The copyright © of this thesis belongs to its rightful author and/or other copyright owner. Copies can be accessed and downloaded for non-commercial or learning purposes without any charge and permission. The thesis cannot be reproduced or quoted as a whole without the permission from its rightful owner. No alteration or changes in format is allowed without permission from its rightful owner.
INTENTION TO ADOPT ISLAMIC BANKING PRODUCTS AND SERVICES AMONG YOUNG ADULTS IN SELANGOR

By

MOHD ZUHAIR SHAH IRAN BIN MUHAMMAD NAJIB

A Thesis Submitted to
Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia
In Fulfilment of the Requirement for the Master of Science (Management)
Kami yang bertandatangan, memperakuan bahawa
(We, the undersigned, certify that)

MOHD ZUHAIR SHAHIRAN BIN MUHAMMAD NAJIB
calon untuk ijazah
(candidate for the degree of)

MASTER OF SCIENCE MANAGEMENT

Telah mengemukakan tesis / disertasi yang bertajuk:
(has presented his/her thesis / dissertation of the following title):

THE RELATIONSHIP OF BULLYING AND WORKPLACE STRESS
MODERATED BY JOB SCOPE

Seperti yang tercatat di muka surat tajuk dan kulit tesis / disertasi.
as it appears on the title page and front cover of the thesis / dissertation).

Bahawa tesis / disertasi tersebut boleh diterima dari segi bentuk serta kandungan dan
meliputi bidang ilmu dengan memuaskan, sebagaimana yang ditunjukkan oleh calon
dalam ujian lisan yang diadakan pada

That the said thesis /dissertation is acceptable in form and content and displays a
satisfactory knowledge of the field of study as demonstrated by the candidate
through an oral examination held on :

Pengerusi Viva : 
(Chairman for Viva) _______________________ 
(Tanda tangan) _______________________

Pemeriksa Dalam : 
(Internal Examiner) _______________________ 
(Tanda tangan) _______________________

Pemeriksa Dalam : 
(Internal Examiner) _______________________ 
(Tanda tangan) _______________________

Tariikh : __________
(Date)
PERMISSION TO USE

In presenting this dissertation/project paper in partial fulfilment of the requirements for a Post Graduate degree from the Universiti Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this dissertation/project paper in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor(s) or in their absence, by the Dean of Othman Yeop Abdullah Graduate School of Business where I did my dissertation/project paper. It is understood that any copying or publication or use of this dissertation/project paper parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the UUM in any scholarly use which may be made of any material in my dissertation/project paper.

Request for permission to copy or to make other use of materials in this dissertation / project paper in whole or in part should be addressed to:

Dean of Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman
ABSTRACT

Islamic banking is an abstract concept until the first half of the twentieth century. In Malaysia, it has been almost three decades when the first Islamic bank makes its debut. Islamic banks have to compete with its rival, conventional banks which have longer history than Islamic banks. For this competition, Islamic banks have to know the awareness, understanding and perceptions of Malaysians towards it. Islamic banks not only available for Muslims, but it also available for non-Muslims as well. In Malaysia, 40% of the population is non-Muslims and hence non-Muslims market is equally important to Islamic banks. The purpose of this study is to examine the level of awareness, understanding, perceptions and quality of Islamic banking products and services among young adults in Selangor and their intention to adopt the Islamic banking products and services. A total of 384 respondents from different areas in Selangor responded to the questionnaire in this study. In general, The results show that more most of the respondents are aware of the Islamic banking in Malaysia with an average level of understanding of the Islamic bank concepts. However they do not understand most of the Arabic terms. Both the descriptive and inferential analysis was carried out on the data collected. The correlation analysis showed that: (i) awareness is positively and significantly related to the intention with a weak relationship ($r = .114$, $p = < 0.025$); (ii) perception is positively and significantly related to intention with weak relationship ($r = .206$, $p = < 0.01$); (iii) understanding is positively and significantly related to intention ($r = .301$, $p = < 0.000$). Through the multiple regression analysis, the intention factors has an effect of 22% ($R^2 = 0.22$) on the intention to adopt the Islamic banking products and services with quality has the highest influence ($\beta = 0.321$, $p = < 0.000$) followed by perception ($\beta = 0.200$, $p = < 0.000$) on the intention to purchase the Islamic banking products and services among young adults in this study. The perceptions of young adult towards Islamic banks varied among themselves. This study also provides theoretical and managerial implications for the Islamic bankers on recommendations to attract young adult towards Islamic Banking products and services in the future.

Keywords: Intention, Awareness, Perception, Understanding and Quality
ABSTRAK

Perbankan Islam merupakan satu konsep yang abstrak sehingga separuh abad pertama kedua puluh. Di Malaysia, ia telah hampir tiga dekad apabila bank Islam yang pertama diperkenalkan untuk kali pertama. Bank-bank Islam perlu bersaing dengan pesaingnya khususnya perbankan konvensional yang mempunyai sejarah kewujudan lebih lama daripada perbankan Islam. Untuk persaingan ini, perbankan Islam perlu mengetahui mengenai kesedaran, kefahaman dan persepsi rakyat Malaysia ke arah perbankan islam. Perbankan Islam bukan sahaja untuk orang Islam, tetapi ia juga boleh didapati untuk orang bukan Islam juga. Di Malaysia, 40% daripada penduduk adalah bukan Islam dan dengan itu pasaran bukan Islam adalah sama penting kepada perbankan Islam. Tujuan kajian ini adalah untuk mengkaji tahap kesedaran, pemahaman, persepsi dan kualiti produk dan perkhidmatan perbankan Islam di kalangan orang dewasa muda di Selangor dan hasrat mereka untuk menggunakan produk dan perkhidmatan perbankan Islam. Seramai 384 responden dari kawasan yang berbeza di Selangor memberi maklum balas kepada soal selidik dalam kajian ini. Secara umum, Keputusan menunjukkan bahawa kebanyakan responden sedar tentang perbankan Islam di Malaysia dengan tahap purata kefahaman mengenai konsep perbank Islam. Walau bagaimanapun mereka tidak faham kebanyakan istilah Arab yang digunakan dalam perbankan Islam. Kedua-dua analisis deskriptif dan inferensi telah dijalankan ke atas data yang dikumpul. Analisis korelasi menunjukkan bahawa: (i) kesedaran adalah positif dan signifikan dengan niat dengan perhubungan yang lemah (r = 0.114, p = <0.025); (ii) persepsi adalah positif dan signifikan dengan niat dengan hubungan yang lemah (r = 0.206, p = <0.01); (iii) pemahaman adalah positif dan signifikan yang berkaitan dengan niat. Melalui analisis regresi berganda, faktor-faktor niat mempunyai kesan 22% \( (R^2 = 0.22) \) mengenai hasrat untuk menerima pakai produk dan perkhidmatan perbankan Islam di kalangan orang dewasa muda dalam kajian ini. Persepsi dewasa muda terhadap perbankan Islam diubah di antara mereka. Kajian ini turut memberikan implikasi teori dan pengurusan untuk perbankan Islam untuk menarik golongan dewasa muda terhadap produk dan perkhidmatan Perbankan Islam pada masa hadapan.

Kata kunci : Niat, Kesedaran, Persepsi, Pemahaman dan Kualiti
ACKNOWLEDGEMENT

This thesis has been successfully implemented by the assistance of various authorities. Therefore, I would like to grasp this opportunity to express my appreciation to them who have involved directly or indirectly in contributing towards this thesis.

First and foremost, I would like to thank my supervisor, Puan Nor Pujawati Binti Md. Said. This work would not be completed on time without her time, guidance, effort, support, and patience. I fervently appreciate her contribution during the meeting as she has given a lot of constructive comments, sincere advises as well as steady guidance throughout the progression of this research project to achieve my objectives. Besides, I would also like to thank to my second examiner. During my VIVA presentation, he has provided recommendations to further improve my thesis. In addition, I would also like to draw sincere thanks to all the lecturers and tutors that have taught me and shared with their valuable information in these two years. Without them, I would not able to reach this stage and complete my thesis.

The credit is also given to my parents and family who have assisted in terms of morale and financial support. Undeniably, the understanding of my parents has allowed me to carry out thesis in a free pressure environment.

I would also like to acknowledge my friends and classmates for their opinions, encouragement and enthusiasm. And most importantly I would like to thank the respondents of this study as they have participated in my questionnaires surveys.

Once again, thank you and best regards to all of you!
# TABLE OF CONTENT

<table>
<thead>
<tr>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title Page .................................................................</td>
</tr>
<tr>
<td>Certification of Thesis Work ...........................................</td>
</tr>
<tr>
<td>Permission to use ..........................................................</td>
</tr>
<tr>
<td>Abstract ..........................................................................</td>
</tr>
<tr>
<td>Abstrak ..........................................................................</td>
</tr>
<tr>
<td>Acknowledgment .............................................................</td>
</tr>
<tr>
<td>Table of Content ...........................................................</td>
</tr>
<tr>
<td>List of Tables ..................................................................</td>
</tr>
<tr>
<td>List of Figure ..................................................................</td>
</tr>
<tr>
<td>List of Abbreviation .......................................................</td>
</tr>
</tbody>
</table>

**CHAPTER 1: INTRODUCTION**

1.0 Background of the study .................................................. 1

1.1 Problem Statement .......................................................... 8

1.2 Research Question .......................................................... 8

1.3 Research Objective .......................................................... 9

1.4 Significance of the Study .................................................. 9

1.5 Scope and limitations of the study ..................................... 10
CHAPTER 2: LITERATURE REVIEW

2.0 Introduction ........................................................................................................... 11

2.1 Intention to Adopt Islamic Banking Product and Services ......................... 11

2.2 Awareness of Islamic banking products and services ................................. 15

2.3 Perception towards Islamic Banking and Services .................................. 21

2.4 Understanding of Islamic Banking and Services Concepts .................... 24

2.5 Quality and attractiveness of Islamic Banking Product and services ......... 26

2.6 Summary .............................................................................................................. 29

CHAPTER 3: METHODOLOGY

3.0 Introduction .......................................................................................................... 30

3.1 Research Framework ......................................................................................... 30

3.2 Hypotheses of the study .................................................................................... 31

3.3 Research Design ............................................................................................... 31

3.4 Operational Definition ...................................................................................... 32

3.5 Measurement of Variable ................................................................................ 33

3.5.1 Instrumentation ............................................................................................. 35

3.5.2 Questionnaire Design .................................................................................. 36

3.7 Data Collection .................................................................................................. 37
3.7.1 Primary Data ................................................................. 37

3.8 Sampling Design ............................................................... 38
  3.8.1 Target Population ...................................................... 38
  3.8.2 Sampling Frame ....................................................... 39
  3.8.3 Sampling Elements .................................................... 39
  3.8.4 Sampling Techniques .................................................. 40
  3.8.5 Sampling size ............................................................ 42

3.9 Techniques of Data Analysis ............................................... 43
  3.9.1 Reliability Test .......................................................... 43
  3.9.2 Pearson Correlation .................................................... 44
  3.9.3 Regression Analysis ................................................... 44

3.10 Summary ......................................................................... 45

CHAPTER 4: RESULTS AND DISCUSSION

4.0 Introduction ........................................................................ 46

4.1 Common Method Bias ....................................................... 46

4.2 Pilot Study ......................................................................... 47

4.3 Reliability Test .................................................................... 48
  4.3.1 Respondent Demographic ............................................. 49
  4.3.2 Respondent Intention to adopt Islamic Banking Product and
4.3.3 Respondent Awareness of Islamic Banking Product and Services ................................................................. 52

4.3.4 Respondent Understanding of Islamic Banking Product and Services ......................................................... 52

4.3.5 Respondent Perceptions of Islamic Banking Product and Services ............................................................... 53

4.3.6 Quality of Islamic Banking Product and Services ................................................................. 54

4.4 Inferential Analyses ....................................................................................................................................... 55

4.4.1 Pearson Correlation Analysis ......................................................................................................................... 56

4.5 Multiple Regression Analysis ............................................................................................................................. 58

4.6 Hypothesis Testing Analysis ............................................................................................................................. 59

4.7 Summary ......................................................................................................................................................... 60

CHAPTER 5: CONCLUSION AND RECOMMENDATION

5.0 Introduction ...................................................................................................................................................... 61

5.1 Summary of Statistical Analyses ....................................................................................................................... 61

5.1.1 Descriptive Analysis ....................................................................................................................................... 62

5.1.2 Scale Measurement ......................................................................................................................................... 63

5.1.3 Inferential Analysis ......................................................................................................................................... 64
5.2 Discussion of Major Finding

5.2.1 Intention to adopt Islamic Banking Product and Services .......... 65
5.2.2 Awareness to adopt Islamic Banking Product and Services .......... 67
5.2.3 Perception to adopt Islamic Banking Product and Services .......... 69
5.2.4 Understanding to adopt Islamic Banking Product and Services ........ 72
5.2.5 Quality to adopt Islamic Banking Product and Services .......... 73

5.3 Implication of the Study

5.3.1 Theoretical Implications

5.4 Recommendations for Future Research

REFERENCES

APPENDICES
**LIST OF TABLE**

<table>
<thead>
<tr>
<th>Table Number</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Operational Definition of variables</td>
<td>32</td>
</tr>
<tr>
<td>3.2</td>
<td>Measurement of variables</td>
<td>34</td>
</tr>
<tr>
<td>3.3</td>
<td>Population Distribution by Region, 2000 and 2010</td>
<td>38</td>
</tr>
<tr>
<td>3.4</td>
<td>Population Distribution</td>
<td>40</td>
</tr>
<tr>
<td>3.5</td>
<td>Stratified Sampling</td>
<td>42</td>
</tr>
<tr>
<td>3.6</td>
<td>Pearson Correlation Interpretation table</td>
<td>44</td>
</tr>
<tr>
<td>4.1</td>
<td>Common Method Bias</td>
<td>47</td>
</tr>
<tr>
<td>4.2</td>
<td>Pilot Study for All variables</td>
<td>47</td>
</tr>
<tr>
<td>4.3</td>
<td>Reliability Test for all variable</td>
<td>48</td>
</tr>
<tr>
<td>4.4</td>
<td>Respondent Demographic Profile</td>
<td>49</td>
</tr>
<tr>
<td>4.5</td>
<td>Intention to adopt Islamic Banking product and services</td>
<td>51</td>
</tr>
<tr>
<td>4.6</td>
<td>Awareness of Islamic banking products and services</td>
<td>52</td>
</tr>
<tr>
<td>4.7</td>
<td>Understanding of Islamic banking product and services</td>
<td>53</td>
</tr>
<tr>
<td>4.8</td>
<td>Perception of Islamic banking product and services</td>
<td>54</td>
</tr>
<tr>
<td>4.9</td>
<td>Quality of Islamic banking product and services</td>
<td>54</td>
</tr>
<tr>
<td>4.10</td>
<td>Pearson Correlation</td>
<td>55</td>
</tr>
</tbody>
</table>
Table 4.11: Correlation between awareness and intention 56

Table 4.12: Correlation between perception and intention 56

Table 4.13: Correlation between understanding and intention 57

Table 4.14: Correlation between quality and intention 57

Table 4.15: Multiple Regression Analysis 58

Table 4.16: Hypothesis testing for All variables 59

Table 5.1: Reliability Test 63

Table 5.2: Correlation 64
<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1.1</td>
<td>Histogram of Total Bank and Total Islamic Bank Deposit</td>
<td>7</td>
</tr>
<tr>
<td>Figure 2.1</td>
<td>Theory of planned behaviour</td>
<td>13</td>
</tr>
<tr>
<td>Figure 2.2</td>
<td>Four ways past behaviours</td>
<td>14</td>
</tr>
<tr>
<td>Figure 2.3</td>
<td>The Hierarchy of Effect</td>
<td>21</td>
</tr>
<tr>
<td>Figure 3.1</td>
<td>Research Framework</td>
<td>30</td>
</tr>
<tr>
<td>Figure 5.1</td>
<td>Correlation Interpretation Table</td>
<td>65</td>
</tr>
</tbody>
</table>
## LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIMB</td>
<td>Bank Islam Malaysia Berhad</td>
</tr>
<tr>
<td>BNM</td>
<td>Bank Negara Malaysia</td>
</tr>
<tr>
<td>IBA</td>
<td>Islamic Banking Act</td>
</tr>
<tr>
<td>IDB</td>
<td>Islamic Development Bank</td>
</tr>
<tr>
<td>OCBC</td>
<td>Oversea Chinese Banking Corporation</td>
</tr>
</tbody>
</table>
CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND OF STUDY

According to Hesse, Jobst, & Sole (2008), increasing in activities involving Islamic Banking and Finance has opened a lot of opportunities to gain profit especially for Islamic financial institutions. This has influenced a vetting process among worldwide to establish themselves as the leading Islamic Banking and financial center. For instance London is one of the country which has made the most effort in becoming the world Islamic Banking and financial center and then followed by Singapore, New York and Hong Kong as well. The rapid development in Islamic banking and financial institutions further being proven by Kuala Lumpur and Dubai which in both cases are considered as the established Islamic centers.

Based on Gerrard and Cunningham (1997). There are two reasons why Singapore is keen to become an Islamic center, due to the fact that, Malaysia and Indonesia have managed to introduce and develop the Islamic banking market in the financial services sector in Singapore. Secondly, to compete for Muslim sourced deposits on an equal basis available throughout South East Asia. Hesse, Jobst & Sole (2008) state that Islamic finance shows strengthening position as a permanent element in the global financial environment. There is three features forms of Islamic financing, the first one is the synthetic loans which are debt-based through sales and repurchase agreements, secondly, profit sharing contracts which is equity based for
The contents of the thesis is for internal user only
REFERENCES


Awan, Abdul Ghafoor. (2009).“Comparison of Islamic and Conventional Banking in Pakistan”. Department of Economics, Islamia University, Bahawalpur-Pakistan.


80
