FACTORS INFLUENCING ISLAMIC BANKING SELECTION CRITERIA AMONG MUSLIM INTERNATIONAL STUDENTS OF SELECTED UNIVERSITIES IN NORTHERN STATES OF MALAYSIA

By

MOHAMED HASSAN ABDI

MASTER IN ISLAMIC FINANCE AND BANKING

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ABSTRACT

The number of Muslim international students studying in the Malaysian institution of Higher education is incessantly growing. The extensive numbers of Muslim international students in Malaysia have contributed not only the country's education sector, but even the Islamic banking industry as well. Thus, the aim of the study is to examine the factors that influence Muslim international student's selection criteria of the Islamic banking sector. This study focuses on all international students in Northern State of Malaysia, especially three public universities, namely University Utara Malaysia, University Sains Malaysia, and University Malaysia Perlis. A total of 217 questionnaires are distributed and 163 usable responses were analyzed. The outcome of the study indicates that 43 percent of the variance of Muslim international student's selection criteria to choose Islamic banking system can be explained by the variables which are religiosity, knowledge, service, reputation. Furthermore out of the four independent variables, the variables, specifically knowledge, service and reputation are found significant to the selection criteria of Islamic banking, while the religiosity variable is not significant to selection criteria of Islamic banking

Keyword: Muslim international students, selection criteria, religiosity, knowledge, service, reputation

ABSTRAK

Bilangan pelajar Muslim luar negara yang melanjutkan pelajaran di Institusi Pengajian Tinggi di Malaysia semakin meningkat secara berterusan. Peningkatan bilangan pelajar Muslim luar negara ini bukan sahaja menyumbang kepada sektor pendidikan negara malahan turut menyumbang kepada industri perbankan Islam secara keseluruhannya. Oleh itu, tujuan kajian ini dilakukan adalah untuk menentukan faktor yang mempengaruhi kriteria pemilihan pelajar Muslim luar negara terhadap sektor perbankan Islam. Kajian ini hanya ditumpukan kepada semua pelajar antarabangsa yang menuntut di utara Semenanjung Malaysia khasnya kepada tiga buah universiti awam iaitu Universiti Utara Malaysia (UUM), Universiti Sains Malaysia (USM) dan Universiti Malaysia Perlis (UNIMAP). Sebanyak 217 borang soal selidik diagihkan dan hanya 163 responden memberikan maklum balas untuk dibuat penilaian. Hasil daripada kajian ini mendapati sebanyak 43 peratus dalam kriteria pemilihan pelajar Muslim di luar negara memilih sistem perbankan Islam yang diterangkan melalui beberapa pemboleh ubah seperti keagamaan, pengetahuan, perkhidmatan dan reputasi. Tambahan pula, daripada empat pemboleh ubah yang tidak bersandar ini, pemboleh ubah bagi pengetahuan, perkhidmatan dan reputasi didapati mempunyai hubungan yang penting dalam kriteria pemilihan perbankan Islam manakala pemboleh ubah keagamaan tidak mempunyai hubungan yang ketara dalam kriteria pemilihan perbankan Islam.

Kata kunci: Pelajar Muslim luar negara, kriteria pemilihan, keagamaan, pengetahuan, perkhidmatan, reputasi

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LIST OF ABBREVIATIONS

UNISCO	United Nation Educational Scientific And Cultural Organization
OECD	Organization for Economic Co-Operation and Development
UUM	Universiti Utara Malaysia
USM	Universiti Sains Malaysia
UNIMAP	Universiti Malaysia Perlis
HE	Higher Education
HEIs	Higher Education Institutions
PSPTN	Strategic Plan for Higher Education
SPSS	Statistical Package of Social Science
DV	Dependent Variable
IV	Independent Variable
BIMB	Bank Islam Malaysia Berhad
BNM	Bank Negara Malaysia

CHAPTER ONE

BACKGROUND OF THE STUDY

1.1 Introduction

This chapter introduces the background of the global Islamic banking industry, particularly in the context of Malaysia where this research is conducted. The chapter consists of ten parts. These parts highlight the background of the study, problem statement, research questions and objectives, followed by the significance of the study, and the scope of the study. The chapter concludes with the explanation of the organization of the research.

1.1.1 International Students Mobility in the World

The United Nation Educational Scientific and Cultural Organization (UNESCO) and Eurostat has expressed international students as those who are not the resident of their country of study or those who have received their previous education in another country (OECD, 2004). Now-a-days, millions of students from all over the world study outside their countries every year. In the past 20 years, education has become an industry with tremendous potential alike any other trade business.

According to OECD (2014), in the year 2012, 4.5 million students from all over the world were accepted into university education outside their countries and predicted that more than 7 million students will be accepted in the year of 2025 (Böhm et al., 2002). Evidently there is an increasing trend of studying overseas. In short, it is a great potential market, especially for the tertiary education in considerable developed countries.

The growth of the international students of the tertiary education between 1975 and 2012 was 7% as shown in figure 1.1 below

Figure 1.1

Growth in Internationalization of Tertiary Education (1975-2012)
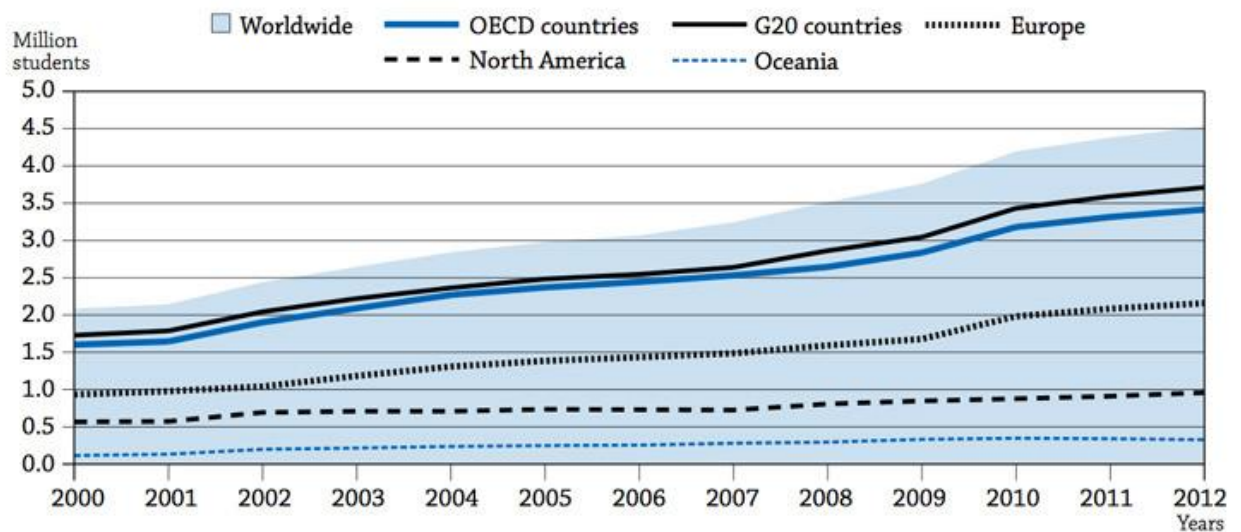
Number of students that are enrolled outside their country of citizenship by region of destination, "between" (2000-2012). Source: the organization for economic co-operation and development (OECD)

Figure 1.1 indicates that international students' enrollments grew dramatically between 1975 and 2012. The number of the students who got enrolled themselves outside their own countries increased from 0.6 million in 1975 to 4.5 million in 2012. "The increasing of internationalization of tertiary education has accelerated during the past eleven years, which reflects the growing globalization of economies and societies" (*OECD, 2014*).

1.1.2   International Students Mobility in Malaysia

World education service (2009) has reported that Malaysia has been ranked eleventh as a destination of choice for higher education. The country has turned out to be an emerging provider in global higher education (HE), attracting more than 70,000 international students in 2009 (Sawahel, 2009).

In Malaysia, the education sector is one of the major contributors to the nation's economy with each international student's estimated cost to spend goes at least RM 30, 000 (approximately USD $10,000) per year in the country throughout the course of his study, and the cost is translated into more than RM 2 billion for the 70,000 international students who reside in the country, Malaysia. Malaysian private Higher Education Institutions (HEIs) have only contributed to the national economy around RM 1.3 billion annually where a large percentage of this comes from revenue which is obtained from international students (Radin, S, 2009)

Currently, the Malaysian National Higher Education Strategic Plan (PSPTN) has given emphasis to a comprehensive scheme through international students' inscription by 2020. This vision has been sustained over the years by its reiteration in Malaysian Plans (7th MP: 1996-2000: 8th MP: 2001-2005 9th MP: 2006-2010). In 2004, a separate Ministry of Higher Education was established to raise standards in higher education by producing graduates that meet human capital and the needs of the country, and making Malaysia a regional and also global hub of educational excellence.

The HE systems in Malaysia consist of 20 public universities, 37 private universities and university colleges and more than 500 private colleges. It is able to register 18,242 international students who got enrolled in 2001 and in ten years, it has taken 86,919 international students with about 16% growth per annum (Badaruddin, 2010).

Sirat (2008) highlighted that the flow of international students into Malaysia increased since 1996, when various reforms were introduced to streamline the entry of international students into HEIs. Currently, international students represent less than 5% of all tertiary enrollments in Malaysia. However, under the Malaysian Higher Education strategic plan, the country aspires to become a hub of excellence for higher education internationally in 2020, with 200,000 international students (10% of enrollment) in its HEIs.

The internalization effort was further boosted when several international universities were given the go-ahead operation in their branch campuses in the Malaysian soil. Currently, there are eight foreign Higher Education institutes operating in Malaysia, namely Monash University, Curtin University of Technology, Swinburne University of Technology, from Australia, Nottingham University, and Heriot-Watt University, Medical Faculty University of Newcastle and University Reading from United Kingdom and the Manipal University of India

The ranking and survival of the universities have put much pressure on both public and private universities in Malaysia to attract international students in recent decade. There is a huge growth in the number of international students studying in public and private Higher

Education in Malaysia. However, as the private Higher Education Institutes set up are, in addition, commercially driven, the aim of these institutions is to tap undergraduate international students because there is more demand for these undergraduate programs (Sirat, 2008).

Now, 532 private HEIs are operating in Malaysia; according to Yean and Yi (2008), only 200 are permitted to recruit international students. The aim of this restriction is to safeguard the reputation of Malaysian Higher Education Institutions by allowing only for "certified and quality assured" institutions to have operation for international students.

1.1.3 Development of Islamic Banking in Malaysia

Malaysia is one of the most Muslim populated countries in the world, and it operates most of its products and services as shariah-compliant. The country in the recent years has taken initiative in the development of the Islamic financial system. The evaluation of the Islamic banking in Malaysia takes place due to the financial crisis in 1997, and the crisis has really crippled the Malaysian economy where mergers and acquisitions of a lot of financial institutions have come together to merger as one (Hassan, 2007). The merge was not a merge that was driven naturally, but the government of Malaysia gave the financial institution pressure to merge together to ensure the stability of the financial institutions of the country due to the crisis, and the Malaysian was optimistic that the growth and efficiency of the financial institutions would be developed due to the mergers and acquisition.

Islamic banking system in Malaysia is considered to be an Islamic financial institution that helps in the overall development of the economy, and Islamic banking is considered such type of banking that is free for the prohibited elements that are forbidden in Islam (Hamid & Masood, 2011). Islamic banking system as the financial institutional system is formed according to the rules and tenets of Islamic banking Shariah, and it is more concerned with the rules and regulation that are based on the principles and ethics of Shariah which constitutes the prohibition of riba which is known as interest that is applied according to the principles of operation of Islamic banks. Now-a-days Islamic banking system is a commercial banking system, but operates within the parameters of Islamic shariah and is guided by shariah principles unlike commercial banking system (Ayub, 2009).

The development of Islamic banking system as a financial institution in Malaysia began its operation with the first Islamic bank which is Bank Islam Malaysia Berhad (BIMB), and it started operating on the 1st day of July 1983. In the last few decades after its establishment, the bank was given special concerns so that it could operate with full force as the first Islamic bank in Malaysia. Special consideration was given to the Islamic banking system in order to progress in the country without competitions with the conventional banks that have been in existence and well-structured in the banking industry (Mokhtar and Alhabshi, 2008)

The further development of Islamic banking system in Malaysia took place when the bank Negara Malaysia (BNM) introduced a policy that had a way for all commercial banking institutions and finance and also gave discount to houses to extend Islamic banking products and services to their customers in order to develop the Islamic financial sector, with the grounds that Islamic financial industries have gotten the desired result due to its strong foundation that was done by establishing bank Islam, and in emergency, the existence of another local full pledged Islamic bank became a reality with the establishment of Bank Muamalat. It is the objective of the government to introduce and develop a banking system which will be different from conventional banking system, (Warde, 2010).

Currently, there are significant number of full-fledged Islamic banks operating in Malaysia, including several foreign owned entities, conventional institutions who have established Islamic subsidiaries and also entities which are conducting foreign currency business.

The list of Islamic Banks operating in Malaysia is given below;

Table 1.1
List of Islamic Banks in Malaysia

No.	Name	Ownership
1	Affin Islamic Bank Berhad	L
2	Al Rajhi Banking & Investment Corporation (Malaysia) Berhad	F
3	Alliance Islamic Bank Berhad	L
4	AmIslamic Bank Berhad	L
5	Asian Finance Bank Berhad	F
6	Bank Islam Malaysia Berhad	L
7	Bank Muamalat Malaysia Berhad	L
8	CIMB Islamic Bank Berhad	L
9	HSBC Amanah Malaysia Berhad	F
10	Hong Leong Islamic Bank Berhad	L
11	Kuwait Finance House (Malaysia) Berhad	F
12	Maybank Islamic Berhad	L
13	OCBC Al-Amin Bank Berhad	F
14	Public Islamic Bank Berhad	L
15	RHB Islamic Bank Berhad	L
16	Standard Chartered Saadiq Berhad	F

Source Bank Negara Malaysia (BNM) May 2012

1.1.4 Factors Influencing Selection Criteria of Islamic Banking

Selection criteria for banking refers to the choice of bank with which the customers are more comfortable and favorable in conducting their banking. This choice making or decision making in the selection for a particular bank relies on the service and wide varieties provided by the banks in the sector of the banking and finance industry. Moreover, customers have their own scale of measurement in selecting a particular bank that is more favorable for them to deal with in their daily financial transaction, and these criteria are the conditions that can be attributed to the banks, which includes reputation, qualitative varieties of products and services and also the knowledge, which are most influenced by

religion and financial literacy of the customer, and the criteria will in turn be an influential factor for the satisfaction of the customers. (Chan 1991).

Erol and El-Bdour (1989) discovered that the efficiency of services, reputation of the bank and the ability to keep confidentiality are the essential criteria for the selection of a bank, and the ability to keep confidentiality is the essential criterion for the selection of a bank. They also found that significantly the religion motives customers in the selection of banks criteria, and that selection is more important and is based on studies. Most of the customers are aware about the products and services that are offered by the Islamic banks, and Islamic banking was introduced by either their relatives or neighbors. Erol *et al.,* (1990) had further studied on the banking selection criteria, and found that the criteria for selection of banks that were more significant to the customers, and they were the efficiency of services, confidentiality of the banks, and religion had no significant effect to the selection of Islamic banking services by the customers. Dusuki and Abdullah, (2007) also discovered that religious orientation was not a part of the primary criteria for the selection of Islamic banking.

Similarly, in another research conducted in Egypt, (Hegazy, 1995), discovered that Islamic banking customers considered efficiency and fastness as top priorities in their selection method for Islamic banks, and customers of Islamic banks were more concerned with the vision and objectives of the banks to serve the community and not only for profitability motives alone.

Moreover, the research conducted by Gerrard and Cunningham (1997) discovered that those who used the Islamic banks, had three most significantly banks selection criteria which served as the influential factors, and they were the efficiency and fastness and effective quality services, followed by the reputation and image of the Islamic bank and the customers' confidentiality of the bank. Conversely, the study discovered two perceptions of customers in their method of bank selection criteria, which were varieties of services that were more important for the customers, using conventional banks, and the customers using Islamic banks were more concerned on consultation services, regarding financial services to be provided by the Islamic banks.

Kyanak *et al*. (1991) used a sample of some group of customers and managers to conduct research on financial selection criteria in Canada, and the study found out that customers preferred to use a bank that was efficient and fast in its services, while managers preferred the image and reputation as an integral factors for an ideal bank, according to their perception. Another study further discovered that the male customers used financial criteria that influenced more than their female counterpart. In an another study, it was revealed that the most common primary banks selection criteria were space allotted for parking in the bank premises, for conveniences, efficiency and varieties of services offered by the banks.

Metawa and Almossawi (1998) discovered that the shariah principles of Islam were considered as an important aspect in the selection of an Islamic banking products and services; furthermore, rate of return which was in line with Islamic principles and also the

location of the bank, was an important factor for conveniences. Erol and El-Bdour (1990) had conducted a study and based on their study, it can be said that specifically into the criteria of banks selection criteria in Jordan, the customers in Jordan, either used conventional banking or Islamic banking, and the customers that patronized the Islamic banks because of the fast, efficient and qualitative services, the reputation and the image of the Islamic banks that followed Islamic principles and the aspect of customers confidentiality. Conversely, the study revealed that the same factors for those that used conventional banks were employed.

There were significant differences in terms of the pricing policies for the customers that patronized the two banking system for the policies in conventional banking, and they included the availability of credit on favorable terms and conditions, lower charges on services, and lower interest charge, and payment of interest on savings account was high, and those customers who were using conventional banks regarded and considered significantly important for them. There were also significant differences between conventional and Islamic banking on the range of wide varieties of services, and also financial consultation services. Most customers patronized the Islamic banks as it was important for those that used Islamic banks (Al-Ajmi, 2009). Riggall, (1980) made a survey on over 250 customers, and that bank had been operating their new account six months before, and it was found that the location of the bank was considered a key factor of selection criteria.

1.2   Problem Statement

In Malaysia, the restructuring of the higher education system in 1996 has turned country into a new destination for international students of different countries, such as Middle East, African and Europeans (Morshidi, 2008). Tan Sri Muhyiddin Yasin, the Minister of Education of Malaysia has announced that Malaysia have vision to attract at least 20, 0000 international students to study in Malaysia by 2020 (Melissa Chi, 2011). Besides that, the majority of international students study in Malaysia are those who come from Muslim countries.

The growing number of international students year by year contributes to the economic growth of the country as well as the country becomes the hub of excellence education. Since the Islamic banks are a source of economic for the country, and as international students are increasing year by year, there is an opportunity to investigate the factors influencing their selection of criteria of Islamic banking system. Almossawi (2001) has highlighted that international students have a huge opportunity to open Islamic banking accounts, such as current account, saving account, investment account, and other Islamic banking activities. However, the different background of international students needs to be in line with the Islamic banking products and service.

Although there are numerous studies on the factors that affect customers selecting Islamic banks, but to the researcher's knowledge, none of them have not been done particularly on international students. Hence, based on that ground, this study makes an attempt to minimize the gap in the study of Islamic banking selection criteria by examining the factors

that would influence the international students' selection criteria for Islamic banking, and by focusing on Muslim international students in Malaysia, especially in northern states universities. This study investigates four factors, and they are religiosity, knowledge, service, reputation.

Furthermore, most of the previous studies which are related to Islamic banking selection criteria have been mainly conducted in some Middle East countries (Erol and El-Bdour 1989). Although such studies have contributed substantially to the literature on the Islamic banking selection, their findings may not be sufficient to other countries due to the differences in cultural, economic and legal environment.

1.3 Research Questions

1) What is the relationship between religiosity and selection criteria of Muslim international students in Islamic banks?

2) What is the relationship between knowledge and selection criteria of Muslim international students in Islamic banks?

3) What is the relationship between service and selection criteria of Muslim international students in Islamic banks?

4) What is the relationship between reputation and selection criteria of Muslim international students in Islamic banks?

5) What are the factors that influence selection criteria of Islamic banking?

1.4 Research Objectives

The main objective of this study is to examine factors that influence the selection criteria of international students in Islamic banks in Malaysia. The specific objectives of the study are in the following:

1) To identify the relationship between religiosity and Islamic banks' selection criteria among Muslim International Students.

2) To identify the relationship between knowledge and Islamic banks' selection criteria among Muslim International Students.

3) To examine the relationship between service and Islamic banks' selection criteria among Muslim International Students.

4) To identify the relationship between reputation and Islamic banks' selection criteria among Muslim International Students.

5) To identify the factors that influence the selection criteria of Islamic banks' among Muslim International Students.

1.5 Significance of the study

The study seeks to gain an insight and understanding of factors that influence selection criteria of Islamic banking of informed customers' selection of banks as well as their loyalty to their banks. Particular, this study is important for managers of the Islamic Banks in Malaysia because they can easily comprehend this study factors that are necessary for selection criteria among Islamic Banks.

On the other hand, this study is very important for the Muslim international students because it gives the best services that they need. Regarding the previous discussion, this paper explores selection criteria of Islamic banking among Muslim international students in selected northern states universities of Malaysia

All the significant influence factors may help bank managers and researchers provide a better concern and understanding the factors affecting Islamic banking selection criteria. Furthermore managers must attempt to have close understanding of their customers, especially Muslim international students.

1.6 Scope and Limitations of the study

This research aims to explore the factors that influence Islamic banking selection criteria among Muslim international students in selected Northern universities of Malaysia, namely Universiti Utara Malaysia (UUM) and Universiti Malaysia Perlis (UNIMAP), Universiti Sains Malaysia (USM) because these three universities are the biggest-public universities in northern states of Malaysia. The data had been taken from questionnaires which were distributed among Muslim international students in three public universities in northern states of Malaysia. Besides on that, the journals, articles and other materials that are relevant to the study also been used in this study.

There are some limitations discovered in this study. The outcome of this study does not represent all Muslim international students for northern universities of Malaysia since it

focused on selected three public universities in northern part of Malaysia, and they are UUM, USM, and UNIMAP. A more extensive study along with the same procedures will be necessary if any definite conclusions are to be made. However, due to the time constraint, it is not possible to carry out such an extensive research.

1.7 Organization of the study

Chapter 1: contains the introduction, background of the study, problem statement, research questions and objectives, significance of the study, and scope of the study.

Chapter 2: focuses on the literature reviews of previous researches that are related to this study. Further, this chapter provides a review on literature which is related to Muslim international students' selection criteria for Islamic banking system. The final section of chapter two is a review on the all possible factors that will influence Islamic banking selection criteria among Muslim international students.

Chapter 3: discusses the methodology which includes the research design, population and sampling of the study, measurement of variables used in this study and data analysis technique.

Chapter 4: provides the analysis on findings and interpretation on data to answer the objectives of the study. The discussion that includes the differences on the correlation and multiple regression result between the dependent variables and independent variables with

the results of hypotheses tested is presented. Lastly, a summary of results can be obtained at the end of this chapter.

Chapter 5: discusses the summary of the findings, recommendations followed by limitations and future research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter includes relevant articles, journal, books and other sources that are related to knowledge, religiosity, reputation and service among Muslim international students' selection criteria in Islamic banking. However, literature on banking selection criteria contains numerous features by different researchers across the globe.

2.2 Review of Literature

This part discusses the relationship between this research and previous literature that has been done on the area of business and banking researchers. In addition, yet there is limited literature about the selections criteria of Islamic banking as well as about the relationships between Muslim international students' selection satisfactions, such as Religion, Knowledge, Reputation, and Service. Apart from this, the previous researches were mainly on the broad concept of Islamic banking selection or services, but his study varies because it only focuses on selection criteria of Islamic banking among Muslim International students in Northern states of Malaysia.

    I.   Religiosity

   II.   Knowledge

 III.   Service

 IV.   Reputation

Hence, this chapter contains some underpinned theories which directly discuss the factors that affect Islamic banking selection as a whole as well as specifically measure the factors that affect the selection of Islamic banking.

2.3 Banks Selection Criteria

Literature on banking selection criteria contains numerous features conducted by different researchers across the global. Among the common factors used to measure customers criteria are service, knowledge of Islamic banks products and reputation. Furthermore, bank selection criteria to the customers' decision lies in the selection of the appropriate bank which is the most favorable to the customers. Although there are variances in banking institutions, this study attempts to explore the factors that influence the selection criteria of Islamic banking. Erol and El-Dour (1989) discovered that the most important criteria considered by the customers are provision of fast and efficient services, bank's reputation and image, and confidentiality. Interestingly, they also observe that religious motivation is not a primary criterion for the selection of Islamic banking services in Jordan.

Selection criteria are statements that describe the qualifications, religiosity, knowledge, skills, and abilities and experience, and these are required in a bank. When asked to respond to selection criteria, you are being asked to describe how you meet the requirements of the desire and someone's choosing criteria. However, Islamic banking selection criteria contains numerous features that are conducted by different researchers across the globe (Hasan, & Osman, 2012).

Among the common factors used to measure customers' selection criteria are the cost and benefits of products offered, service delivery (fast and efficient), confidentiality, size and reputation of the bank, convenience (location and ample parking space), friends and families influences and friendliness of personnel (Aregbeyen, 2011).

2.4 Religiosity

According to Asma, (2011), Muslim religion provides guidance for the welfare of all human life in the world and from now on, it has high regard to business activity. Islam is not only about religion but also it puts stress on the way of life which is *Ad-Din;* consequently, Islam guides and teaches Muslim people every aspects of life, and it does not only focuses on the specific performance of worship. For example, engaging in *haram* (Prohibited activities) like as consuming the alcoholic drink and gambling are clearly indicated in the Holy Quran. Even on the trading transaction like what to trade, how to trade, how to interact with other are clearly directed within this religion. (Alam, *et al*, .2012).

According to (Rashid and Hassan 2009), religious beliefs serve as the sole reason to select an Islamic banking; religion plays an important role in a person's lives by determining his/her beliefs (Rehman & Shabbir, 2010). Apart from that Amin *et al*., (2011) have found that religious obligation refers to the role of religion in affecting an individual's choice or activities. A study by Ahmad and Haron (2002) found that religious factors were the major

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factors affecting banking selection. Another researcher, Shah Alam *et al*. (2012) found that religion was a part of the culture that could shape the behavior of the people.

Similarly, Okumus (2005) also initiates that Islamic factor is the main choice criteria for banking location. On the other hand, Idris, *et al*, (2011) have found that the preference for Islamic banking is primarily driven by religious beliefs, not the financial knowledge. That is, the stronger the religious commitment, the greater the preference for Islamic banking services. Meanwhile, Metwally (2006) also has addressed that stronghold to Islam is the major choice criteria for Islamic banking.

This is consistent with a study by Gerrard and Cunningham (2001) which has found that Muslim customers in Singapore choose Islamic banking because of religiosity factor. (Abduh, *et al*. 2012) illustrate that there is a possibility that religious belief plays an important role in the banking decisions of Muslim customers. Religion is one of the components that are frequently used to study Islamic banks' consumer selection behavior.

Religion has significant, positive relationship with customers' selecting decisions. In addition, the religious issue is also perceived as one of the important criteria to be considered for the selection of Islamic banking services. (Dusuki and Abdullah, 200, Haque *et al*. 2009, Wan Marhaini *et al*., 2008, Gait & Worthington, 2008, Awan & Bukhari 2011, Lee & Ullah 2011, Ahmad *et al*. 2011 and Hamid & Masood 2011).

Al-Ajmi (2009) has concluded that the religiosity is not an important element when it comes in the process of banking selection. Therefore, the problem that occurs gives interest

to writer for review to determine whether the religiosity factor can influence the knowledge of Muslim entrepreneur, and in accordance with the comprehensive nature as a religion and a way of life, Islam provides a complete guide to undergo all forms of life, including life economically. With these guidelines, people are not only able to handle the election crisis, but also may lead a quiet and peaceful as the servant of Allah Almighty in achieving the ultimate goal of the pleasure of Allah, and most studies focus on the results of the selected users of Islamic banking.

2.5 Knowledge

Knowledge is referred to as familiarity towards something or someone that could include information, descriptions, facts or skills that can be gotten from the experiences or education. Knowledge can be referred to as the theoretical or practical understanding of a subject. (Haron *et al*. 1994).Knowledge are divided into implicit and explicit type of knowledge; implicit knowledge basically is related to practical skill or expertise while explicit knowledge is kind of theoretical understanding on the subject which can be less formal and systematic (Stanley, 2002).

The knowledge of the customers in the Islamic bank is observed and found that that the majority of the Islamic bank customers in the three provinces perceived the reason why Islamic banking is introduced. The reason behind this that Muslims are attracted by the prohibition of the interest (Riba) that the conventional banks practices. The taking of

interest Riba is one of the biggest sins in the Islamic religion which ALLAH SWT prohibits clearly in the holy Quran and says "…

ٱلَّذِينَ يَأْكُلُونَ ٱلرِّبَوٰاْ لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ ٱلَّذِى يَتَخَبَّطُهُ ٱلشَّيْطَٰنُ مِنَ ٱلْمَسِّ ذَٰلِكَ بِأَنَّهُمْ قَالُوٓاْ إِنَّمَا ٱلْبَيْعُ مِثْلُ ٱلرِّبَوٰاْ وَأَحَلَّ ٱللَّهُ ٱلْبَيْعَ وَحَرَّمَ ٱلرِّبَوٰاْ فَمَن جَآءَهُۥ مَوْعِظَةٌ مِّن رَّبِّهِۦ فَٱنتَهَىٰ فَلَهُۥ مَا سَلَفَ وَأَمْرُهُۥٓ إِلَى ٱللَّهِ وَمَنْ عَادَ فَأُوْلَٰٓئِكَ أَصْحَٰبُ ٱلنَّارِ هُمْ فِيهَا خَٰلِدُونَ ﴿٢٧٥﴾

Those who devour usury will not stand except as stand one whom the Evil one by his touch hath driven to madness. That is because they say: "Trade is like usury," but Allah hath permitted trade and forbidden usury. Those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (The offence) are companions of the Fire: They will abide therein (for ever).

Baqarah (2:275).

Translation (Yusuf Ali)

But ALLAH (SWT) has permitted trade and has forbidden interest…" Surah Baqarah (2:275). The profit and loss sharing of the Islamic banks are also one of the main operations that attract both Muslims and non-Muslims which they feel that the Islamic banking is more favorable to them than conventional banking system where they fully participate the investment and share the loss if there is and profit as well in agreed premium.

Muslim population are aware of the existence of the Islamic bank, and that is something which Islamic banks must be proud of as their system is not just alien rather they are well known by their targeted customers; that's one of the reasons Islamic banks are constantly growing. Newspapers, magazines, television, and radios are the main sources that spread the name of banks around the world and make them famous Khan and Asghar (2012).

Thus, this awareness has made also that Islamic banks customers are willingly approaching the banks and seek information about the products that the banks are offering, and they want to know in order to invest the shariah complaint products which are unique to the Islamic banks only. For non-Muslims, about 75% of the respondents have suggested that they are aware of the existence of the Islamic bank (Harun 2014).

Even though it had been nearly a decade since the Islamic bank was first established in Malaysia, and only about 63 percent of the Muslims have understood either partly, or completely, the differences between the Islamic bank and conventional banks. Non-Muslims show much less understanding. Only 12 % of the Muslims and 32 % of the non-Muslims believe that the Islamic bank is for Muslims customers only (Hamid and Nordin, 2001).

Bley and Kuehn (2004) have put emphasis on students' knowledge and perception towards Islamic finance and conventional in United Arab Emirates (UAE). This study examines the elements of financial knowledge, religion, language and it is found that Muslim students are more interested and knowledgeable in Islamic banking as compared to non-Muslims. Khan and Asghar (2012) have conducted a study regarding the Islamic banking and financial service knowledge in Pakistan and it is found that there are greater opportunities in this country for the development and growth of Islamic financial system since Muslim community themselves eager to take financial products and willing to spend theirs.

Ahmed and Usman, (2011) have conducted a study on Muslim entrepreneur knowledge and usage of Islamic finance. Their study emphasizes on the level of knowledge among entrepreneurs towards Islamic financing to the SMEs. Their findings reveal that Muslim entrepreneur understanding towards Islamic SME's financing is considerably well, and the respondents understand the importance of practicing and applying Islamic finance towards their personal business.

Haron, *et al* (1994) have conducted a study among Muslim Customers. They find out that the source of knowledge in Islamic banks products among the Muslim is from mainly television newspapers, family member magazine and radio. The research conducted by (Hamid and Nordin, 2001) have expressed their findings that 96.7% of respondents are aware for Islamic banking in Malaysia, and they have found a low percentage in the knowledge of Islamic banking products.

The Islamic banking industry has appeared as one of the fastest growing sectors over the last few decades. It has extended to all places of the world, and has gained extensive identification by Muslims and non-Muslims. Knowledge is a practice- based experience of anyone or an individual, such as perception of the internal or external source (Arshad, *et al*, 2011).

2.6 Services

According to Awan and Bukhari, *et al,* (2011), service is usually characterized as simultaneity. On the other hand, service has been treated as significant issue for the selection criteria of Islamic banks. (Ahmad & Haron 2002) have found that service is a significant factor when it comes to determining customers' bank selection decision. Service quality has been viewed as an important matter in the banking industry; however, service is related both directly and indirectly to bank loyalty by means of satisfaction to the customers. Therefore, at present the bank managers are busy to enhance their service to be able to maintain their competitive advantages and attract more customers from their competitors.

Generally, financial services are undifferentiated products; it becomes very important for the banks to endeavor service quality if they want to differentiate themselves from their competitors. Therefore, according to Roth (1991), there was positive relationship between financial performance and the high level of service quality when improvement occurs. In addition, the service quality performed by the staff have influenced the customers' perception on the company.

Spathis, (2004) have demonstrated that the gender difference also is an important factor which can influence customers' perception of the service quality of the corporation. As a result of this, customers' choice of choosing between companies is dominated by men in comparison with Mix Corporation which will also have an impact on choosing one bank to another.

Hassan and Shirley (2009) have examined the perception of the customers on the service quality in retail banking in the Middle East, particularly in Qatar. Customer's perceptions to the service quality of the bank are followed by the understanding dimensions, such as timing of the bank and the returns on the deposit that they have deposited. Moreover, the lower perceptions are capabilities, such as the method of impressing service charges, and reliability dimensions, such as the guidance of the customers.

Hence, the service of the bank will remain critical in determining customers' satisfaction with the financial services that banks offered, such as the hours of operation, fast and efficient service qualities, reception at the bank and most importantly the friendliness of the personnel of banks, and parking space is also one main crucial factor which can influence the customer to get satisfied with as a service that banks facilitate. (Narteh and Owusu, 2011)

According to Awan and Bukhari (2011), customer selection criteria established in various aspects of item analysis shows that there are two characteristics on the board; one is product attributes and the other one is eminence of service of an Islamic bank. These dimensions are greatly valued by the clientele of not only Islamic banks but also of conventional banks with Islamic banking subsidiaries. Besides that, Islamic banking service has an impact on customer's satisfaction, and it cannot undertake the customers' loyalty for Islamic banking sectors. As a result, in order to upgrade customer loyalty, banks need to improve their communication with the customers (Amin and Isa's, 2008)

According Awan and Azhar, (2014), the banking industry in Pakistan has the existence of Islamic and conventional banking competes with each other in order to attract a large number of customers. Islamic banks capture a massive number of customers by offering quality products and service as a substitute for interest-based products. The operation of Islamic banking creates a competitive advantage for the society, individual and

organizations by providing quality products as well as its practice comes with several

benefits. In the Quran, Allah said that;

بِسْمِ اللَّهِ الرَّحْمَٰنِ الرَّحِيمِ يَـٰٓأَيُّهَا ٱلَّذِينَ ءَامَنُوا۟ لَا تَأْكُلُوا۟ ٱلرِّبَوٰٓا۟ أَضْعَـٰفًا مُّضَـٰعَفَةً ۖ وَٱتَّقُوا۟ ٱللَّهَ لَعَلَّكُمْ تُفْلِحُونَ ﴿١٣٠﴾

''O you who believe! Do not devour Riba multiplying it over and keep your duty to Allah that you May prosper''

(Surah Al-Imran 3:130).

Translated (Yusuf Ali)

2.7 Bank Reputation

According Otman and Owen (2002), a factor known as reputation is a major reason for customers' confidence to consider Islamic bank in their decision. Islamic bank's integrity strategically lies on its reputation. It is, therefore, imperative for an Islamic bank to perfect it with the reputation as a Shariah- compliant bank to gain the customers' confidence to select the Islamic bank. Studies to determine the relationship between customers' buying behavior with banks' reputation have been done by numerous researchers in the past. Consequently, according to (Naser *et al*. 1999), the reputation is the main key factor in Islamic banking selection; thus, bank reputation affects these areas, such as image, confidentiality of the bank, internal and external appearance of the bank and confidence in the bank manager.

Bank reputation plays an important role in determining the purchasing and repurchasing behaviors of the customers. It has not been found out only to be one of the most influential factors underpinning customer selection decisions of banks, but also equally an all-important factor in enhancing customer selection, particularly in the retail banking sector where evaluation of quality is preceded by purchase. (Amin *et al*. 2011),

Selamat and Kadir (2012) showed that religious motivation is not the main criterion in bank selection decision, but the customers more favor the confidentiality of the bank. The important factor is bank reputation as their main selection criteria. Therefore, Dusuki (2012) has suggested that Islamic Banks should focus more on the provision of reputation

and should not rely too much on the religious factor as a main strategy in attracting the customers. Similarly (Osman and Ismail 2009) mention that banks' reputation and name are strongly affected by customers' selection decision of a bank. They explore that reputation and image factors are the important criteria in the banking selection decision.

According to Boyd *et al.* (1994), "banks reputation" was found to play a significant role as a selection criterion. Young people prefer to deal with popular, reputed banks. This implies that banks can attract young people by engaging in various public relations activities that would give good press and TV coverage for their activities, such as charitable contributions, and sponsorships of local events which will lead to boosting their image and reputation in the public eye. Such a strategy will enable the banks to create a positive image in the minds of young people. For today's young people, brand name is one of the major factors in determining their decisions for obtaining goods and services.

2.8 Chapter Summary

In this chapter, discussions are made about the definition of selection criteria in choosing Islamic banks. Then, the chapter discusses factors that influence Muslim international students to select Islamic banks, such as religiosity, knowledge, service and reputation. The next chapter will discuss about the methodology that explains in details about the data collection meant for this research.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter clarifies the methods used to conduct this study. In this chapter, the method, instrument used and variables are determined. Furthermore, in this chapter also discusses on the questionnaires development, data collection procedure, measurement of variables and as well as explained detail type of data analysis procedures.

3.2 Theoretical Framework

The Theoretical framework is a conceptual model of how one theorized or makes logical sense of the relationship between several factors or matters that have been identified as important for the study area (Sekaran, 2003). A theoretical framework enables the researcher to hypothesize as well as to test the relationship between variables involved and understanding of the related investigation area. This study is about Muslim international student Islamic banking selection criteria in Malaysia and the proposed framework for this study is shown as below:

Figure 3.1

Theoretical Framework
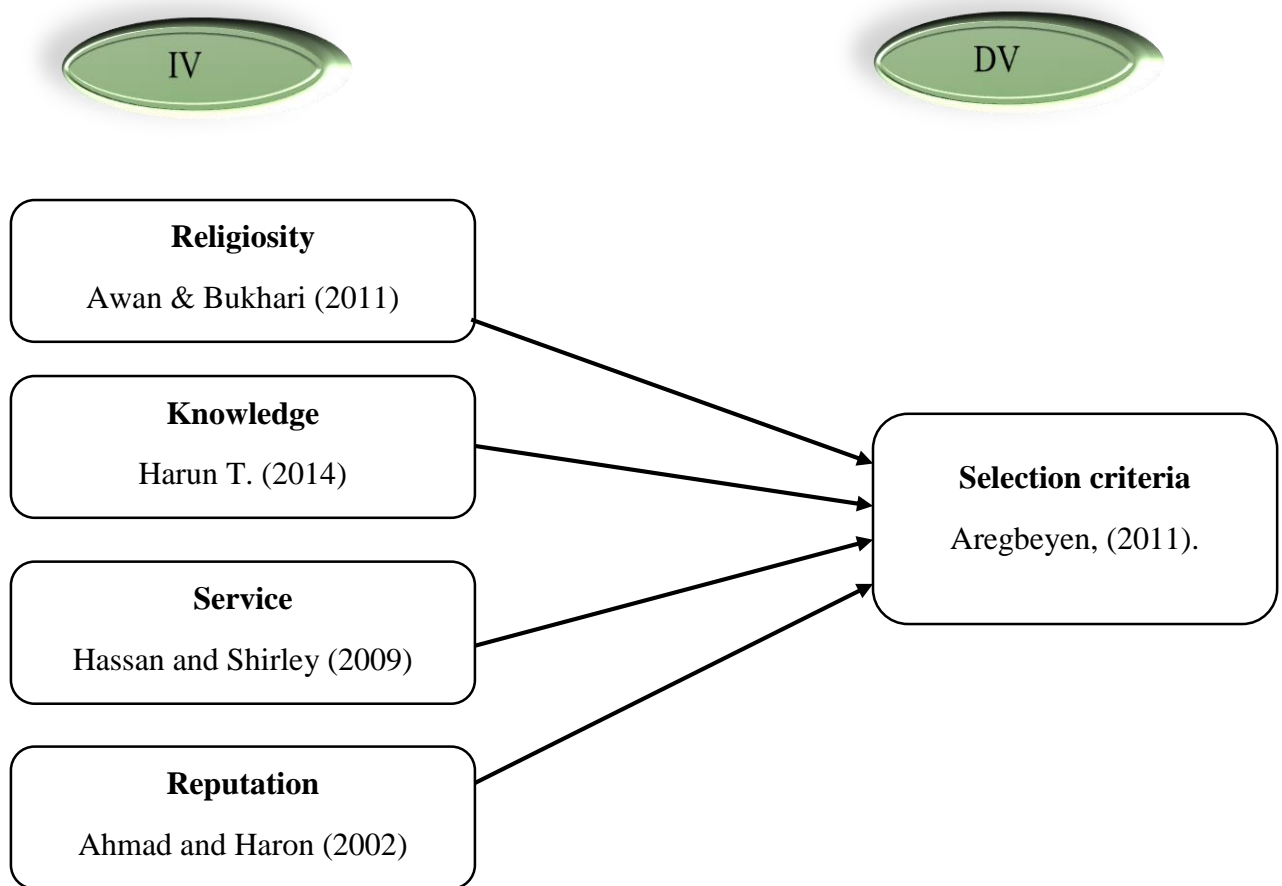
In this study, the theoretical framework is required in order to know the affiliation of one variable to other variables. Therefore, under the theoretical framework, there are two variables used which are dependent variable (DV) and independent variable (IV). Dependent variable is the variable of importance to researchers while independent variable can affect the dependent variable either in a positive or negative manner (Sekaran, 2003)

the dependent variable of this study is the selection criteria while independent variables are religiosity, knowledge, service and reputation.

3.3 Hypothesis Development

A hypothesis can be defined as a logical relation estimated at between two or more variables expressed in the form of statements that can be tested (Sekaran, 2013). This research identified the important variables in a situation and established the relationships among them through logical reasoning in the theoretical framework. It is then in a position to test whether the relationships that have been theorized do, in fact, hold true or exist significant relationship neither not. Therefore, in this study several hypotheses have been built that are related to the objective of the study that needs to be tested.

Objective 1

To determine the relationship between the determinant factors (religious) and selection criteria of Islamic banking.

H01: There are no significant relationships between the determinant factors (religious) and selection criteria of Islamic banking among Muslim international students in northern universities of Malaysia

Ha1: There are significant relationships between the determinant (religious) and selection criteria of Islamic banking among Muslim international students in northern universities of Malaysia.

Objective 2

To determine the factors (knowledge) that influencing the Muslim international students selection criteria of Islamic banking.

H02: There is no significant influence of determinant factors (knowledge) and selection criteria of Islamic banking among Muslim international students in northern universities of Malaysia

Ha2: There is significant influence of determinant factors (knowledge) and selection criteria of Islamic banking among Muslim international students in northern universities of Malaysia

Objective 3

To determine the factors (service) that influencing the Muslim international students selection criteria of Islamic banking

H03: There is no significant influence of determinant factors (service) and selection criteria of Islamic banking among Muslim international students in northern universities of Malaysia

Ha3: There is significant influence of determinant factors (service) and selection criteria of Islamic banking among Muslim international students in northern universities of Malaysia

Objective 4

To determine the factors (reputation) that influencing the Muslim international students selection criteria of Islamic banking

H04: There is no significant influence of determinant factors (reputation) and selection criteria of Islamic banking among Muslim international students in northern universities of Malaysia

Ha4: There is significant influence of determinant factors (reputation) and selection criteria of Islamic banking among Muslim international students in northern universities of Malaysia.

Objective 5

To determine the factors (religiosity, knowledge, service, reputation) that influences selection criteria of Islamic banking among Muslim international students in northern universities of Malaysia

H05: There is no significant influence of determinant factors (religiosity, knowledge, service, reputation) and selection criteria of Islamic banking among Muslim international students in northern universities of Malaysia

Ha5: There is a significant influence of determinant factors (religiosity, knowledge, service, reputation) and selection criteria of Islamic banking among Muslim international students in northern universities of Malaysia.

3.4 Research Design

This study uses cross-sectional survey design and applying quantitative research which collect numerical data and analyze the data by using statistical method (SPSS software version 20). This research design is important to identify the feedback from the respondent by answering the questionnaire which related to the dependent and independent variables. Also, this study employs quantitative study particularly questionnaire because is the most appropriate for such research which is investigating the factors that influencing Islamic banking selection criteria.

3.5 Operational Definition

Sekaran, (2013) defined operational definition as a concept to make it be measured which is done by looking at the behavior dimensions, aspect or property signified by the concept. The operational definitions of constructs contained in the research framework can be seen as below:

3.5.1 Selection Criteria

Bank selection criteria refer to the bank which is most favorable and customers will choose it as their conducting bank between the wide varieties of bank in beside thin one of the earliest banking selection criteria studies on Islamic banking, (Aregbeyen, 2011)

3.5.2 Religiosity

Religious refers to the role of religion in affecting an individual's choice or activities (Amin et al., 2011). By definition, religious refers to the role of religion in affecting one's choices and activities According to (Suleiman, 2009), Islamic society is affected by a distinct Islamic worldview based on Shariah.

3.5.3 Knowledge

The knowledge of the customers in the Islamic bank is observed that the majority of the Islamic bank customers in the three provinces perceived the reason why Islamic banking was introduced because of Muslims are attracted by the prohibition of the interest (Riba) that the conventional banks practices (Haron *et el*. 2014)

3.5.4 Service

Service according to (Awan and Bukhari, 2011), is defined as customer satisfaction when the customer meets their expectations. Service is usually characterized as simultaneity, intangibility, and heterogeneity. In the banking industry, the service quality has been treated as significant issue for the banker

3.5.5 Reputation

Reputation Factor is a major reason for customer's confidence to consider Islamic bank in their decision. As mentioned earlier, Islamic bank's integrity strategically lies on its reputation. (Ahmad and Haron 2002).

3.6 Measurement of Variables

This part related to the measurement of variables which include instrument development and scale. The dependent variables of the study are selection criteria of Islamic banks and also the independent variables are religiosity, knowledge, service, and reputation. The development of the measurement of all variables is summarized in Table 3.1

Table 3.1
Summary of variables and measurement of instruments

Construct	Scale	No. of Item
Selection Criteria	1-5	4
Religiosity	1-5	4
Knowledge	1-5	6
Service	1-5	6
Reputation	1-5	6
Total		**26**

3 6.1 Measurement of Religiosity and Selection Criteria

In the Measurement of Religiosity and selection criteria, the instruments of religious were related to the Islamic banking philosophy and Islamic principle according to Al-Quran and Hadith. The study employed a Five-Point Likert scale to measure the religiosity of respondents as follows 1 = strongly disagree, 2 = disagree, 3 = neither disagree nor agree, 4 = agree and 5 = strongly agree. Items for religiosity were derived and adopted from (Amin *et al*. 2011). Religiosity is measured by using 4 questions.

3.6.2 Measurement of Knowledge and Selection Criteria

The instruments used to measure the next factor which is knowledge that was adopted from (Harun, 2014). The total 6 items were measured by using the Five Point Likert scale measurement. The rating scale was started from strongly disagree with the value of 1 and ended with strongly agree with the value of 5. The instruments were explained the Muslim international student's selection criterion to use Islamic banking and was affected by knowledge. If the respondent gives score 1 (strongly disagree), it shows that the Muslim international students selection and use Islamic banking was not affected by knowledge and if the respondent give score 5 (strongly agree), it means that the Muslim international students was affected by knowledge.

3.6.3 Measurement of Service and Selection Criteria

This section discussed the questions about the service of Islamic banking on a Five-point Likert scale of measurement, ranging from 1= strongly disagree, 2 = disagree, 3 = neither disagree nor agree, 4 = agree and 5 = strongly agree. The instruments of service based on the literature review and adopted from (Hassan and Shirley 2009). The score of 1 means the service of Islamic banking was not influenced Muslim international student's selection criteria to use Islamic banks meanwhile, the score of 6 means the service was influenced Muslim international students selection criteria to use Islamic banks.

3.6.4 Measurement of Reputation and Selection Criteria

This section discussed the question about the reputation of Islamic banking on a Five-point Likert scale of measurement, ranging from 1= strongly disagree, 2 = disagree, 3 = neither disagree nor agree, 4 = agree and 5 = strongly agree. The instruments of reputation based on the literature review and adopted from (Otman and Owen 2002). The score of 1 means the reputation of Islamic banks was not influenced Muslim international student's selection criteria to use Islamic banks meanwhile, the score of 6 means the service was influenced Muslim international students selection criteria to use Islamic banks.

3.7 Data Collection Method

For the most part, there are two strategies for information gathering, which are; the primary and secondary system. Data gathering method is an essential part of every study and in this study, the primary data were used as the method of data collection. Primary data were first collected by hand from the respondents and the data is particularly composed for the purpose of describing and addressing the objectives of this study,

The researcher uses primary data and data collected specifically for this study to address the research objectives of this study. The primary source is the information gathered by the researchers on the variables of interest for the specific purpose of this study. It is the first-hand data communication and interaction with the representative sample of the population (Zikmund, 2003). Besides that, according to (Sekaran, 2013) there are several methods that

can be implemented under primary data such as focus groups, telephone interviews, face-to-face interviews, and questionnaire and so on. For this research, self-administered questionnaire was used as the main data collection method. The self-administered questionnaire is the situation where the respondents will take the responsibility for reading and answering the questions listed in the survey (Zikmund, 2002).

3.7.1 Primary data

According to Sekaran and Bougie (2013), primary data refers to information obtained directly by the researcher on the variables of interest for the specific purpose of the study. The sources of primary data are through interviews, administered questionnaires, or observations. In this study, a questionnaire is us as a main form of data collection from the respondent. There are three types of data collection methods that can be used to collect data through a questionnaire which are administered personally, mailed to the respondents, or electronically distributed. In this study, distributing a self-administered questionnaire to all respondents is being used. Besides that, to make respondents understand with questions.

3.7.2 Questionnaire Design

A questionnaire is a pre-formulated set of collected questions of which the respondents record their reactions. The questionnaire is an efficient tool for data collection once a study is an explanatory or descriptive in nature (Sekaran & Bougie, 2013). Moreover, the questionnaires are ordinarily less time consuming and cost a lesser cash budget. The key motive of the questionnaire is to gather huge numbers of quantitative data. In this research,

the questionnaire was designed to study the factors influencing Muslim international students' selection criteria to choose Islamic banks.

There are two sections in the questionnaire, Section A consists of demographic data that asked about gender, age, marital status, educational qualification, religiosity, monthly income race, universities, academic field, and country of origin. While for Section B, it consists the measurement of independent variables. All these measures were adopted from past research and adapted for the purpose of this study. Table 3.2 shows the number of sub-questions according to variables.

Table 3.2
The measurement of questionnaire design

Variables	Number of questions	Total of items	Sources
Demographic factors	1-9	9	Self-created
Religion	1-4	4	Awan & Bukhari (2011)
Service	5-10	6	Hassan and Shirley (2009)
Reputation	11-19	6	Ahmad and Haron (2002)
Knowledge	20-25	6	Haron *et al*. (2014)
Selection criteria	26-30	4	Aregbeyen, (2011).

3.8 Sampling Design

According to Sekaran and Bougie (2013), surveys are beneficial and influential in finding answers to research questions through the collection of data and subsequent analysis. Yet, if the population is not properly targeted, then it can cause more damage than good. In addition, sampling is the process of choosing the most accurate persons, objects or events as a representative of the total populace. The sample design is an imperative part of a survey and aims for utilizing a sample, instead of gathering information from the entire population, are undeniable. However, due to time constraints, this study will only focus on Muslim international students in three public universities in the northern state of Malaysia, namely (University Utara Malaysia, University Sains Malaysia and University Malaysia Perlis). In this study, a simple random sampling method is utilized in which every component in the population has the same possibility of being chosen.

3.8.1 Sample Size

According to Malhotra (2004), a sample size can be referred to the number of parts to be counted in the study. Additionally, if a comparison between a big and small sample was made, the bigger sample will offer more reliable results if compared to the smaller sample. However In this study, the population was defined as Muslim international students that study in Northern Public Universities (UUM, USM, and UNIMAP). The sample size taken from the target population were 217 respondents which represent 77% of all mentioned universities. The researcher has made an estimation of the number of the respondents taken from each university and randomly distributed the questionnaire among Muslim

44

international students. To get the accurate number of Muslim international students were confidential, and the universities refused to reveal, but the researcher used to ask each student by his /her religion. (Sekaran, 2003) cited (Roscoe, 1975) that recommended if the sample size is greater than 30 and less than 500 are relevant most studies.

3.9 Data Analysis Techniques

The data of this study were examined using the Statistical Package of Social Science (SPSS) software version 20.0 programming. There are many techniques for the analyzing data, namely, screening the data before data analysis and taking the accurate data analysis, (Sekaran, 2003). Data screening was performed to identify data entry errors and to examine how appropriately the data meets the statistical assumptions which are involving the missing data, treating outliers, descriptive statistics of variables, multicollinearity, and homoscedasticity, independent of error, multicollinearity, homoscedasticity and linearity. The permission letter for the data collection issued by the university was given by Muslim international student department in order to get permission to carry out the study in the universities. The respondents were given about ten to fifteen minutes to response the questionnaires and then the researcher will collect it.

3.9.1 Data Screening

Screening data has carried out to verify that the result of the analysis are valid to interpret (Guarino, Gamst, & Meyers, 2012). Screening data process consist a number of steps in order to confirm that the characteristics of the data is not natively influence the outcome.

3.9.1.1 Missing data

Missing data is a fundamental step before testing the collected data. Which is considered a radical part before data analysis since the data is often riddled with mistakes during the data entry errors which completely affect the outcome of the analysis results (Hair, Anderson, Babin, & Black, 2010; Pallant, 2013). Before tasting the research hypothesis, variables were tested for accuracy of missing values, data entry and satisfaction of the assumptions for the multivariate analysis. Missing data refers to cases valid values of one or more variables are incorrectly entered or are not available for data analysis (Hair *et al.,* 2010).

However, lack of understanding of some questionnaire items, unwillingness to answer or an oversight of some part in the items are issues that must be taken into consideration because of their negative impact on the outcome. In this research, the data have been collected using five-point Likert scale starting from (1) "strongly disagree" to (5) " strongly agree". The data were thoroughly checked to find whether the answer were within the range of 1 to 5.

3.9.1.2 Treatment of Outliers

Treatment of the outliers is the important part after treating missing data as it will affect the result of any analysis (Sekaran & Bougie, 2013). There are much reasons causing outliers including incorrect data entry. In this study, a few cases were detected and removed.

3.9.1.3 Reliability Analysis

Reliability is the amount of which an experiment, test or even measurement process is expected to yield the same outcome on a recurrent trail (Sekaran, 2010). According to (Zikmud, 2003) reliability means the extent to which measurement tools are free from error and, therefore, produce a consistent outcome. Reliability result of this study is shown below.

Table 3.3
Result of Reliability Test

Variables	Number of items	Cronbach's alpha
Religiosity	4	0.743
Knowledge	6	0.869
Service	6	0.749
Reputation	6	0.893

(Refer Appendix B)

Table 3.3 describes that all the independent variables are reliable. This is evidenced by the high Cronbach's alpha which is higher than the standard number according to (Sekaran, 2010), all the variables for this study are considered as good. According to (Hair *et al.*, 1998) since, Cronbach's a values for all dimensions ranged from 0.826 to 0.925, exceeding the minimum of 0.6 is deemed reliable.

3.9.1.4 Normality Test

Hair *et al.* (2010) suggested that normality of the data is perceived as fundamental one in a research conducted especially multivariate research. According to (Pallant 2001), normal is used to describe a symmetrical bell shape curve which has the greatest frequency of scores in the middle with smaller frequencies toward the extreme. The assumption of normality is a prerequisite for many inferential is statistical techniques (Coakes and Steed, 2007). If the variation from the normal is sufficiently large, all the resulting statistical test are invalid because normality is required to use the F and T statistic (Hair *et al.*, 2006).

Normality also can be assessed to some extent by obtaining skewness and kurtosis values. Normal distribution describes the expected distribution of sample means as well as many other chance occurrences (Hair *et al.*, 2010). The normal distribution is particularly important because it provides the underlying basis for many of the inferences by a researcher who collect data using sampling. Therefore, in this study, researcher runs a normality test to make sure the normality of distribution and checking for outliers. For the purpose of this study, all the independent variables were tested by using SPSS to ensure no

violation of normality assumption using the explore procedure under SPSS. Through normality test, the outliers were removed from the analysis. According to (*Hair et al.*, 2007), an outlier is a respondent that has one or more values that are distinctly different from the values of the other respondents outliers also can impact the validity of the researcher's findings. According (George, D., & Mallery, M. 2010) states that if the range of skewness and kurtosis between (-2 to +2) is acceptable.

3.9.2 Descriptive Statistics

The descriptive statistics were used to describe the features of the population and samples as regards to their demographic background, such as gender, age, marital status, religion, education level, country, income, university and course of study. This technique shows a description of the overall responses obtained.

3.9.3 Pearson Correlation

The Pearson relationship coefficient is utilized to look at the relationship between the independent and dependent variables; as well as to demonstrate the strength of the relationship between variables. (Gleaner and Morgan 2009) noted that Pearson correlation can be changed from -1.0 (perfect negative relationship) through 0.0 (no relationship whatsoever) to +1.0 (flawless positive relationship). However, the authors added that even though +1.0 and -1.0 are having equal or string value, both would come out with different interpretations.

According to Yan. (2006), the analysis of Pearson correlation is to investigate the relationship or association between the variables. The rule of thumb for the correlation coefficient value as follows:-

i.   The correlation coefficient value range between 0.10 to 0.29 is weak

ii.   The correlation coefficient value range between 0.30 to 0.49 is moderate

iii.   The correlation coefficient value range between 0.50 to 1.0 is strong

Furthermore, according to Yan. (2006), the correlation coefficient should not go beyond 0.8 in order to avoid multicollinearity. Multicollinearity occurs when redundant information exists through the two or more variables in the model are correlated. It lead to misleading result and also it makes a confusing situation.

Table3.4

The coefficients range and the strength of relationship

1.0 to 0.50	Strong
0.49 to 0.30	Moderate
0.29 to 0.10	Weak

Source: Yan C.H (2006)

3.9.4 Multiple Regressions Analysis

Multiple regressions is a method that frequently used in a data analysis to analyze data when involved several independent variables with one dependent variable. In addition, multiple regression can help the researcher to understand how much the variables in the dependent variables that are being affected by the independent variables. In multiple regression, a value of multiple R is computed. This value would give an interpretation of the strength of the relationship that exists between the independent variables and the dependent variables. It should be noted that even the value of multiple of the R is high, it does not mean that the independent variables might cause the change in the dependent variables.

Gleaner and Morgan (2009) explained that multiple regression is frequently used in a data analysis to analyze data involving several independent variables with one dependent variables. On the other hand the linearity, which is referred to the linear relationship between the variables is statistical technique to extent the changes in independent variables is linked with the dependent variables. According to (Pallant, 2013), highlighted the ways that assessing the linearity is to run the regression and examine the residual value (Scatterplots), by looking at the residual plots from SPSS result, it shows linearity when the plots are close to the shape line.

3.10 Chapter Summary

This chapter discusses the research methodology employed in this study. The research model and hypotheses developed were explained accordingly. Similarly, the method of data collection, as well as questionnaire design was explained clearly. The source of the data collection, and sample size, sampling technique was also covered. Aside from that, the variable measurements of the study were also discussed and finally, the chapter serve as a basis for the next chapters of the research which is data analysis.

Table 3.5
Data Analysis Techniques

No	Objectives Of The Study (Area Of Investigation) And The Hypothesis	Analysis
1	Demographic Respondent	Descriptive Analysis
2	To determine the relationship between the determinants religiosity, knowledge, service and reputation and Muslim international students selection criteria of Islamic banks in northern states of Malaysia	Pearson Correlation
3	To identify the factors that influence the Muslim international student's selection criteria for Islamic banks in northern states of Malaysia	Multiple Regression

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter is discussing the findings from the collected and analyzed questionnaires. The findings will answer the research objectives and also the hypothesis in this study. The findings which is based on a number of objectives that have been established as in chapter one and two. The analysis of the data was performed by using the software of Statistical Package for Social Sciences (SPSS) version 20.0. The study undertakes the following analysis descriptive analysis for demographic, correlation, multiple regression analysis.

4.2 Response from the Respondents

The total of 217 questionnaires were distributed to Muslim international students which are consisting of undergraduate and postgraduate in three northern public universities Namely University Utara Malaysia (UUM), University Malaysia Perlis (UNIMAP), University Sains Malaysia (USM) and it takes around one month to get back all the questionnaires that have been distributed. However, out of 217 questionnaires that have been distributed, only 163 questionnaires can be analyzed. The remaining 54 cannot be analyzed due to the incomplete respondent (10 questionnaire) and also the questionnaires which are not returned back to the researcher was (37questionnaires), while the rest which is (7 questionnaires) has been deleted for outliers.

4.3 Demographic Characteristics of Respondents

The respondents that participated in this study consist of the Muslim international students in three public universities in Northern States of Malaysia, the distribution of the respondents involved is as follows. The results in this section will present a descriptive analysis of the demographic characteristics of the respondents. Demographic factors are presented as gender, age, marital status, educational qualification religion income higher education institution, academic field, home country

4.3.1 Gender of Respondents

Table 4.1 represents the gender of respondents of this study. The results showed that the respondents were male (70%), while the respondents were female (29.4%). Because the majority of Muslim people females are not travel to overseas for seeking education.

Table 4.1
Gender of respondents

Gender	Frequency	Percentage
Male	115	70.6
Female	48	29.4
Total	163	100.0

(Refer Appendix D)

4.3.2 Age of the Respondents

Table 4.2 shows the age of the respondents. The table shows (37.4%) are from the age below 27 years old. Besides, (47.2%) are from the age of 28 - 37 years old group while (15.4%) are from 38 years old and above group.

Table 4.2
Age of Respondents

Age	Frequency	Percentage
Below 27 yrs	61	37.4
28-37 yrs	77	47.2
38 yrs and above	25	15.4
Total	163	100.0

(Refer Appendix D)

4.3.3 Marital status of Respondent

Table 4.3 shows the marital status of respondents. The results showed that the respondents were Male (55.8%), while the respondents were Female (44.2%), because Muslim international students in that three universities are doing in undergraduate and master's studies that is why the higher percent of the marital status is single.

Table 4.3
Marital status of Respondent

Marital status	Frequency	Percentage
Single	91	55.8
Married	72	44.2
Total	163	100.0

(Refer Appendix D)

4.3.4 Education Level of Respondents

Table 4.4 shows the education level of respondents. The table shows (17.2%) are from bachelor degree level. Then, (42.3%) are from master level. Lastly, (39.9%) are from Ph.D. level of education.

Table 4.4
Education Level of Respondents

Education	Frequency	Percentage
Bachelor	28	17.2
Master	69	42.3
PHD	65	39.9
Total	163	100.0

(Refer Appendix D)

4.3.5 Religion of Respondents

Table 4.5 shows the religion of respondents. The table shows that the majority of the respondents was Muslim with (100.0%) because the target population of this study was Muslim international students in northern universities of Malaysia

Table 4.5
Religion of the Respondents

Religion	Frequency	Percentage
Islam	163	100.0
Total	163	100.0

(Refer Appendix D)

4.3.6 Income of Respondents

Table 4.6 shows the income level of respondents. The table shows (24%) of the respondents have income which is less than RM800. This is followed by (21.5%) respondents with income between RM900-1100, while the respondents with the income RM1200-1600 are (20.9%). Lastly, (33.1%) have income above RM1600 and above. International students receive the income in the different source such as family, government (like scholarships) etc.

Table 4.6
Income of Respondents

Income	Frequency	Percentage
Less RM800	40	24.5
RM900-1100	35	21.5
RM1200-1600	34	20.9
RM1600 above	54	33.1
Total	163	100.0

(Refer Appendix D)

4.3.7 Higher Educational Institution (University)

Table 4.7 shows the Higher Educational Institutions (University) of the respondents. The table shows the most highly of respondents are from University Utara Malaysia (UUM) with (40.5%). Then, the second highest Educational institution are from University Sains Malaysia with (23.9%) while University Malaysia Perlis (35.6%).

Table 4.7
Higher Educational Institution (University)

University	Frequency	Percentage
UUM	66	40.5
UNIMAP	39	23.9
USM	58	35.6
Total	163	100.0

(Refer appendix D)

4.3.8 Academic Field

Table 4.8 shows the Academic field like Business, Engineering, and Law of the respondents. The table shows that the majority of respondents of this study are from business study program (45.4%). Then, followed by Engineering (19.6%) the third academic field is science with (16.0%) IT, (12 respondents or 7.4%), Law (7.4%) Education (4.3%). The result reflect that each university has a significant field, for example like UUM is Management University while USM is Science University lastly UNIMAP is engineering. Although these universities offer business field but they qualified than the other.

Table 4.8
Academic Field

Academic Field	Frequency	Percentage
Business	74	45.4
Engineering	32	19.6
Science	26	16.0
IT	12	7.4
Law	12	7.4
Education	7	4.3
Total	163	100.0

(Refer Appendix D)

4.3.9   Home Country

Table 4.9 shows the countries of respondents. The results showed that the respondents were Asian's (64.4%), while the respondents were African's (34.4%). Lastly, while European's are (1.2%). According the result indicates that majority of the Muslim international students from Asian countries followed by those who come from African countries while.

Table 4.9
Home Country

Citizen	Frequency	Percentage
Asians	105	64.4
Africans	56	34.4
European's	2	1.2
Total	163	100.0

(Refer Appendix D)

4.3.10 Level of Selection Criteria and It's Affecting Factors

This study analyzed the mean and standard deviation were used as a way of explaining to identifying the situation of each the construct variables (dependents and independents). The mean value of the variables was obtained by measures on a five Likert scale point in which the greater the number of the said point Likert scale, the greater the goodness for each variable. When the value closer to five points is considered as a better, while values closer to zero are considered bad. The score equal or more than 4 describes a high agreement with particular criterion while the score equal or less than 2 were considered as low, and a mean score of 3 was considered as natural agreement (Bhatti et al., 2012; Hair, 2010). Descriptive analysis of all four variables shows in as follows.

Table 4.10
Descriptive analysis

Variables	Min	Mix	Mean	Standard Deviation
Selection Criteria	2.25	5.00	3.7331	. 72389
Religiosity	1.25	5.00	3.8298	.74105
Knowledge	1.33	5.00	3.8916	.74778
Service	2.00	5.00	3.8630	.66148
Reputation	1.17	5.00	3.8630	.79929

(Refer Appendix D)

Tables 4.10 shows the mean and standard deviation of the variables. For this study, the mean value is generally natural in nature respectively. The score of the mean between religiosity, reputation, service, selection criteria and knowledge are ranging from 3.82 to 3.89. These values reflect some neutral agreements on Selection criteria

The standard deviation value is between "0.66 to 0.79". The values indicate that there is variability in answering the questionnaire among the respondents. Like the words, the outcome of the respondents is somehow different one respondent to another.

4.4 Relationship between Determinants Factors and Selection Criteria of Islamic Banking

The Pearson correlation is a technique that is used to show the strength relationship between two continues variables. This provides the point of the direction (whether it's positive or negative) as well as the strength of the relationship according to (Pallant, 2010). Easy bivariate correlation also known as zero-order correlation and also so is the most common test of linearity relationship and shows coefficient with a possible values from +1 to -1 value of zero describes that there is no correlation between the variables at all, while a value which closer to +1 or -1 shows a good correlation. The better correlation is +1 or -1 which is implies the value of one variable can determine clearly by knowing the value of the other variable.

The significant of p=.05 is the generally accepted value to support the hypothesis. That means 95 items out of 100, researcher can confirm that there is a correctly significant correlation between the three variables, on the other hand, only 5 percent chance that the relationship does not truly exist. Therefore, in this study, the research assessed that the correlation between three variables to examine a hypothesis shows a significant positive relationship. There for the hypothesis that have mentioned in chapter three as follows;

H$_0$1a: There are no significant relationships between religious, and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia.

Ha1a: There are significant relationships between religious, and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia.

The outcome shows there is a significant positive correlation between religiosity and selection criteria of Islamic banking with strong correlation (r=0.586). Therefore, the alternative hypothesis is accepted while the null hypothesis is rejected.

H₀1b: There are no significant relationships between Knowledge and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia.

Ha1b: There are significant relationships between Knowledge and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia.

The result shows there is a significant positive correlation between knowledge and selection criteria of Islamic banking with strong correlation (r=0.547). Therefore, an alternative hypothesis is accepted while the null hypothesis is rejected.

H₀1c: There are no significant relationships between Service and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia.

H$_a$1c: There are significant relationships between Service and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia.

The result describes there is significant positive correlation between Service and selection criteria of Islamic banking with moderate correlation(r=0.413) Therefore the alternative hypothesis is accepted and the null hypothesis is rejected

H$_0$1c: There are no significant relationships between Reputation and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia.

H$_a$1c: There are significant relationships between Reputation and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia.

The result describes there is a significant positive correlation between Service and selection criteria of Islamic banking with strong correlation(r=0.553). Therefore, the alternative hypothesis is accepted and the null hypothesis is rejected.

Table 4.11
Correlation among Variables

Variables	Selection criteria	Religiosity	Knowledge	Service	Reputation
Religiosity	.586				
Knowledge	.547**	.683**			
Service	.413**	.634**	.411**		
Reputation	.553**	.554**	.609**	.532**	

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

4.5 Factors that influence selection criteria of Islamic banks

Regression analysis is the practical model that researcher has created in an earlier stage of the researcher process (Sekaran, 2013). Multiple regression is a flexible and powerful analysis for determining the relationship between the dependent variables and one or more independent variables. Further the researcher noted the regression coefficient describes the relative importance of each of the independent variables in the prediction of the dependent variables Table 4.12 displays the result of the multiple regression analysis for the study.

H01: There are no significant influence between the determinant factors (religious, Knowledge, Service, and Reputation) and selection criteria of Islamic banking

Ha1: There are significant influence between the determinant (religious, Knowledge, Service, and Reputation) and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia.

Table 4.12
Multiple regressions

Variables	B	t	Significant level
Selection Criteria	1.065	2.195	.000
Religiosity	.057	-.485	.629
Knowledge	.447	4.038	.000
Service	.292	2.148	.036
Reputation	.248	2.006	.047

$R^2 = 0.43$

F value = 11.834

Sig= 0.000

N= 163

(Refer Appendix F)

Table 4.13 shows the outcome of multiple regression analysis that used to test the hypothesis between the factors namely religiosity, knowledge, service and reputation toward Muslim international students selection criteria to use Islamic banks. Furthermore in this outcome, the analyzing was performed in order to ensure there is no breach of the

assumption of the outlier, multicollinearity, linearity and normality as well as homoscedasticity. Moreover from the outcome it describes that all the assumptions are not violated in this study and thus multiple regression can be used to test the influences between independent variables on dependent variables in this study.

From the outcome it describes that the analysis of variance from the ANOVE table it demonstrated that F statistic (F=11.834) that found to be significant (p=0.000). Other than the R^2 of the regression model describes the variance's percentage in the dependent variables that can be explained for independent variables however the outcome is 0.43 which is 43%. Thus the researcher was interpreted that 43% of the variance of Muslim international student's selection criteria to use Islamic banks can be clarified by all the independent variables which are religiosity, knowledge, service and reputation.

Nonetheless, this study from outcome describes that three variables like knowledge service and reputation are significant to identify Muslim international student's selection criteria to use Islamic banks at the interval level of 0.05. The highest B coefficient was knowledge with the score of 0.447 followed by service and reputation. As the result indicates, knowledge is the most influential variable on selection criteria to use Islamic banking following by service and reputation.

The following equation shows the multiple linear regression analysis:

$$y = a + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4$$

Where: γ = selection criteria of Islamic banks

                   a = Intercepts (constant value)

                   β = Unstandardized beta coefficient

                   X1   = Religiosity

                   X2   = Knowledge

                   X3   = Service

                   X 4   = Reputation

As a result, IPF: $1.528 + 0.057X_1 + 0.447^{**}\ X_2 + 0.292^{**}X_3 + 0.248^{**}X_4$

Noted. ** Significant at the 0.01 level (2-tailed)

       * Significant at the 0.05 level (2-tailed)

The formula above explains that when one unit of knowledge increases, then the customer's selection criteria to use Islamic banks will increase by 0.447 units. Meanwhile, one unit of reputation increase would make customer's selection criteria to use Islamic banks increase by 0.248 units. Then, one unit of service increase it will make customer's selection criteria to use Islamic banks by increasing 0.292 units. The overall outcome of the independent variables, alternative hypothesis (H_a) are accepted while the null hypothesis (H_0) is not supported because the regression model has reached statistically significant as the p-value less the 0.05. In addition the alternative hypothesis (H_a) is

accepted and the null hypothesis (H_0) is rejected because the regression model has reached statistically significant as the p-value less the 0.05 for knowledge, service, and reputation factors, meanwhile, the alternative hypothesis (H_a) is rejected and the null hypothesis (H_0) is accepted for the reason that the regression model is not significant as the p-value is greater than 0.05 for religiosity factors appropriately.

4.6 Chapter summary

This chapter, the researcher had managed the descriptive analysis, correlation analysis, and regression analysis. From the outcome, the descriptive analysis shows that there is a high level of selection criteria to use Islamic banks among Muslim international students' in selected northern universities of Malaysia. This chapter provides an empirical result of the relationship between religiosity, knowledge, service and reputation on selection criteria of Islamic banks. Using multiple regression analysis, the outcome indicates that knowledge, service and reputation found significant; shows the influence of these variables on the selection criteria of Islamic banks among Muslim international students in northern universities of Malaysia. Lastly, it is found that the variables of religiosity found insignificant to the dependent variable: implying that this variables have no influence on the variations of the criteria of the Muslim international student's selection for Islamic banks. The following chapter is chapter five which will be discussing the result for the chapter four and the recommendations for future research will be explained further.

Table 4.13
Hypothesis Test Result

H1	There is significant influence of determinant factors (Religiosity) and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia	**REJECTED**
H2	There is significant influence of determinant factors (Knowledge) and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia	**ACCEPTED**
H3	There is significant influence of determinant factors (Service) and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia	**ACCEPTED**
H4	There is significant influence of determinant factors (reputation) and selection criteria of Islamic banking among Muslim international students in selected northern universities of Malaysia	**ACCEPTED**

CHAPTER FIVE

DISCUSSION AND RECOMMENDATIONS

5.0 Introduction

This chapter discusses further on the findings and outcome of this study. Firstly, the researcher will further discuss the findings of the study. Then, the following part of the chapter will present the implications of the study. Finally, several recommendations for future are suggested, and also conclusion is given.

5.1 Summary of the Findings

The aim of this study is to investigate the factors that influence Islamic banking selection criteria among Muslim international students in northern state universities of Malaysia. This part discusses the analysis and the findings that have been found and clarifies the issues mentioned in the previous chapter. This chapter is conducted to explore the factors that influence Muslim international selection criteria to use Islamic banks. In this study, the researcher collects the data from three public universities in northern states universities of Malaysia. (217) questionnaires are distributed and out of that, 180 questionnaires are returned to the researcher (82.94%). After a comprehensive check of the returned questionnaires, it appears that only 163 (77.61%) questionnaires deserve merit for analysis as there are some incomplete questionnaires which are discarded for the study.

This present research also is set up to accomplish the following particular objectives:

1. To identify the influence of religiosity on Islamic banks' selection criteria among Muslim International Students

2. To identify the influence of knowledge on Islamic banks' selection criteria among Muslim International Students

3. To identify the influence of service on Islamic banks' selection criteria among Muslim International Students

4. To identify the influence of reputation on Islamic banks' selection criteria among Muslim International Students

5. To identify the influence of (religiosity, knowledge, service, reputation) on Islamic banks' selection criteria among Muslim International Students

5.2 Discussion

The main focus of this study relates selection criteria of Islamic banking, which is the primary factor that plays an essential role. This study investigates four factors that have been mentioned by previous studies, and the four factors, namely religiosity, knowledge, service, reputation are hypothesized to have a positive effect on selection criteria of Islamic banks. The present study uses Muslim international students in three public universities in northern states of Malaysia as respondents, and the result shows that only one factor has insignificant effect on the selection criteria of the Muslim international students in terms of choosing Islamic banks. The empirical result indicates that knowledge, service,

reputation have significant effects on the selection criteria of Islamic banks while religiosity does not have the effect on the selection criteria of Islamic banks.

5.2.1 Religiosity and Selection Criteria of Islamic Banking

Essentially, this study attempts to identify the factors that influence the selection criteria of Islamic banking for Muslim international students in northern universities of Malaysia; consequently, religiosity becomes one of the factors that could influence the selection criteria of Islamic banking.

The first research question deals with the relationship between religiosity and selection criteria of Islamic banking. Subsequently, hypothesis one (H1) states "There is a significant relationship between religiosity and selection criteria of Islamic banking". From the result of the religiosity in the previous chapter, it appears that religiosity has a positive relationship with selection criteria of Islamic banking, but doesn't have substantial significant influence. The result shows (β=.057, p>0.05) to be insignificant since the significant value is above 0.05. This is due to the religiosity in Islamic banking which is somehow not directly involved in selection criteria to use Islamic banks.

Furthermore, this study has supported the study of (Al-Ajmi et al. 2009) who confirms that the religiosity is not an important factor when it becomes Islamic banking selection. (Haron

et al. 1994) also has mentioned that there is no point of view that religiosity beliefs are not the sole reason to select an Islamic bank.

5.2.2 Knowledge and Selection Criteria of Islamic Banking

The second the research question relates the relationship between knowledge and selection criteria of Islamic banking. Accordingly, the hypothesis two (H2) shows, "There is a significant relationship between knowledge and selection criteria of Islamic banking". The findings of the study views that there is positive and significant relationship with selection criteria of Islamic banking (β=.447, p<0.05). This is the highest value of beta in the model which expresses that the variable has the strongest influence on selection criteria of Islamic banking.

The result of this study is similar to (Ahmed and Haron 2002), that provides evidence on the positive relationship between knowledge and selection criteria of Islamic banking; however, the result of the current study indicates that knowledge provides positive and significant effects on selection criteria of Islamic banking. This means that the increase of most unit in the level of knowledge will increase the level of selection criteria of Islamic banking.

Therefore, Islamic banks staffs must have commitments to their customers by sharing their knowledge. In addition, Islamic banks must ensure that the employees are knowledgeable in terms of shariah and Islamic banking products and service generally and specifically.

5.2.3 Service and Selection Criteria of Islamic Banking

The researcher question number three deals with the relationship between service and selection criteria of Islamic banking in northern universities of Malaysia. Hypothesis three (H3) is "There is a significant relationship between Service and selection criteria of Islamic banking". From the result obtained in the previous chapter, it appears that service has a positive relationship with the Selection Criteria of Islamic banking, The findings of the study views that there is positive and significant relationship with selection criteria of Islamic banking (β=..292, $p<0.05$). This is the highest value of beta in the model which expresses that the variable has the strongest influence on selection criteria of Islamic banking.

In addition, this study has supported the study of (Awan and Bukhari, *et al*. 2011), (Hassan and Shirley 2009), (Abbas *et al*. 2003), and their findings show that service is a significant factor when it comes to determine customers' bank selection decision.

5.2.4 Reputation and Selection Criteria of Islamic Banking

Basically, the researcher tries to identify the factors that influence the selection criteria of Islamic banking in northern public universities in Malaysia. Under the current study, reputation becomes one of the factors that could influence the practice of managing selection criteria by the Islamic banks.

The fourth research question deals with the relationship between reputations and selection criteria of Islamic banking. Accordingly, hypothesis four (H4) indicates "There is a significant relationship between reputation and selection criteria of Islamic banking". The finding related to reputation reveals that it has a positive and significant influence with selection criteria of Islamic banking (β=.248, p<.05); thus, it supports the research hypothesis four (H4).

In addition, this study has supported the study of (Naser *et al.* 1999), (Otman and Owen 2002) and (Ahmad and Haron 2002), and they find out that service is a significant factor when it comes to bank selection decision. Also, their study reveals that the reputation is the main key factor in Islamic banking selection.

The findings mentioned above describe significant influence on selection criteria of Islamic banking. This means that when the reputation of Islamic banks is at a high level, it will lead to significant increase in selection criteria of Islamic banking.

5.2.5 Influencing Factors toward Selection Criteria of Islamic Banking

Finally, the fifth research question is related with "what are the most influencing factors of selection criteria of Islamic banking". The determinant factors consist of four elements, namely, religiosity, knowledge, service, and reputation. The outcome of the study indicates that three of the determinants factors significantly influence the selection criteria which have been mentioned before. The knowledge is the most influencing factor, and this result is in line with result found with the study of (Ahmed and Haron 2002), and they suggest that knowledge significantly influences the selection criteria of Islamic banking. The second most influencing factor is the service in which the outcome is higher in comparison with reputation and closer to the former one.

5.3 Contribution of the Study

The research study might be beneficial to many parties due to its significance to the Islamic banking sector; thus, the outcome provides contribution and consequences that are classified on the following sections.

5.3.1 Theoretical contribution

The vital objective of this study is to identify the selection criteria of Islamic banks and its determinants factors which are religiosity, knowledge service, and reputation. An earlier study have focused more on the customers' perspective. Nevertheless, the current study has focused on the Selection criteria of Islamic banking, and this is done by investigating the factors mentioned in proper context, and this helps in developing a theoretical framework that examines the relationship between the four factors stated above and Islamic banks.

From the above discussion, it is obvious that the findings of this study are highly significant to the academic researchers, students, literature as well as to bankers. As an academic researcher, the findings of the study provide new evidence from Malaysian, and the study concerns the factors which determine Muslim international student selection criteria for Islamic banks.

The outcome gives a new dimension in understanding the selection criteria for Islamic banks and its determinants. In additional, the study also provides additional knowledge for the variables, and it shows how the variables are related to the Muslim international student selection criteria on Islamic banking; however, from the literature point of view, the research gives a new proof for academician on the variables that particularly have not been tested earlier.

From a theoretical complexion, the contribution of this research study lies in determining the relationship among religiosity, knowledge, service and reputation toward selection criteria of Islamic banking. The outcome clarifies the proved dimensional relationship toward selection criteria of Islamic banking; furthermore, only three out of the four dimensions has significantly influenced the selection criteria of Islamic banking among Muslim international students in northern states universities in Malaysia. The knowledge gives the most significant influenced factor which is in line with the study of (Zeyad Ramadan *et al.* 2013) which reveals that knowledge significantly influences the selection criteria of Islamic banking. On the other hand, service and reputation provide a significant influence on selection criteria of Islamic banking.

5.3.2 Practical Contribution

In addition, the present study regarding Muslim international students' selection criteria for Islamic banking is very limited compared to the research that is implemented on the bank selection criteria. Due to this, the contribution of this research paper concerning Malaysia will provide some information for the future researchers who are interested in carrying out a study on banking industry, particularly on (conventional and Islamic banking). Furthermore, this study simultaneously helps to permit the previous instruments to be used regarding the selection criteria as well as regarding the determinants that would provide an effect toward selection criteria. Besides that, the outcome is also profitable to the policy makers; thus, the results could provide inputs for policy makers in formulating related policies. As for bankers, the outcome provides insight to the determinant factors toward Muslim international students in selecting Islamic banks in Malaysia. The outcomes

are very important to the Islamic banks, especially in structuring their policies and strategies to attract more customers to their Islamic banks.

5.4 Limitations of the study

This study has several limitations that should be noted. Firstly, to get exact number of Muslim international student also is difficult and is kept confidential as the universities refuse to reveal. Secondly, even though the research provides valuable implication and contribution to the literature, the main limitation is the possibilities needed for the future researchers. Not a single study is free from limitations. The first limitation is the population of the study because the researcher only focuses on the exclusive group of people in a certain location to collect the data. However, the respondents of this research are limited to the Muslim international students in northern states of Malaysia only. Hence, the outcome cannot be generalized to all Muslim international students in Malaysia; these are the factors that affect selection criteria of Islamic banking.

Thirdly, as the research is confined to Muslim international students in northern states of Malaysia, the result does not reflect the selection criteria of Islamic banking for Muslim international students of the developing countries. This research could be improved for the future researchers through more empirical researches with different level and size of respondents that can be involved in other places in Malaysia through cross-country studies.

5.5 Suggestions for Future Research and Recommendations

For the study, the researcher only uses Muslim international students as population of the study in three public universities in Northern states of Malaysia (University Utara Malaysia, University Sains Malaysia, and University Malaysia Perlis), so it does not reflect the overall population of Muslim international students in Malaysia. I hope for the studies in the future that the researchers will do a more comprehensive study in whole Malaysia covering all the states and three Federal Territories. The decision received might be better, and more accurately reflects the selection criteria of the Muslim international students for Islamic banks. For more great research, it is better if the researcher can conduct researcher in the whole Malaysia. It will show the selection for Islamic banks products by entire Muslim international student's population in all states of Malaysia.

This study describes the value of R-square, which is 0.430, and the meaning of that is that those variables have influenced the respondents' selection criteria to use Islamic banks at 43.0%. So, it can be assumed that still there are other variables than can influence Muslim international students' selection criteria to use Islamic banks products and service since there are still lack of 58.0%. For the future studies, it is hoped that researchers can add more factors that would be able to able to influence the selection criteria of Islamic banks, and the factors include Attitude of Islamic bank staffs and service quality of Islamic banks. This will ensure whether there is any relationship between these factors and Islamic banking selection criteria. Finally, it is suggested that future researches will cover a comparative study between Malaysia and another country.

5.6 Conclusion

The research is carried out to identify the determinants factors that influence the selection criteria of Islamic banking. The data collection takes place, including Muslim international students who use Islamic banking in three selected universities in northern states of Malaysia. Furthermore, the outcome shows that knowledge, service, and reputation are found to be the most influential factors on selection criteria of Islamic banks. That is to say, these factors are considered to be more significant by the Islamic banking managers because they are the key factors of selection on Islamic banking products and services.

Finally, this current study is able to accomplish its objectives in studying the Selection criteria of Islamic banking in northern states of Malaysia, and the present study provides significant implications for both theoretical and managerial. Also, the aim of this research is achieved from comprehensive perspective as well as the result of the study would be profitable to all relevant parties, including Islamic banking industry, participants of academic research students, the Muslim international students and also Islamic banking users, bankers.

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