wealth dimension.

4.4 Summary

In this chapter, the researcher discussed the analysis of data collected. The data were analyzed using SPSS 20.0 and overall the analysis process involves testing of reliability followed by descriptive statistic and then Exploratory Factor Analysis of this study was tested. The reliability test was done with all variables and it shows all of them are reliable to use. After running the Exploratory Factor Analysis (EFA), only 17 items are considered as dimensions of *maqasid shariah*. They are five items refers to human life, four items for religion, three items for intellect and progeny and just 2 items refers to wealth.

CHAPTER FIVE

CONCLUSION

5.0 Summary of Findings

This chapter will discuss the research findings as mentioned in previous chapter. All items that had been analyzed in research findings will be presented in this chapter to highlight the result from customer's perspective towards Islamic banking in fulfilling *maqasid shariah*. Other than that, this chapter will also give a brief overview of the introduction, review of related literature, methodology and findings of the study. Moreover, the inferences from the findings will be discussed in this chapter and finally recommendation for future research has also been suggested.

The objective of this study is to develop a dimension and measurement of the customer's perception towards Islamic banking practices which is based on five *maqasid shariah* which is religion, human life, intellect, progeny and wealth. In developing a measurement of *maqasid shariah*, there is a several process involved by using the Exploratory Factor Analysis (EFA) for better outcome.

The major findings in chapter 4, the researcher has been identified the mean value based on the level perception of Islamic banking customers. Based on the result, the mean value is good because the value is between 4.33 and 4.71 which is exceed the mean value of 3. Hence, all the variables are considered appropriate to be included for future analysis.

Moreover, in developing a dimension of *maqasid shariah*, researcher used Exploratory Factor Analysis (EFA) to explore the possible underlying factor structure of a set of observed variables without imposing a preconceived structure on the outcome. Based on

the outcome it indicated the improvement in the second rotation with 71.82% of the dimension of *maqasid shariah*, another 28% is still unexplained.

5.1 Recommendations

In developing a dimension, it through many steps to meet the requirement of the research objective until the dimension of *maqasid shariah* has been created. This is due to the limited research on this field. After doing the second rotation, the total variance of the dimension of the *maqasid shariah* is quite high which is 71.82% and another 28% is unexplained. The unexplained result may be due to the confusing words used in questionnaire or due to the measurement error. Due to the unexplained result, another research should be continued for better output by using a comfortable word, so that the customers of Islamic banking will easy to understand it.

Furthermore, based on the mean value of level perception, the value is considered good when the highest mean value of five variables was obtained by intellect at 4.71, followed by religion at 4.61 and human life at 4.41. The second lowest mean value is wealth with 4.35 and the most lowest of mean value is progeny with 4.33. According to this result, another research should be conducted by looking at the real operations of Islamic banking rather than asking about the perception of Islamic banking customers. This is because, the result is more bias and not really accurate when asking about perception.

5.2 Implication of the study

In this section, the researcher will present the implications of this study in theoretical and also practical views.

5.2.1 Theoretical implication

On a theoretical level, this study proposed a contribution to better understanding about the customer's perception towards Islamic banking in fulfilling *maqasid shariah*. In order to explore about *maqasid shariah*, we used many literature from many Muslim scholars especially from Imam Al-Ghazali, Imam al-Syatibi, Ismail al-Hasani, Ibn "asyur and many more.

Based on literature, *maqasid shariah* is designed to promote benefit and repel harms. With *maqasid shariah*, it will lead man to do the right things and leave the wrongdoing. For example, with the guide from Al-quran and hadith p.b.u.h, human know how to do a shalat, fasting, give alms and so on. Besides that, *maqasid shariah* will lead man to the right things which is the meaning derived directly from Al-quran and sunnah without using Qiyas (analogy). For example, when human doing the good things, promote social welfare, helping each other, so it is clearly mentioned in Al-quran that Allah will record the reward of goodness. Moreover, *maqasid shariah* is to achieve the objectives of *shariah* which is promoting social welfare, promote social security and so on.

5.2.2 Practical Implications

Findings in this study also have the practical implications such as for the financial institutions including Islamic banks in knowing their customers perception towards their operation, so that they can formulate the strategies to attract their potential customers.

As we know, Islamic banking provide many facilities that benefitted both customers and the banks itself. Besides, the banks can actually understand their customers' preferences which then will increase their loyalty. Hence, Islamic banks should take these opportunities as one for their cost reduction in operations and also to upgrade the image of Islamic banks towards the customers.

Additionally, these results also give the ideas to the Islamic banking players to improve the products and services to their customers. These would give more confident for all parties involved, the banks and the customers in which to offer and adopt Islamic banking product and services.

5.3 Limitations and suggestions for future research

There are several limitations faced by the researchers in terms of time and cooperation. In terms of collecting data and responses from the respondents, the researcher faced a limitation of time and lack of cooperation from the respondents as they did not want to give full cooperation to the researcher due to some reasons.

In addition, the researchers also faced some limitations regarding lack of prior research studies on the topic. The researcher needs to found out a lot of supporting information regarding the topic as it required developing an entirely new research. Furthermore, the researcher also have lack of available data where it is likely required the researcher to limit the scope of analysis, the sample size, or it can be a significant obstacle in finding a trend and a meaningful relationship. However, these limitations can be an opportunity to describe the need for future research. Future research may adopt other data-collection methods such as mall intercept surveys or personal interview.

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