

ACCEPTANCE OF ISLAMIC BANKING:  
A RESEARCH ON MALAYSIAN WORKING  
ADULTS

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## DECLARATION

We hereby declare that:

- (1) This undergraduate research project is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.
- (2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
- (3) Equal contribution has been made by each group member in completing the research project.
- (4) The word count of this research report is 20,344 words.

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## DEDICATION

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## PREFACE

The research study that is conducted by our group is basically a part of the requirement by our degree course. It is mandatory for us to conduct this research study to complete our course Bachelor of Business Administration (Hons) Banking and Finance. Our research study topic is —Acceptance on Islamic Bank: A Study on Malaysia Working Adults. The research study that will be conducted could probably prove vital in the field of banking industry. The main reason we choose banking industry as our area is because we would like to investigate Malaysian Banking nowadays. Furthermore, previous researchers at Universiti Tunku Abdul Rahman (UTAR) did not focus on which criteria will affect the acceptance on Islamic Banks among the working adults. Meanwhile, in our research study, we have covered a wider scope since we were looking at banking industry as well as the commitment to the banking sector. In this research study, we outline the 5 important variables that have most influence towards the acceptance on Islamic Bank. The variables include knowledge on Islamic banking, awareness on Islamic banking, service quality, product quality and bank reputation. These five variables play important roles in determining the possible factors that might influence the acceptance on Islamic Banks.

## ABSTRACT

This study was designed to investigate the relationship between adoption of Islamic Banks and criteria such knowledge on Islamic banking, awareness on Islamic banking, service quality, product quality and bank reputation. Specifically, the study sought to achieve the following: (1) To inquiry how the bank reputation affect the acceptance of Islamic Banking among Malaysia working adults.; (2) To study how the service quality of bank affect the acceptance of Islamic Banking among Malaysia working adults.; (3) To survey how the product quality on the Islamic Banking affect the acceptance of Islamic Banking among Malaysia working adults; (4) To analyse the demographic factors which affect the acceptance of Islamic Banking among Malaysia working adults.:(5) To evaluate how the knowledge of consumer on Islamic Banking affect the acceptance of Islamic Banking among Malaysia working adults.; (6) To examine how the awareness on Islamic Banking systems affect the acceptance of Islamic Banking among Malaysia working adults. Data are collected from primary sources which mean questionnaires were distributed to the respondents. Statistical Package for the Social Science (SPSS) version 16.0 is used to conduct new findings in the relationship of acceptance on Islamic Banks and criteria such knowledge on Islamic banking, awareness on Islamic banking, service quality, product quality and bank reputation.

**Keywords:** Islamic Banking, Malaysian Working Adults, Theory of Reasoned Action (TRA), Theory of Hierarchy Effect.

## **CHAPTER 1: RESEARCH OVERVIEW**

### **1.0 Introduction**

In the initial stage of Chapter 1, the background of Islamic bank will be discussed. Then continue with the problem statements which is briefly describe the issues with the reason on why and who involves in the study there being implemented. Therefore, in this chapter research objectives, research questions and the hypotheses of the study are also developed accordingly. The significance of the study will be briefly described and discussed. Lastly, the chapter layout of each chapter of the study will be fully reported.

### **1.1 Research Background**

Malaysia is a country located in Southeast Asia where its citizens consists of different races and religions which included Malay, Chinese, Indian and other ethnic groups such as Iban and Kadazan from east Malaysia being live together in peace and harmony. The multiculturalism has made Malaysia become famous and become one of the popular country that visited by tourism around the world. Besides, Malaysia is a country which famous for various type of foods and hundreds of diversity festivals .With a population of about 18.4 million (Zeitzen, 2008), proved that there are 58.3 percent of Malay, 29 percent of Chinese, 9.5 percent of Indian and 2.8 percent is other ethnic groups. Since Malaysia is a country with different races and different religions, thus Malaysia's banking sector consist of two types of banking systems which are Islamic banking (IB) that based on Shariah principles and conventional banking that based on the transaction of the interest (Ahmad and Haron, 2002). According to Amin, Isa, and Fontaine (2013), segments of Malaysian customers included Muslim or non-Muslim individuals who can select the banking services on themselves. According to Nawi, Yazid and Mohammed (2013), they defined Islamic banking was established in Malaysia in order to cater the needs of customers. Islamic banking

is an interest-free banking which means that there is no fixed rate of return. Islamic banking is the banking system which follows the Islamic laws and guided by Shariah principles in which the interest (Riba) is strictly prohibited. Islamic banking is also based on concept of risk and profit sharing. Islamic bank provides the same services and products as what conventional bank had provided such as saving account, current account, credit card and loan but it must comply the principles of Shariah. A study was conducted by (Amin,Isa&Suradi) found out that the first Malaysian Islamic bank, 'Bank Islam Malaysia Berhad' (BIMB) was established since 1983 under the Banking Act 1983. The aim of developing the Islamic banking system is to offer a secure and reliable banking alternative to the customers especially to Muslim customers and ensure reasonable distribution of funds under Islamic Law and educating. Being alert on the benefits of Islamic banking system, conventional banks in Malaysia had set up the Islamic window in year 1993. Conventional banks used Islamic window to provide Shariah-compliant products and services to their customers (Iqbal & Mirakhor, 2007). Today, there are total 27 banking institutions consisting of 9 fully fledged Islamic banks and 18 conventional banking institutions offering Islamic banking products and services under the Islamic Banking Scheme (IBS) (Bank Negara, 2006). Even Islamic banks has been widely increase in Malaysia, but positive perception of non-Muslim customers towards Islamic banking in Malaysia is far enough due to the misunderstanding about it. They perceived Islamic banking is only for Muslims. In addition, analyst likewise says that if there is an opportunity for non-Muslim customers to understand about the Islamic banking, they will build up an association with it.

## 1.2 Problem Statement

According to Askari (2011), Islamic banks experienced rapid growth in the recent years. However, Ahmad and Haron (2002) conducted a study that statistically proved conventional banks captured most of the market share compared to Islamic banks in which only have about 13-14% of the total banking market shares. Research showed that late establishment of Islamic banking (IB) in Malaysia is still in immature stages in term of capital and customers size when compared to conventional banks.

Abduh and Omarov (2013) revealed that the growth of Islamic banking had to encounter several challenges and obstacles regarding of its theoretical foundation, systematic operation and infrastructural development. Besides that, Rammal and Zurbruegg (2007) stated that Islamic banking products are short of appropriate information revealed to the public. Low advertising effort and patronage in Islamic banking lead to the lack of awareness towards IB among working adults in Malaysia. They are found to have a wrong understanding or contemplation towards Islamic Banking, particularly the misconception of IB is only for Muslims. Past researchers revealed that 12% of Muslim and 32% of non-Muslim believed that Islamic banking is for Muslim only.

Baba and Amin (2009) stated that the understanding and knowledge on Islamic banking among bankers player are at minimum level. Most of the Islamic banking staff are from conventional banking system and hence they are not able to differentiate IB with the conventional banks (Rahman, 2006). They are also not familiar on the difference of products and services produced between conventional banks and IB. Meanwhile, Malaysian working adults are exposed to loads of choices in order to attain their specific demands and needs. Islamic banking have been available with huge alternatives to pick in term of banking products and services items had prompted to changes in working adults' taste and interest for advanced banking services. Islamic banks face significant pressure due the aggressive commence of refined products from financial institutions and conventional banks.

Being one of the crucial players in current services industry, Islamic banking not only have to compete with products offered by the long established conventional banks in a dual banking system, but also among the products offered by the IB itself. Working adults especially non-Muslim are confused on the function of each of its products such as Mudaraba, Murabahah, Musharakah and others. Non-Muslims only have minor motive in dealing with IB and believed in conventional banks. The adoption of Islamic banking showed huge difference between urban and rural customers as well as city like Kuala Lumpur captured greater adoption of non-Muslim towards IB. The critical characteristic that distinguishes Islamic banking from conventional banking is the formulation of the ethical, equitable, fair, and just social economic system.

### **1.3 Objectives**

#### **General Objectives**

- To study on the acceptance of Islamic Banking among Malaysia working adults.

#### **Specific Objectives**

- To inquiry how the bank reputation affect the acceptance of Islamic Banking among Malaysia working adults.
- To study how the service quality of bank affect the acceptance of Islamic Banking among Malaysia working adults.
- To survey how the product quality on the Islamic Banking affect the acceptance of Islamic Banking among Malaysia working adults.
- To analyse the demographic factors which affect the acceptance of Islamic Banking among Malaysia working adults.

- To evaluate how the knowledge of consumer on Islamic Banking affect the acceptance of Islamic Banking among Malaysia working adults.
- To examine how the awareness on Islamic Banking systems affect the acceptance of Islamic Banking among Malaysia working adults.

## **1.4 Research Question**

In order to meet the objectives of this research, there are several research questions have been developed to study the acceptance of Islamic Banking among Malaysia working adults. The six research questions are stated below:

1. How does the bank reputation influence the acceptance on Islamic banking among working adults in Malaysia?
2. How does the service quality of Islamic Bank influence the acceptance on Islamic banking among working adult in Malaysia?
3. How does the quality of Islamic bank product influence the acceptance on Islamic banking among working adult in Malaysia?
4. How do demographic variables give an impact on Islamic Banking and acceptance on Islamic Banking among Malaysia working adults?
5. What is the relationship between Knowledge on Islamic Banking and acceptance on Islamic Banking among Malaysia working adults?
6. How does the awareness toward Islamic banking systems related to the acceptance on Islamic Banking among Malaysia working adults?

## **1.5 Hypothesis**

In this research, we have included six hypotheses which was derived from the research objectives. The six hypotheses are stated below:

### **Hypothesis 1**

**H0:** There is no relationship between bank reputation and the acceptance on

Islamic banking among Malaysian working adults.

**H1:** There is a relationship between bank reputation and the acceptance on Islamic banking among Malaysian working adults.

**Hypothesis 2**

**H0:** There is no relationship between service quality and the acceptance on Islamic banking among Malaysian working adults.

**H1:** There is a relationship between service quality and the acceptance on Islamic banking among Malaysian working adults.

**Hypothesis 3**

**H0:** There is no relationship between product quality of Islamic banking and the acceptance on Islamic banking among Malaysian working adults.

**H1:** There is a relationship between product quality of Islamic banking and the acceptance on Islamic banking among Malaysian working adults.

**Hypothesis 4**

**H0:** There is no relationship between demographic and the acceptance on Islamic banking among Malaysian working adults.

**H1:** There is a relationship between demographic and the acceptance on Islamic banking among Malaysian working adults.

**Hypothesis 5**

**H0:** There is no relationship between knowledge on Islamic Banking and the acceptance on Islamic banking among Malaysian working adults.

**H1:** There is a relationship between knowledge on Islamic Banking and the acceptance on Islamic banking among Malaysian working adults.

**Hypothesis 6**

**H0:** There is no relationship between awareness on Islamic banking systems and the acceptance on Islamic banking among Malaysian working adults.

**H1:** There is a relationship between awareness on Islamic banking systems and the acceptance on Islamic banking among Malaysian working adults.



## **1.6 Significance of Study**

### **Practical**

When compared to the conventional bank in Malaysia, Islamic banking is a niche banking system which is not well known by all Malaysians. Whereby, this study can give support and information to the Islamic bank and financial institution such as Muamalat Malaysia Berhad by studying which criteria influence the acceptance on Islamic banking significantly. Thus, the Islamic bank and financial institutions can approach a new strategy and fortify their institutions.

### **Theoretical**

The result gathered from this research will also be an important reference for banking students. The results from this research will be useful for the banking students in which, it provides a clear picture in which Islamic banking products and services can meet up customer necessity and it shows how it is distinct from those conventional banking products and services. Besides that, this research can help in academic perception for future implication from Islamic banking and marketing perspective.

## **1.7 Chapter Layout**

Our research included with 5 chapters. Chapter 1 provides overall concept about the studies which included the research background, problem statement, research objectives, research question, significance of our study and hypotheses that provide a clear direction for the following chapters.

In chapter 2, it consists of the research literature review of the journals and the articles which collected in the relevant research area. This chapter also included with reviews on the relevant theoretical model selected, prior empirical studies, proposed framework and hypothesis development.

Chapter 3 will provide the research methodology, background of the research design, sampling design, data collection methods, data processing, research

instrument, constructs measurement (scale and operation definitions) and data analysis techniques of this research.

In chapter 4, data analysis is conducted. The empirical information that collected from questionnaires is being examined in this chapter. SPSS is used in the data analysis among the statistical analysis tests which tested the research project that consist of the test of descriptive analysis, scale measurement and inferential analysis.

Chapter 5 will give an outline of the whole statistical analysis of the research, further discuss on the major findings of the research and also conduct the implications of the study as well. In this chapter, recommendations will also be provided for future research purposes.

## **1.8 Conclusion**

The Islamic banks in Malaysia developed fast by increasing its market shares. In order to become more successful in futures, they should approach customers perceptions by provide product and services which will give benefits to the customers. In this chapters, is composed of the introduction and research background. Besides, following is the problem statement, and explain the research objectives. Subsequently, will be the introduction of research questions, presenting and explaining the hypothesis and eventually discuss on the significance of study as well as the implications of the study.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.0 Introduction**

In our research of acceptance on Islamic Banking (IB) among working adults in Malaysia, we study on the characteristics of IB. According to Subhani (2012), Islamic banking aimed to promote economy through providing financial products and services based on principle of Islam & Shariah. Besides that, Henry and Wilson (2004) revealed that both Islamic bank and commercial bank are similar in their operation but different in principle as Islamic bank runs their business based on Islamic laws. Moreover, Naser (1999) stated that Islamic bank provides financial products and services which are similar as conventional bank such as investment securities, bank overdraft and credit cards. IB prohibited any transactions based on interest, gambling & speculative trading which is related to Riba, Maysir & Gharar respectively under the Islamic laws. Besides that, IB operates through the principle of profit and mutual risk sharing. Rosly and Abu Bakar (2003) revealed that Islamic banking first started in Malaysia in 1983 which known as Bank Islam Malaysia PTE (BIMB). IB are governed by the banking and Financial Institution Act in Malaysia and play an important role in Malaysian financial market (Dusuki & Abdullah, 2007). According to Aziz (2006), IB has been growing at an average rate of 18 percent per annum since 2000 in terms of assets. Growth of IB in Malaysia had helped to promote its economy and global integration. Tabung Haji was established in 1963 to offer a systematic fund mobilization process for the Muslims in order to perform annual pilgrimage in Makkah as well as convincing them to take part in economic activities and investment opportunities.

According to Sole (2007), Islamic banking is experiencing rapid growth and booming worldwide. IB is not just developing within Muslim country, but also extend its influence in countries which have minority of Muslim population such as America, Japan and others Europe countries. According to Wilson (19995), IB no longer considered as a business structure which only target Muslim population,

but also to attract more non-Muslim customers while retaining the old one. The feasibility of IB has become an integral part of country's financial system in term of total assets and players in the industry. The overall picture of Islamic banking system in Malaysia as well as internationally contribute a better understanding for us to further our research.

## **2.1 Literature review**

Based on study on the conventional and Islamic banking (IB) which is done by Erol and El Bdour (1989), customers have few important criteria on bank selection which is fast and efficient service, bank's reputation and image, and confidentiality. Buchari, Rafiki and Al Qassab (2015) said that awareness toward Islamic banking products are usually based notarization and understanding of Islamic trading products and function of operation. Besides, customers' awareness level toward Islamic banking products arise from the directly information of Islamic banking products from their friends and family. Apart from that, customers are more prefer to exercise by purchase Islamic banking product for the first time, so they will gain the information from exercise, observe the result of Islamic products. Ramdhony (2013) stated that customers' awareness toward Islamic banking terms are majorly base on their views and believe of Islamic banking products. Mosahab, Mahamad and Ramayah (2010) stated that the service quality has collided to the customer satisfaction. They found out the relationship of service quality and customer satisfaction is negative relationship, because service quality has impact on customer satisfaction. On the other hand, there are a few researches had developed test on relationship between service quality and customer satisfaction. They proved that service quality have certain positive collide to customer satisfaction. Malaysia Islamic banking sector also developed same test and also get the same results that the service quality are having positive relationship with customer satisfaction (Ahmad & Safwan, 2011). They believe that service quality has positive relationship with customer satisfaction toward Islamic banking.

### **2.1.1 Acceptance on the Islamic Banking**

Islamic banking (IB) is a banking system that is based on the principles of Islamic law which is mutual risk and profit sharing. Henry and Wilson (2004) stated the similarity on operation of Islamic bank and commercial bank but Islamic banking is governed by Islamic laws. Erol and El-Bdour (1989) and Erol, Kaynak and El-Bdour (1990) stated that profitability, service quality and customers legal protection determine acceptance on IB. Roy (2014) studied that Islamic banking system follows the Shariah principle or Islamic Law. In the view of Islam, Shariah principle explained the term of Riba is receipt of any specific interest or the income on loan and it is strictly prohibited. In Islamic principle, the investment in businesses sector that provide goods or service also entitled as Haram. There is a restriction in Islamic banking that receipt of interest or Riba. Kelana and Lai (1998) stated that Islamic banking distributes the dividend by profit sharing and offers borrower with the fixed repayment rates and it is Halal or authority for Shariah principles. In the late 20th century some Islamic banks formed to apply these Shariah ways of thinking/basic truths/rules to private or semi-private commercial institutions within the Muslim community. Eventually, Islamic banking directs the development of Islamic money flow/money-based studies. The most correct term of Islamic banking is the term of “Sharia complaint finance”. Nicholas (1994) mentioned that Islamic banking offers the same facilities like to make money for the banking institute by lending out capital as ordinary banking system except that it strictly follows the rules of Shariah or Fiqhal- Muamlat. Islamic banking provides banking services that loyal to Islamic law and secure/make sure of fair play to the customers. The Islamic law reflects (all of/every part of) Allah' commands that control all parts of a Muslim and also the Islamic finance is directly involved with (related to religion or the soul) values and social judges. According to the research done by Turnbull (1983), the size of a bank played an important part in order to preserve in maintaining split banking practices. He also said that the large corporation be more partial to the foreign bank when compared to the local banks. Other than that, an analysis conduct by Turnbull and Gibbs (1989) on the companies in South Africa shows that quality of services is important factor to initiate relationship. In addition, based on the

Rosenblatt (1988), 423 Canadians was selected to choose the responsible person in selecting bank for their organizations, the important factors that influenced their choices was bank which offer a better quality service. The respondents also prefer to allocate a special officer which has knowledge in customer's business operation. They also prefer on product and service quality more than the innovative products. Corporate customer only switch their products if the new bank is able to persuade them that the quality of its products and services were more expert compared to their previous bank (Chan & Ma's, 1990).

### **2.1.2 Bank Reputation**

#### **Bank Reputation and Acceptance on the IB among Malaysian Working Adults**

Islamic banking (IB) is one of the most dynamic segments in the banking industry. Malaysia is a country with citizens of different races and religions. Majority of the citizens are Muslim while minority is non-Muslim. Haron (1994) has conducted a study about the determination criteria of Muslim and non-Muslim clients in choosing a specific bank. The results from the study showed that approximately all Muslim and 75% of non-Muslim in Malaysia knew the existence of Islamic banking. Besides, they are willing to use the IB services if they had the full knowledge about the system. If the Islamic banking appeals to non-Muslim rather than just Muslims, its growth potential turns into much larger and stronger, and might successfully internationalized the Islamic banking. Thus, it is important for the Islamic banks to recognize the indicators that influencing people to select and support Islamic banks, to increase the numbers of depositors and deposit in order to enhance the bank performance (Abduh & Omar, 2012).

Definition of the word reputation was defined as the beliefs, opinions and views that are generally held about someone or something in Oxford Dictionary. Kennington (1996) has included that the bank's reputation and public image as one of the most important factor in using the banking services. For the selection of Islamic bank, Erol and El-Bdour (1989) explained that customer perceived bank's reputation as one of the most vital factors that affect the customers selection of the

bank whether Islamic or conventional. Furthermore, Erol and El-Bdour (1989) have specifically looked into the bank selection criteria used by customers to bank either with Islamic bank or conventional bank. The results reported revealed that customers who only banked with the Islamic banks did as such due to provision of quick and productive administration, bank's reputation and image and bank's privacy. Moreover, a study of Hasan, Subhani and Osman (2012) proved that reputation of Islamic bank is an essential factor of customers' bank selection. Customers that satisfied with their bank's reputation tend to continue to deal with their bank. Moreover, the study also stated that Islamic banks have well reputation and public image based on its Shari-ah principles and assure confidentiality of customers.

### **2.1.3 Knowledge on Islamic Banking**

The first Islamic Bank in Malaysia was commenced in 1983 as Bank Islam Malaysia Berhad (BIMB), which with the goal to expand the Islamic banking (IB) system parallel to the conventional system. In March 1993, government introduced the "Islamic Window" which enable the existing conventional banks to initiate Islamic products to customers which is only involved by 3 major banks. (Hassan, 2001). There are around 21 Islamic products are developed to cater this scheme with the participants of three Islamic banks.

According to the study done by the Haron (1994), found that 100% of Muslim and 75% non-Muslim conscious the existence of Islamic banking in Malaysia while most of them wished to have relationship with these banks if they have knowledge on it. Even though, Islamic banking is operated as a stated of Islamic Law (Shariah), their banking business is similar with other banks and financial institution (Sharel & Azizi, 2002).

The products and services development in Malaysia can be divided into four phases which are the earliest products (Mudarabah), additional products (Murabahah), new products (Ijarah) and current products (Musyarakah and

Mutanaqisah) (Riduan, 2008). Islamic bank are the market driven dimension which are based on Islamic Sharia dictates which prohibits receipt or payment of interest which recommend banking profit and loss sharing ( Fada & Wabekwa, 2012).

Customer's knowledge on Islamic banking included by factors such as economic benefits, good image globally, and advanced facilities (Sheikh & Taseen, 2010). Based on the economic perception, Islamic banking benefits all classes, which is poor and rich which can get a benefit by participating in Islamic banking products and services (Rammal & Zurbueeg, 2007) and also create potential chances to consumers by allowed them to enter partnership with one or more investors in economic journey. However, customer believe that the Islamic banking have the good image when compared to the conventional bank because Islamic bank have better financial performance in the form of insolvency of risk and stability when compared to the conventional banks (Cihak & Hese, 2008). This factor may lead to consumer confidence which the Islamic bank will make a better upward trend in future (Moin, 2008). Wide range of products and greater number of outlets are provided by Islamic bank which was a benefit for many customers (Rehman, 2010). Islamic bank customers have a better opinion on Islamic Bank compared to the conventional bank customers.

Positive attitude of Islamic banking also can attract the consumers, since the negative attitude can fend off consumers from open account in Islamic banks even they have the knowledge of Islamic banking principle ( Samad, 2010). According to Samad (2010), consumer who does not have the knowledge on Islamic banking has a less chance to practices Islamic banking.

Based on the previous research Hidayat and Al-Bawardi (2012), it can be concluded that the Islamic banking accepted by Muslim consumers, while the non-Muslims have not enough knowledge on the Islamic banking products and services. Other than that, corporate banking customers also have a limited knowledge on Islamic banking.



### **2.1.4 Awareness on Islamic Banking**

Awareness was defined as the self-knowledge or impression of a certain circumstances or reality. According to Tara, Irshad, Khan, Yamin and Rizwan (2014), the concept of Islamic banking (IB) is the running of banking businesses and services in consistent with Islamic lessons. The main beliefs and principles of Islamic banking consist of forbiddance of interest (Riba) in all types of transactions and exchanges. Besides, all the Islamic banking financial transactions are complying with the profit-and-loss sharing concept. According to Ahmad and Bahsir (2014), for the expended volume of IB, it is important to increase the awareness strategy in order to acquire and attract new customers and keep hold of current customers to live up their requirements and desires. Ahmad and Bahsir (2014) further stated that customers' awareness level (CAL) with respect to this very area are significantly to persuade the target customers that could influence the customers' service utilization decision (CSUD) for the IB products provided in Pakistan. Thus, customers' awareness on IB did significantly affect the adoption of IB.

Khan and Asghar (2012) found that Islamic banking is quickly getting acknowledgement by public in financial market and public are embracing it because IB is based on Islamic Shariah principles and acts and it is more regulated form of banking. According to Lateh, Ismail and Ariffin (2009), customers in Thailand are aware on the basic and main principal of IB such as forbiddance of interest in financial transaction. However, they are less aware on the IB product and services. Khattak and Rehman (2010) stated that major of customers are aware and familiar in typical and basic IB products like current account (CA) and time deposit account. In contrast, they are less familiar and aware on the particular IB products like Murabaha and Ijara. Khan and Asghar (2012) found out that many conventional banking customers in Pakistan are switching to Islamic banking because of they have high and positive awareness level towards IB. According to Hamid and Nordin (2001), customers in Malaysia are having high awareness toward Islamic banking. However, they have less knowledge about the products provided by Islamic banking.

### **2.1.5 Product Quality**

Product quality is one of the crucial factor on affecting the acceptance or satisfaction of working adults in perceiving Islamic banking (IB). According to Churchill and Suprenaut (1982), they explained that customers analyse the quality of products based on the times, mental, physical effort and money along with the benefit from the product. Customers will be satisfied on the products if it achieved customer expectations. Product quality often related as the ability on delivering customers demand and expectations. Naser (1999) stated that the knowledgeable and educated customers have driven the banks to commit higher awareness on their products and services offered. Banks needs to contiguously developing products and service quality in order to fulfilling the customers demand for higher quality product and increased buying capacity.

Besides that, product quality in terms of performance, characteristic, reliability, matching, durability, service level, product appeal and received quality contributed significant influences on the working adults acceptance on IB. Parasurman (1990) stressed that product quality is the interaction between customers and service provider in which customers comparing his expectation with the product actual performance. Hence, quality also referred as achieving gap between customer expectation for the products quality and their realization of the product actual performance. Heazer and Render (2001) further stated that overall product characteristics reflect the products capacity on achieving explicit and implied needs. Ashioni (2005) addressed that quality is the continuous improvement on the product in order to reach customer needs and expectation with least cost. It have been proven by the previous researchers on the automobile industry in which Archer and Wesolowsky (1996) signal the importance of product and service quality on influencing the customers' intention and loyalty. According to Hanno and Christian (2009) , Tata Motors Company offers high quality automobiles to meet the customer needs in India in order to install value and satisfaction of customers on Tata Motors products. Garvin (1998) and Gronross (1983) found that the past research on the product quality mainly focused on pure product or pure service settings.

Hoffer (1994) stated on the importance of quality management in which to turn institution to be more flexible as focusing on directing the institution effort to earn the customers value and trust. Hence, it is an essential philosophy for Islamic banks to capture customers' attraction on their products by increasing the productivity of the organization as a result of enhancing employees' performance and the working process as a whole and motivating its employees that gives them the positive impact to get them to work in the organization. Quality management hence indirectly contributing to the higher product quality.

### **2.1.6 Services of the Quality**

According to Lewis and Mitchell (1990), they explained that service quality as the scope in which a services fulfil the clients' need. Hence, service quality can be classified into the difference between clients expectations of service and perceived service. Besides that, Wong and Sohal (2003) found that customers have a tendency to preserve and increase their devotion through service quality which has been identified with the accomplishment in service association including Islamic banks.

Next, according to Erol and El-Bdour (1989), they revealed that fast and efficient service is one of the significant criteria which considered by the customer when making a decision in bank selection. Fast and efficient service is regularly considered as high quality of service by customers who esteem time and anticipate that the transaction can be accomplished quickly. Customer that preferences toward Islamic banks and conventional banks always looking for the services quality offered by the banks. From the perspective of services, customer's satisfaction as forerunner of service quality (Bitner, 1990). His study also indicates that the relationship between service quality and customer adoption toward Islamic banking was significant. Due to the strong competition against commercial banks therefore Islamic banks require to serve their Muslim and non-Muslim customer by adding additional values in quality to manage the transactions of customer be handling and transfer quickly which lead to efficiency of Islamic banking.

According to Taylor (1997) indicated that the service of the quality in banking sector is vital in marketing principle and practice. Islamic banks have been expanded the nature of service quality clients' trust through the intermediation of client contentment. Mind staff and their willingness to help, precise information was the most vital issues in providing the quality of service by Islamic banks for clients contentment and expectation.

According to Al-Tamimi (2007); Owoso and Peter (2008), they found the services quality of the Islamic banking is refer from two viewpoints. An internal viewpoint is identified as the legal qualities while an external viewpoint which is identified as the compliance. Legal quality was characterized as the demonstration of ensuring that the Islamic bank is dedicated the law of the Shariah when providing banking service by the Shariah administrative board, or whoever speaks to it purpose is to ensure that the competition does not decline the legal quality of the Islamic banking service. This is finished by checking the dedication in Islamic banks to the standards and laws of Islamic Shariah in providing its product and service. External viewpoint identified as the legal compliance which is normally used to identify how legitimately dedicated Islamic banks are from the client's perspective.

## **2.2 Review of Relevant Theoretical Models**

### **Theory of Reasoned Action (TRA)**

TRA theory explained the relationship among belief, attitude, intentions, and behavior (Md. Taib, 2008). According to Vengkatesh, (2003) TRA is the fundamental theory used to explain human behaviour. TRA model shows how individual values and attitudes contribute in developing country. According to Ajzen and Fishbein, (1980), TRA explain a proportion of a large variance in intention. In order to identify believe which is the basis for attitude, respondents have been asked to list their interest. When customers have a strong believe on the

product and the services which provided by Islamic Banking, they will make a move to utilize the Islamic Banking services. In other hand, when the customers have belief in the action they take it will increase the confidence they have in banks. The customers will conduct their business with the bank only if they have enough confidence on the reputation and status of the bank. It is because they will feel secure when conducting transactions in the bank. This tends to increase the acceptance of Islamic banking. Other than that, behaviour of Islamic banking also contributed the acceptance of Islamic banking. This is because when the bank has offered good and fair services, it will attract customers to have a deal with the bank again. In nutshell, this theory explained that an individual belief, attitude and intention will have a high influence on the action they will take in future.

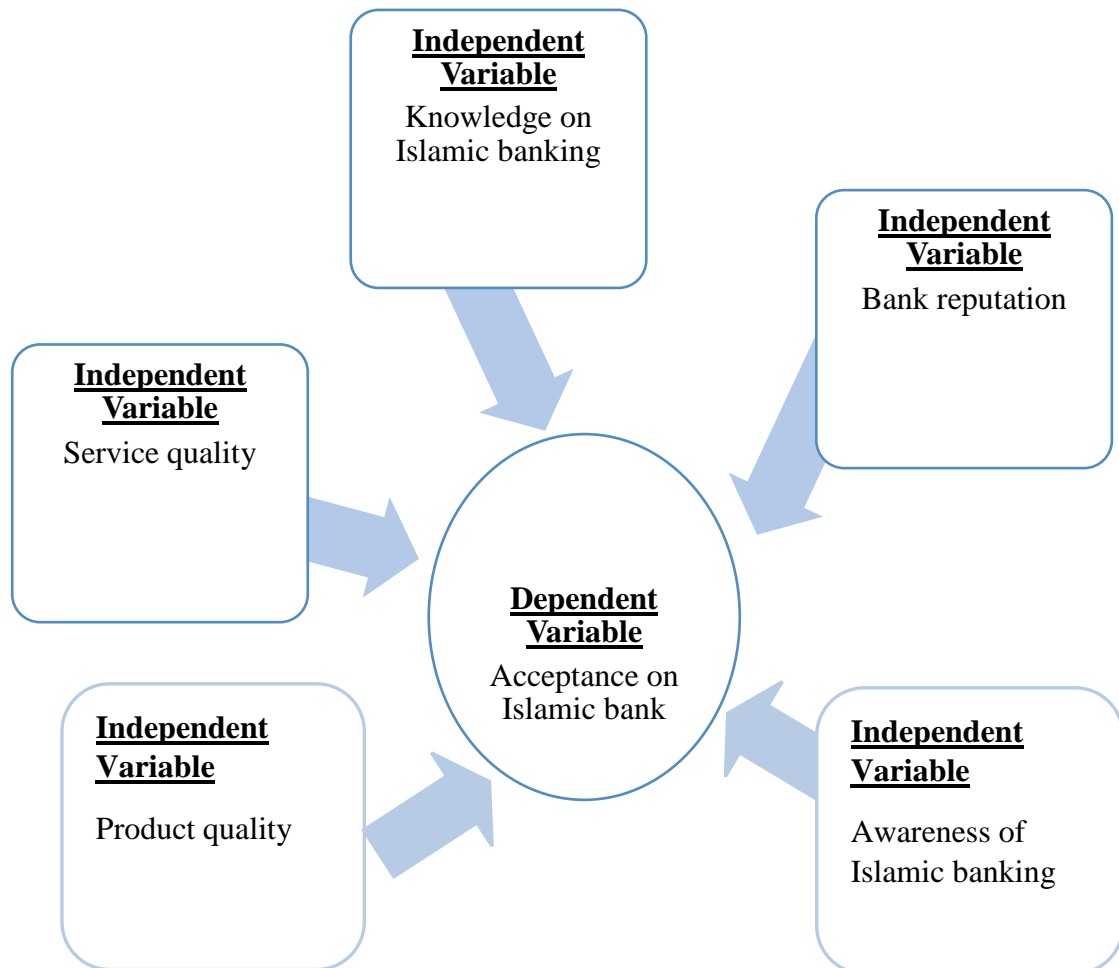
### **Hierarchy Effect Theory**

This theory explained that most of the customers are not fully aware of Islamic banking. This is because they do not really understand the function and operation of Islamic banking. In order to generate appropriate marketing strategies to take a larger share of the financial market a deep and clear understanding of consumer's awareness, understanding and perception is important. This is because awareness, understanding and perceptions are importance to customers so they can use the Islamic banking services without uncertainty. Moreover, when customers do not fully aware about Islamic banking they will not approach product which is offer by Islamic Banking.

So, in order to attract more customers to exercise Islamic banking products, it is important to find the main problem which hinders them to use Islamic banking products and services. According to Heuvel (2003), it is important to Islamic bank to assured that their customers are fully understand about their operating fundamental to avoid post-purchase problems.

## 2.3 Proposed Conceptual Framework

Figure 2.1: Theoretical Framework of Factors That Determine the acceptance on Islamic Bank.



The framework above stated that the dependent variable is the acceptance of Islamic banking while the six independent variables are product quality, service quality, awareness of Islamic banking, knowledge on Islamic Banking and bank reputation.

## **2.4 Hypothesis Development**

Hypotheses were developed to test the independent variables whether they are significant or not to the dependent variable. Those independent variables are bank reputation, service quality, and product quality, knowledge on Islamic Banking and awareness on Islamic bank. On the below, these variables are tested by the previous researches.

### **2.4.1 Bank Reputation Influenced The Acceptance on Islamic Banking among Working Adult of Malaysian**

H0: Bank reputation has an insignificant relationship with the acceptance on Islamic banking among working adult of Malaysian

H1: Bank reputation has a significant relationship with the acceptance on Islamic banking among working adult of Malaysian

According to Erol and El-Bdour (1989), the empirical results indicated that most vital factors that affect the customer patronage of the banks are the delivery of quick and productive administrations, public image of the bank, reputation and the privacy. Besides, for large proportion of the customers, religious factor is not the essential factor for customers to select the Islamic banks. According to Haque, Osman and Ismail (2009), bank's name and notoriety has brought significant impact on customer decision for choosing a particular bank.

### **2.4.2 Service of The Quality Influenced The Acceptance on Islamic Banking among Working Adult of Malaysian.**

**H0:** There is no significant relationship between service quality and acceptance on Islamic banking among working adult of Malaysian.

**H1:** There is significant relationship between service quality and acceptance on Islamic banking among working adult of Malaysian.

Service quality is vital to accomplishment of business in the delivery of services quality to its customers and Islamic banks are not exemption. The banking sector faced the strong competition due to the change in technological innovation. According to Wang (2003) stated that Islamic banks have recognized the significance of service quality in order to survive in banking sector against others competitors such as commercial banks to attract new customers and Islamic bank ought to progress client services standard to uphold the profitability of banks. Amin and Isa (2008) find out there is positive relationship between service quality and acceptance of Islamic banks among working adult of Malaysian altering through CARTER scales. Hence, it might travelling behaviours to keep their clients contented with the service quality that bank provide. Islamic bank also developed agendas to control their impact on largely clients' contentment. Lastly, Islamic banks concern on the extents of service quality to persist more competitive with their conventional counterparts.



### **2.4.3 Knowledge on Islamic Banking Influenced The Acceptance on Islamic Banking among Working Adult of Malaysian**

**H0:** There is no significant relationship between knowledge on Islamic banking and acceptance on Islamic banking among working adult of Malaysian.

**H1:** There is significant relationship between knowledge on Islamic banking and acceptance on Islamic banking among working adult of Malaysian.

According to Harun, Rashid and Hamed (2015), they stated that the knowledge on Islamic bank which employees gain has an adversely impact on the acceptance of Islamic banks toward customer who were non-Muslims and capable to make the Islamic banking system being competitive. Next, according to Haron (1994), found out that almost 75 out of 100 of non-Muslim were attentive on the presence of Islamic banks and most of them desired to have a relationship with Islamic banks if they had a better understanding of Islamic banking system thus knowledge on Islamic bank has influenced on the acceptance of Islamic bank.

### **2.4.4 Product Quality Influenced The Acceptance of Islamic Banking among Working Adult in Malaysia**

**H0:** Product quality has an insignificant relationship with the acceptance of Islamic banking among working adult in Malaysia.

**H1:** Product quality has a significant relationship with the acceptance of Islamic banking among working adult in Malaysia

Product quality is widely considered as the crucial component on stimulating the organization performance and success in the global marketplace. Islamic banks should produce higher quality of financial product in order to capture customers trust and acceptance. According to Aaker (1989) stated that product quality regarded as the most decisive competitive advantage for an organization to succeed. Besides that, various researchers such as Almansour (2012); Carter,

Lonial, and Raju (2010); Chin and Sofian (2011); Sousa and Voss (2002); Yusof and Aspinwall (2000) revealed that product quality contributing significant effect on achieving organizational goals. Hence, Kotler and Armstrong (1994) stressed that total quality is regarded as the crucial prototype for survival and profitability of an organization. Moreover, Garvin (1984) explained the product quality in terms of performance, characteristic, reliability, matching, durability, service level, product appeal and perceived quality as a framework for strategic analysis. Islamic banks essentially need to promote and maintain their financial product quality in order to capture attraction and acceptance from the working adult as well as to survive among the heavy competition in the banking industry.

#### **2.4.5 Awareness on Islamic Banking Influence The Acceptance on Islamic Banking among Working Adult of Malaysian**

H0: There is no significant relationship between awareness on Islamic banking and acceptance on Islamic banking among working adult of Malaysian.

H1: There is significant relationship between awareness on Islamic banking and acceptance on Islamic banking among working adult of Malaysian.

According to Buchari, Rafiki, and Al Qassab (2015), they stated that there are measurably significant differences in the awareness on Islamic bank when they are gathered by gender and education level, on opposite, the age and income both have no significant differences towards to the acceptance on Islamic banking among working adult of Malaysian.

## **2.5 Conclusion**

This chapter delivered detail explanation on all the independent variables and dependent variable as well as reviewed on some theoretical framework and hypotheses development which is supported by findings and journal from previous researchers. We further our research by serving all these information as guideline in order to discuss research of methodology in the next chapter.

## **Chapter 3: Methodology**

### **3.0 Introduction**

In this chapter, the discussion on this chapter is discuss about the methodology of research. Methodology is the most important part on our research. Throughout this methodology, it carries out the discussion on the collection of data to our research which are primary data. The research methodology include research design, sample frame, pilot test, data collection method, data analysis and measurement scale. There will be explained further in this chapter. Beside, 410 questionnaires are distributed to the public which are targeted to the Malaysian working adult and 400 questionnaires are collected back for this research.

### **3.1 Research Design**

#### **3.1.1 Descriptive Research**

The definition of research design is how the research investigation that took place. The research design include how the data are being collected, what is the method that apply in the research, how the method are used and used to describe and to test relationships between dependent variable and independent variables. According to Creswell (2002), he stated that the study uses quantitative methods are recognize movement or find explanations for the relationships among variables. Acceptance on Islamic banking and independent variables are adopted by both descriptive and inferential analysis. The instruments composed in ostensible and interim scale where the normal of individual three and five reactions are ascertained. Cronbach (1951) mentioned the Cronbach's alpha coefficient is used for the test to the internal consistency of the scales.

### **3.1.2 Quantitate Research**

Quantitate research is the strategies underline target estimations and the measurable, scientific, or numerical investigation of information gathered through surveys, polls, and studies, or by controlling prior factual information utilizing computational systems. Quantitative research concentrates on social event numerical information and summing it up crosswise over gatherings of individuals or to clarify a specific marvel. Quantitative research is adopted in our research as distribute survey questionnaire is given out to study about Acceptance on Islamic banking among Malaysian working adults. Basically, essentially, quantitative research is worried with numbers, insights, and the connections between occasions/numbers.

## **3.2 Data Collection Method**

Data Collection is the most important aspect for any type of research study. If there is inaccurate data collection that will bring a huge impact on the result of research, this will lead to invalid result or make the variables become insignificant. Data collection methods for effect assessment shift along a continuum. At the one end of this continuum are subjective strategies and at the flip side of the continuum are Qualitative techniques for data collection. In data collection method, there are two approaches that use to collect the data which are primary data and secondary data.

### **3.2.1 Primary Data**

Hox and Boeije (2005) said that primary data are data that are collected for the particular research issue close by, utilizing methods that fit the research problem best.

On each event that essential information is gathered, new information are added to the current store of social learning. Increasingly, these materials made by different

examines is made accessible for reuse by the general research group; it is then called secondary data.

A second established primary data collection strategy is the meeting review. In a study, a huge and agent test of an unequivocally characterized target population is interviewed. Distinctively, an extensive number of institutionalized inquiries are asked and the reactions are coded in institutionalized answer classes. A study is done when explores are occupied with gathering information on the perceptions, states of mind, emotions, encounters, or feelings of a populace. Data on subjective wonders can be gathered just by getting some information about these.

### **3.2.2 Secondary Data**

According to Hox and Boeije (2005) stated that most of the secondary data sets contain quantitative data; that is, data comprises of considered items whose attributes are coded in factors that have a scope of conceivable esteems. A subjective database comprises of records, audiocassette or videocassette tapes, or the transcripts of these tapes. Progressively, subjective examines share their information for optional examination.

In our research, the online journals that search from Universiti Tunku Abdul Rahman (UTAR) library service also one of the secondary data. In addition, the textbook and articles that we found in library also play an important role to obtain new information in our researches. Those textbook and articles that came for researches can serve as secondary data to our research.

### **3.3 Sampling Design**

#### **3.3.1 Target Population**

It is absolutely difficult that we can target the whole market in Malaysia, therefore we were agreeing target the population towards working adult in Malaysian from the four states of Malaysia which is Perak, Selangor, Kelantan and Johor. Working adult that we select and focuses as our target because they have capable and potential to influence Malaysian's banking industry in further future. Hence, they might have the knowledge about banks such as bank daily operation and transaction system.

#### **3.3.2 Sampling Frame and Sampling Location**

In this study, the sample sizes that we were targeted approximately 410 respondents and 410 questionnaires were assign to the working adults in Malaysian form the four states of Malaysia which is Perak, Selangor, Kelantan and Johor. We calculated that there are 400 questionnaires were collected back out of the 410 questionnaires that we have been assigned to working adult .The sampling frame of this analysis is concentrated on the working adult from Malaysia whereas the sampling location that we will concentrated in states of Malaysia that being mentioned above. There is a reason that we selected working adult as our target since we want acquired the more accurate result.

#### **3.3.3 Sampling Elements**

From this research, questionnaires were disseminated to the working adult of Malaysian for both Muslim and non-Muslim working adult with the age of 18 above, who are in the states of Perak, Selangor, Kelantan and Johor. Working adult of Muslim and non-Muslim in Malaysian was the sampling elements that we involve in our research and this will create a more consistent and precise result.

### **3.3.4 Sampling Technique**

Sampling techniques consist two types of sampling which is probability and non-probability sampling. Probability Sampling is well-known as a likelihood of being chosen while non-probability Sampling does not have referred to likelihood of being chosen as in comfort or deliberate reaction reviews. According to this research, probability sampling technique was being select and used because we want to figure out which sampling units fit with which sample and the likelihood that each sample will be chosen. Therefore, the simple random sampling has been used in this research and it is identified as the types of probability sampling technique and this resulting each of the working adults in the populace has an equivalent and known possibility of being chosen. Thus, the research will be more exact and correct.

### **3.3.5 Sampling Size**

The approximate number of working adult of Malaysian that we targeted from Perak, Selangor, Kelantan and Johor are around 410 whereas 410 questionnaires are distributed to the Muslim and non-Muslim working adult from the states as mentioned above. We collected back 400 set of questionnaires and found that the sample with Muslim and non-Muslim working most of them have impact toward Islamic banking.

## **3.4 Research Instrument**

The sample of questionnaire that we collected from journals which review the factors of Islamic Banking was selected by customers, is used as a reference to prepare questionnaire for our research. The questionnaire was send to our target respondent which is Malaysian working adults in digital form and printed form since this is the most convenient way and easiest way to collect data. Our questionnaire was divided into three main section, which is Section A, B and C. In section A, we have included questions which are based on the demographic



questions (age, gender, academic year, race and etc) about the respondents. However, in section B, we included the question related to our independent variables (performance on Islamic banking, bank reputation). In the section C, we would like to ask the understanding of respondents to the Islamic law (Knowledge on Islamic Banking, Shariah compliant). Statistical Package for Social Science (SPSS) was using for process the data. The questions have been found relative and stability after using the SPSS, an actual test will be implemented to examine the relationship between the dependent variable and independent variables. In order to make sure the question was reliable and to evaluate the feasibility the pilot test was done before the questionnaire distributed. In order to testing the relationship between the dependent variable (bank adoption) and independent variables 30 respondents who working in private and government sector had been selected randomly to answer the pilot questionnaires that we set. The respondents are required to express the opinion regarding each item in questionnaire. There are some useful suggestion was given by the respondents during the pilot test being carried out. Moreover some amendments were done for the questionnaire in order to make it more reliable and easily understand by respondents. Table 3.1 showed the result of the pilot test.

Table 3.1: Pilot test reliability test results

Variables	Cronbach's Alpha	Sum of items
Acceptance level	0.811	6
Awareness on Islamic banking	0.821	5
Bank reputation	0.858	5
Knowledge on Islamic banking	0.864	6
Product Quality	0.827	5
Service Quality	0.804	6

Source: Developed for the research

From Table 3.1, it is shown that the Cronbach's Alpha for dependent variable, acceptance level is (0.811). Moreover, for independent variables are, Awareness on Islamic banking (0,821), Bank reputation (0.858), Knowledge on Islamic banking (0.864), product quality (0.827) and Service quality (0.804).there are 6 items is being test under each dependent and independent variables. The reliable result has been obtained after few times the test was run.

### **3.5 Construct Measurement**

Scale is an instrument or procedure which is used in arranging, measuring, or quantifying events, phenomenon in any sequence. Nominal scale, interval scale and ordinal scale was using in our questionnaires in order to differentiate from one another in the variable of interest of study. We created our questionnaire based on five factors that have impact on the acceptance of Islamic banking among Malaysian working adults.

#### **3.5.1 Nominal Scale**

Nominal scale is the simplest type of scale or measurement which does not have any numerical properties such as gender, marital status occupation. In the nominal scale variable data are divided into categories (Steve, 2010).In section A and B, we have included questions based on nominal scale. There are seven questions in our Section A, which are the question about demographic factors which affect the acceptance of Islamic Banking. However in section B, we have included 10 questions which is based on Bank reputations and Performance on Islamic banking variables which affect the Acceptance of Islamic banking among customers. These numbers serve as sample and convenient category labels with no intrinsic value.

### **3.5.2 Interval Scale**

According to a study done by a Sekaran (2003), an interval scale allows the performance of certain arithmetical operations in the data collected from respondents and measures the distance between any two points on the scale. This would help this study to compute mean and standard deviations of responses on the variables. In Section C, we have included question based on interval scale. We have included six question in this section based on the Knowledge on Islamic Banking variable. The interval scale in this study is based on the Likert scale, which the respondents will specify their level of agreement or disagreement on a given statements. In our questionnaire, respondents are required to answer the questions by choosing Uncertainty (UN), Aware (AW), Neutral (NL), Good understanding (GU) , Well knowing (WK).

## **3.6 Data Processing**

We set up the questionnaire and a list of survey questions in which will be distributed randomly among the targeted group. Our questionnaires are designed in terms of three categories:

Section A: Demographic Information

Section B: Bank Reputation, Service quality and Product quality

Section C: Knowledge on IB & Awareness of Islamic Banking system

These categorized questionnaires are aimed to provide distinctive and in-depth information from the respondents so as to use in the data analysis in our research. In order to assure our questionnaires are plotted appropriately and correctly, we found and adopted some of the questionnaire from the previous researchers in which on the similar topic with our research. Next, we submitted our plotted questionnaire to the different lecturers and supervisors from the Business and Finance Faculty in UTAR so as to gain advice and guidance on our questionnaires. Amendments are made afterward on the questionnaires to assure

the survey questions are on the right track of our research title. We then proceed to the data processing phase.

### **3.6.1 Checking**

The questionnaires will be checked in order to avoid undesired errors such as grammar mistakes or inappropriate sentences used that possibly cause the misunderstanding and confusion among the respondents. This checking process is vital because the biased errors which have been ignored will influence the accuracy of the results. Moreover, simple sentences structure and words are being used in order to enhance the understanding of the respondent on the questionnaires. We will again proceed into the second checking phase right after the collection of questionnaires. It is aimed to ensure that there is no occurrence of error during the respondents filling the answers. The most frequent errors are which the respondents fill in several options when the questions only require one or the questions are left out without answers. There must be error identification so as to avoid the data to be affected.

### **3.6.2 Editing**

Collected data will be edited after the checking process. Editing process are also considered as data correction in which to assure all the data that found irrelevant, inconsistent, biased and outlying errors will be fixed. Data analysis will be easier to conduct as the data accuracy and precision are enhanced through the editing process.

### **3.6.3 Coding**

Once the questionnaires are free from error, coding process will be implemented. There will be numerical scores or code assigned accordingly on the collected data at the coding process. These numbers allow researchers to manage the data in a more efficient manner. The numeric data provide more information in which

indicate the respondents feeling and their perception level. Researchers then will go through the statistical testing in order to shows the relationship between dependent and independent variables. The numerical scores are assigned differently in Section B & Section C.

Numerical scores in Section B designed as below

Strongly Disagree (SD)	- 1 point
Disagree (D)	- 2 points
Neutral (N)	- 3 points
Agree (A)	- 4 points
Strongly Agree (SA)	- 5 points

Numerical scores in Section C designed as below

Uncertain (UN)	- 1 point
Little Knowledge (LN)	- 2 points
Neutrals (NL)	- 3 points
Good Understanding (GU)	- 4 points
Well Knowing (WK)	- 5 points

### **3.7 Data Analysis**

After the procedure of data collection, Statistical Package for Social Sciences (SPSS) version 22 is used to make an analysis for the data that was collected. SPSS is software program which as a tool to analyse the data through descriptive analysis, inferential analysis and scale measurement.

### **3.7.1 Descriptive Analysis**

Descriptive analysis is utilized to portray the basic features and characteristics of the data collected in the study research. It aimed to describe or measure the data in table, summary chart, histogram or scatter plot. In other words, it portrays the sample data in a manageable form. Data obtained from the section A of our questionnaires is analysed through descriptive analysis. Section A of our questionnaires described the demographic factors of the respondents.

### **3.7.2 Scale Measurement**

#### **3.7.2.1 Normality Test**

Distribution referred to the shape and pattern of value acquired after the huge sample size of data is being calculated (Altman & Bland, 1995). According to Ghasemi and Zaheldiasl (2012), numerous statistical tests were built and based on the assumption in which the data obeys a normal distribution, often being called as Gaussian distribution. Thus, it is crucial that the sample taken from the population are normally distributed. In order to examine whether the sample data set is normally distributed, the Normality test is being used. Coakes (2010) stated that skewness and kurtosis attribute to the pattern and outline of distribution. Kim (2013) explain further when the skewness and excess kurtosis are closer to zero, it will be better accurate and precise normal distribution, so called perfectly normal distribution. When value of skewness and kurtosis are positive, it indicates the positively skewed distribution and more peaked than normal distribution. Distribution is negatively skewed and flatter when the skewness and kurtosis value are negative.

#### **3.7.2.2 Reliability Test**

According to Tavakol and Dennick (2011), reliability is one of the important components when it comes to assessment of a measurement tool. Hence, it is

extremely crucial for the questionnaires which conducted in a research to be reliable and thus improve the precision of an assessment. In order to evaluate the reliability of measurement tool, most common method used is measure the coefficient alpha, also known as Cronbach's alpha. Scales of coefficient alpha normally range in between of 0 and 1 (Webb, Shavelson & Haertel, 2006).

In our research project, we had set up questionnaires and divided into three sections. All the questions are needed to test the reliability in order to confirm the reliability of dependent and independent variables and precision of results. When Cronbach's alpha value is nearer to 0, it shows poorer internal consistency reliability among variables. In contrast, when the Cronbach's alpha value is nearer to 1, it shows stronger and higher internal consistency reliability.

Rules of thumb about Cronbach's Alpha Coefficient Size are explained by Hair Jr et al. (2011). Excellent association when alpha coefficient value is more than 0.9. When alpha coefficient value fall in between 0.8 to 0.89, it showed very good association. Furthermore, good association obtained when the alpha coefficient value is in between 0.7 to 0.79. It indicated moderate association when alpha coefficient value falls in between 0.6 to 0.69. Lastly, if the alpha coefficient value is less than 0.6, it is poor association. Rules of thumb about Cronbach's alpha are shown in the table 3.2.

Table 3.2: Rules of Thumb about Cronbach's Alpha Coefficient Size

Alpha Coefficient Range	Strength of Association
More than 0.9	Excellent
0.8 to less than 0.9	Very Good
0.7 to less than 0.8	Good
0.6 to less than 0.7	Moderate
Less than 0.6	Poor

Adapted from: Hair, J.F. Jr., Babin, B., Money, A. H., & Samouel, P. (2003). *Essential of Business research methods*. New Jersey: John Wiley & Sons.

### 3.7.3 Inferential Analysis

With the name itself, inferential analysis is used to analyse the inference or conclude the outcomes acquired from the samples about the population. Hypothesis and conclusion are able to be tested from the population based on the sample. In this analysis, Pearson Correlation Coefficient, Multiple Linear Regression Analysis, ANOVA test, One-way ANOVA test and Independent t test are used.

#### 3.7.3.1 Pearson Correlation Coefficient

Pearson Correlation Coefficient is a mathematical metric and is being applied to evaluate the strength of linear association between dependent and independent variables. Pearson Correlation Coefficient meant by  $r$  is always range between -1 to 1. According to Mukaka (2012), there is without linear relationship occurs between the variables when the correlation coefficient,  $r = 0$ . When the correlation coefficient is -1 or +1, it showed there is perfect linear relationship occurs between dependent and independent variable, either it is perfect positive linear relationship or perfect negative linear relationship. In addition, when the linear relationships between the variables are strong, correlation coefficient will get nearer to  $\pm 1$ . In our research study, we have used the Pearson Correlation Coefficient to analysis the linear relationship between independent variables and dependent variable (adoption of IB among Malaysian working adults)

Strength of linear relationship between the variables respectively to the coefficient range is explained by Coefficient Range Table provided by Hair Jr et al. (2011) in below. According to Hair Jr et al. (2011), there is perfect positive linear relationship between variables if the correlation coefficient value is +1. In contrast, there is perfect negative linear relationship between variables if the correlation coefficient value is -1.



Table 3.3: Coefficient Range

Coefficient range	Strength
$\pm 0.910$ to $\pm 1.000$	Very strong
$\pm 0.710$ to $\pm 0.900$	High
$\pm 0.410$ to $\pm 0.700$	Moderate
$\pm 0.210$ to $\pm 0.400$	Small but definite relationship
$\pm 0.000$ to $\pm 0.200$	Slight, almost negligible

Adapted from: Hair Jr, J.F., Celsi, M.W., M., Money, A.H., Samouel, P., & Page, M.J. (2011). *Essential of Business Research*. M.E. Sharpe Publishers.

### 3.7.3.2 Multiple Linear Regression Analysis

In Multiple Linear Regression Analysis, R square value plays an important role as it indicated the total proportion of variation in dependent variable (Y) that able to be explained by the total proportion of variation in independent variables (X). In other words, multiple linear regression analysis can be used to predict the dependent variable (Y) by using 2 or more independent variable (X). This analysis assumes that linear relationship exists between dependent and independent variables. In our study, the dependent variable (adoption of IB among Malaysian working adults) and independent variables ( ) are tested by multiple linear regression analysis and came out with an R square value. Besides, through this analysis, we also able to identify which independent variable significantly affect the dependent variable most. The nearer the R square value to 1, the better the regression line fits the data.

Moreover, F-ratio in the Analysis of Variance (ANOVA), will show if the regression equation are significant. On the other hand, the t-ratio will examine if there is linear relationship among the dependent and independent variables. We have made an assumption in which the alpha or significance level is 0.05. If both the F-ratio and t-ratio tested are below the significance level (0.05), they are

significant. Furthermore, mean differences for the dependent and independent variables are tested through the One-way ANOVA test and independent t test.

### **3.8 Conclusion**

In conclusion for this chapter, a sample of 400 of respondents is targeted to response to this research. In this research questions we have used descriptive and quantitative designs are used to design the questions. In order to conduct this research we have used primary data. Other than that, we used self-administered questionnaire as a medium for data collection as it can reach out large number of potential respondents in variety locations

However, before distributing the questionnaires to our target respondents, we used 30 sets of questionnaires for pilot test to test its dependability and validity but using SPSS Version 20. Likert scale is being used to form measurement, nominal and ordinal. Data processing such as data checking, data editing, data cleaning, data transcribing and data analysis strategy also included in this chapter.

Once the data are collected the SPSS Version 20 will be used to explicate the data. By using SPSS Version 20, it is able to defend against risk and mounting and mounting threats and also describe and summarise the information about the test items. Pearson correlation coefficient analysis, diagnostic checking and multiple regression analysis will be conducted as well.

## **CHAPTER 4: DATA ANALYSIS**

### **4.0 INTRODUCTION**

In this chapter, the objective is to interpret the data collected back from 400 questionnaires that we have distributed. The questionnaires are distributed to working adult form the different states which located in Selangor, Perak, Kelantan and Johor. The data acquired is analysed and processes by using Statistical Package Social Science (SPSS) Version 23.

In this chapter, the descriptive analysis will be evaluated through tables and pie chart in order to denote the particulars of the respondents, which include gender, age, religious, profession/occupation, education level and monthly income. Next, followed by Internal Reliability Test, Pearson Correlation Analysis, Diagnostic testing, Multiple Linear Regression (MLR) and hypothesis testing.

### **4.1 Descriptive Analysis**

Descriptive analysis in this research involves gender, age, religious, profession/occupation, education level and monthly income. Out of 400 respondents and their demographic profile is shown below:

## 4.1.1 Respondent Demographic Profile

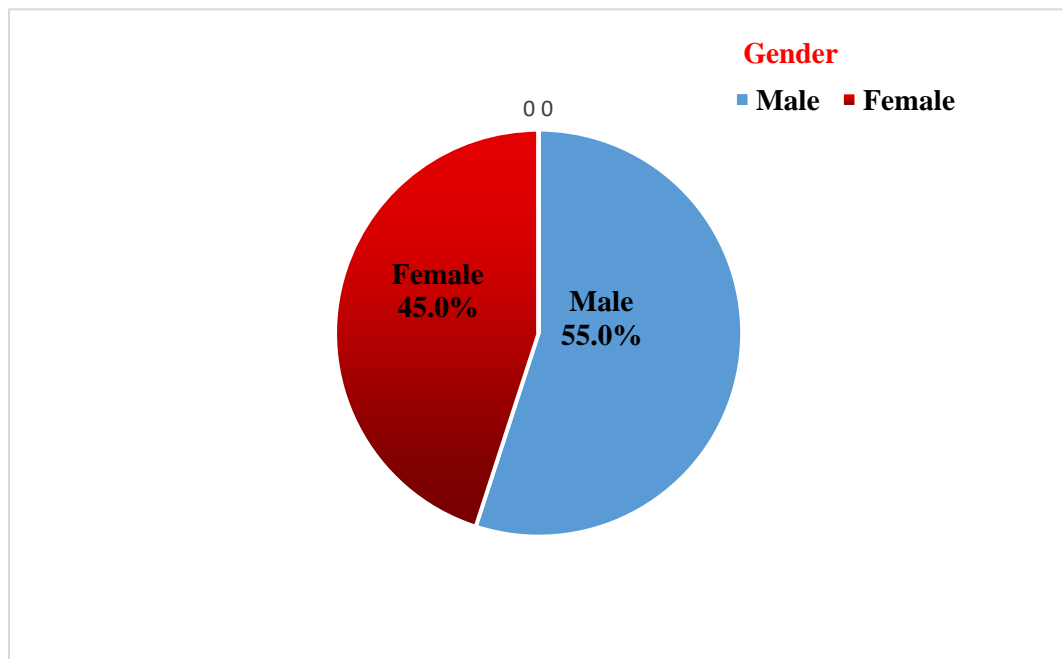
### 4.1.1.1 Gender

Table 4.1: Statistic of Respondents' Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	220	55.0	55.0	55.0
Female	180	45.0	45.0	100.0
Total	400	100.0	100.0	

Source: Developed from research

Figure 4.1 :Statistic of Respondents' Gender



Source: Developed from research

Table 4.1 and figure 4.1 are recorded based on the respondent's genders. Both show the frequency and percentage of genders of this research respectively. There are 220 male and 180 female responded to 400 set of questionnaire. It also mean

that 55.0% of male and 45.0% of female respondent who answering our questionnaire.

**4.1.1.2 Age**

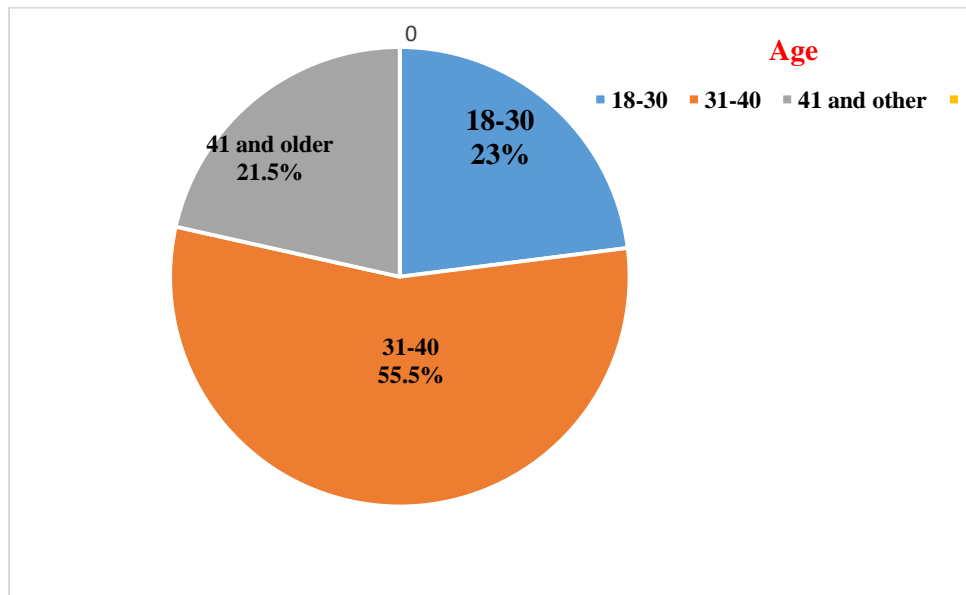
Table 4.2 Statistic of Respondents' Age

**What are your age?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30	92	23.0	23.0	23.0
	31-40	222	55.5	55.5	78.5
	>40	86	21.5	21.5	100.0
	Total	400	100.0	100.0	

Source: Developed from research

Figure 4.2 Statistic of Respondents' Age



Source: Developed from research

Table 4.2 and figure 4.2 are recorded based on the respondent's age. Both show the frequency and percentage of age of this research respectively. The respondents' ages had divided into three ranges. Firstly, 92 of the respondents are in the age range from 18 to 30 years old which share the 23% of the total percentage. Beside, 220 respondents (55.5%) are in the age between 31 to 40 years old. Lastly, 86 (21.5%) respondents are older than 40 years old out of the total respondents.

**4.1.1.3 Religion**

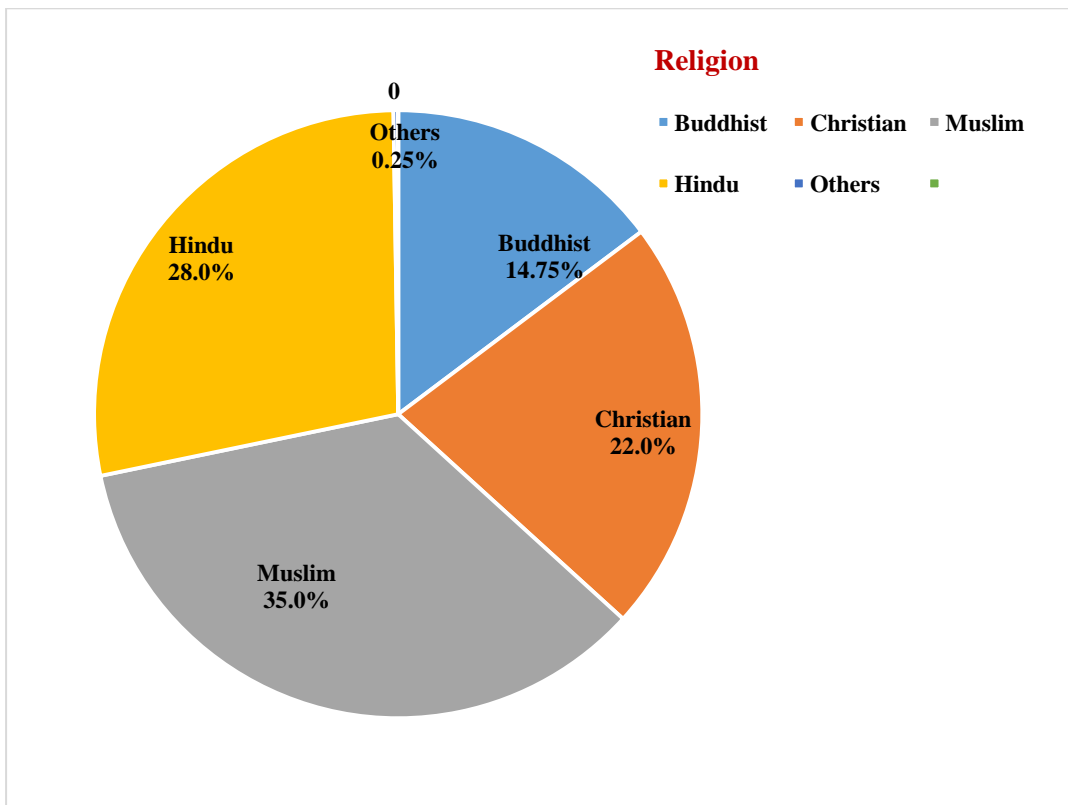
**Table 4.3 Statistic of Respondents' Religious**

**What is your religious?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Buddhist	59	14.75	14.75	14.8
Christian	88	22.0	22.0	36.8
Islam	140	35.0	35.0	71.8
Hindu	112	28.0	28.0	99.8
Others	1	.25	.25	100.0
Total	400	100.0	100.0	

Source: Developed from research

**Figure 4.3 Statistic of Respondent' Religion**



Source: Developed from research

The questionnaires have been distributed to 400 respondents with different religion which are Buddhist, Christian, Muslim, Hindu and others. Table 4.3 and figure 4.3 show the 140 respondents (35%) are Muslim which the major respondents of the questionnaire are. Furthermore, 112 Hindu respondents (28%) and 88 Christian respondents (22%) responded to the 400 sets questionnaires. Followed by the 59 Buddhist respondents which are 14.75% of total respondents. The remaining 1% of the respondent without any religion.

## 4.1.1.4 Profession/Occupation

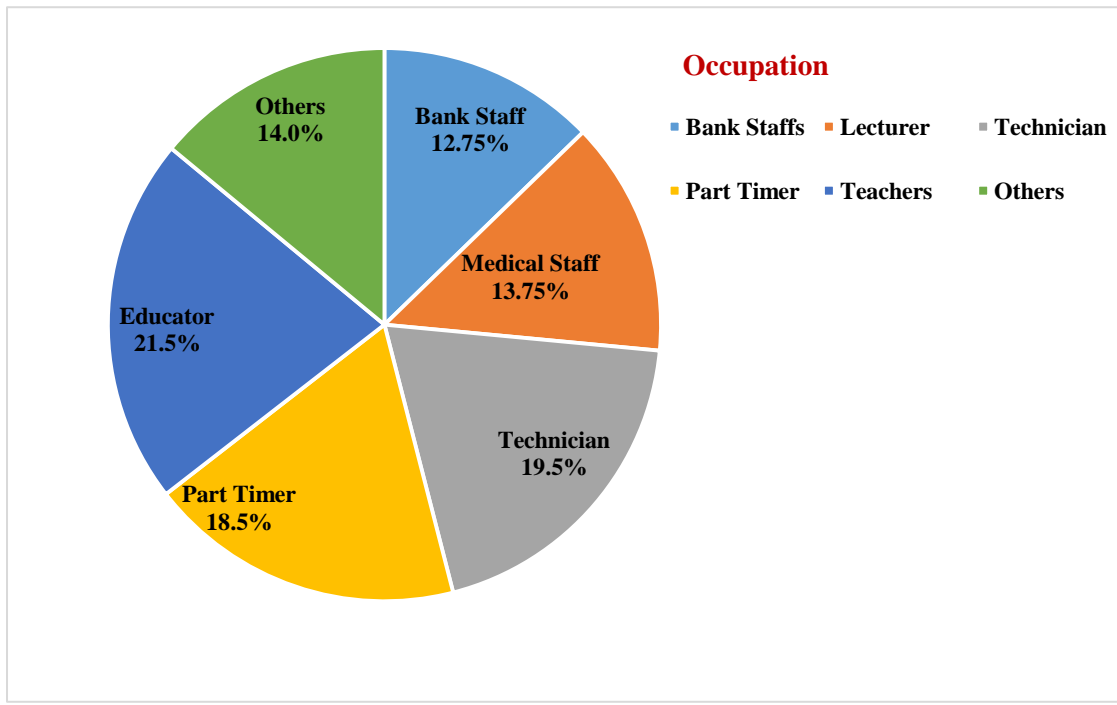
**Table 4.4 Statistic of Respondents' Profession/Occupation****What are your profession /occupation?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Bank Staff	51	12.8	12.8	12.8
Medical Staff	55	13.8	13.8	26.5
Technician	78	19.5	19.5	46.0
Part timer	74	18.5	18.5	64.5
Educator	86	21.5	21.5	86.0
Others	56	14.0	14.0	100.0
Total	400	100.0	100.0	

Source: Developed from research



**Figure 4.4 Statistic of Respondents' Profession/Occupation**



Source: Developed from research

Table 4.4 and figure 4.4 show the 400 respondents' profession or occupation. The statistics above show that questionnaire have been majorly distributed to the teachers. There are 86 educator (21.5%) from different schools and University had responded to the questionnaires. 86 respondents represent 21.5% of the total 400 respondents. Moreover, 78 technician (19.5%) and 74 part timer (18.5%) are the respondents of these questionnaires. Followed by the 55 medical staffs and 51 bank staffs which represent 13.8% and 12.8% respectively of the total respondents. The remaining 14.0% of the respondents worked as hair stylist, security guard and cleaner.

4.1.1.5 Current Education Level

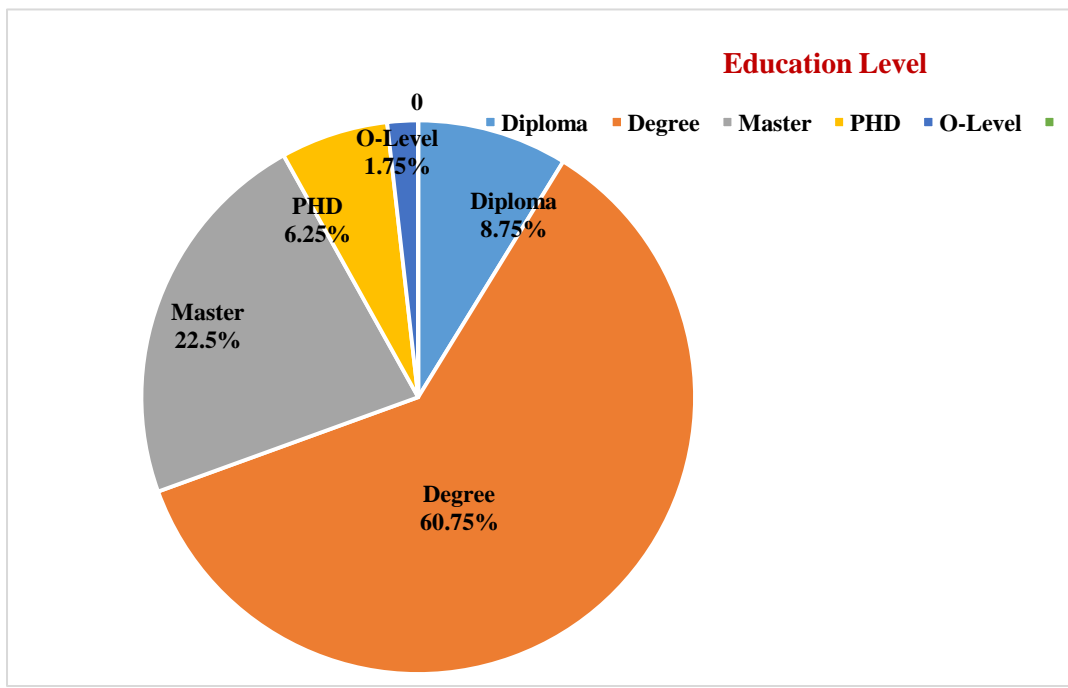
**Table 4.5 Statistic of Respondents' Current Education Level**

What is your current education level?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Diploma	35	8.8	8.8	8.8
Degree	243	60.8	60.8	69.5
Master	90	22.5	22.5	92.0
PHD	25	6.3	6.3	98.3
O-Level	7	1.8	1.8	100.0
Total	400	100.0	100.0	

Source: Developed from research

**Figure 4.5 Statistic of Respondents' Current Education Level**



Source: Developed from research

Table 4.5 and figure 4.5 show the 400 respondents' current education level. The statistics above show that majority of respondents are degree holder. There are 243 respondents (60.8%) are holding degree. 35 respondents represent 8.8% of diploma holders from the total 400 respondents. Besides that, 90 respondents (22.5%) are entitled master and 25 respondents (6.3%) are holding PHD. The remaining questionnaire are completed by 7 respondents (1.8%) whose are O-Level working adults.

#### 4.1.1.6 Monthly Income

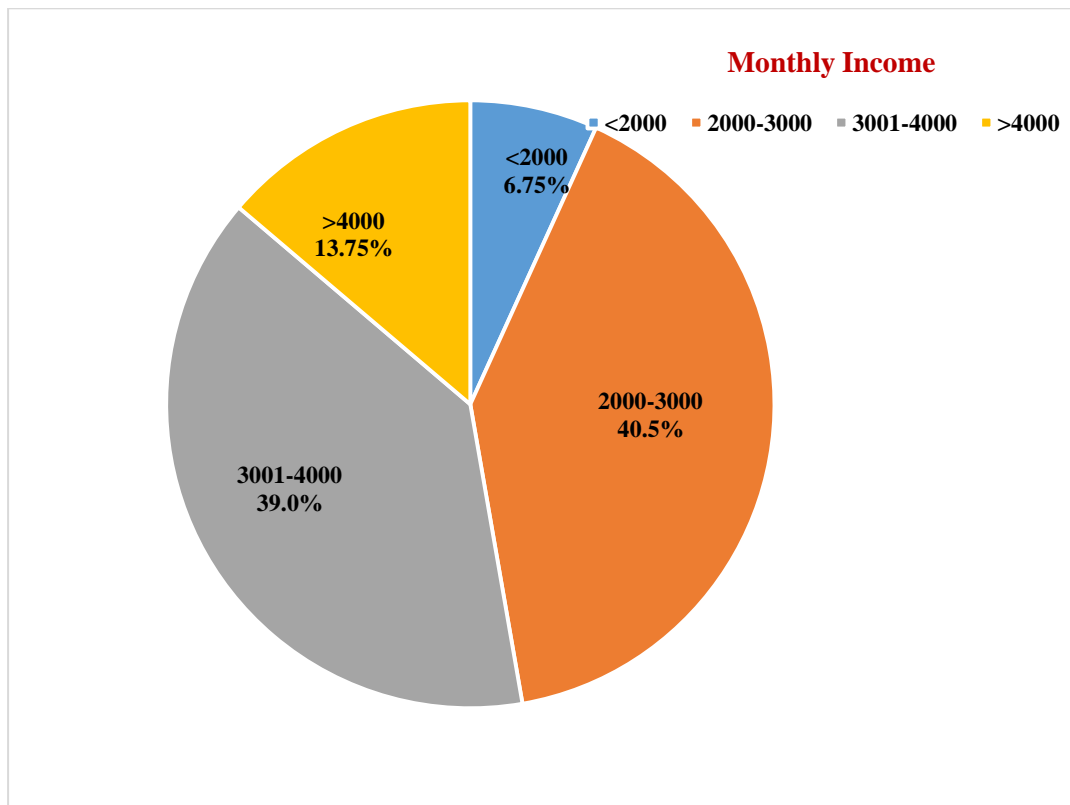
**Table 4.6 Statistic of Respondents' Monthly Income**

**How much is your monthly income?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid <RM2000	27	6.8	6.8	6.8
RM2000- RM3000	162	40.5	40.5	47.3
RM3001- RM4000	156	39.0	39.0	86.3
>RM4000	55	13.8	13.8	100.0
Total	400	100.0	100.0	

Source: Developed from research

**Figure 4.6 of Respondents' Monthly Income**



Source: Developed from research

Table 4.6 and figure 4.6 show the 400 respondents' monthly income. The statistics above show that there is 243 respondents' (40.5%) monthly income range from RM2000-3000. 27 respondents represent 6.8% of the total month income which are less than RM2000. Besides that, 156 respondents (39.0%) received an income from RM3000 to RM4000. The remaining questionnaires are completed by 55 respondents (13.8%) whose incomes are more than RM4000.

## **4.2 Scale Measurement**

### **4.2.1 Normality Test**

The research done by (Kolo, 2008) says that normality test is the test which used to determine whether the sample data is normally distributed. In this test, we calculated the skewness and kurtosis of each variable. Skewness is used to measure the symmetry of each variables while kurtosis is a measure of peaked or flatness of a distribution. A normal distribution has skewness and excess kurtosis of 0. Excess kurtosis is simply kurtosis-3. If skewness and excess kurtosis are close to zero, the distribution is approximately symmetric. Table 4.7 display the result for normality test which consists of skewness and kurtosis statistics, standard error, and z-value of each variable.

Table 4.7: Skewness and Kurtosis for Normality Test

Variables	Skewness			Kurtosis		
	Statistics	Std. Error	z-value	Statistics	Std. Error	z-value
Acceptance Level	-0.166	0.122	-1.3607	-0.252	0.243	-1.0370
Awareness on Islamic banking	-0.166	0.122	-1.3607	-0.252	0.243	-1.0370
Bank reputation	0.161	0.122	1.3197	0.230	0.243	0.9465
Knowledge on Islamic banking	-0.156	0.122	-1.2787	-0.337	0.243	-1.3868
Product Quality	-0.167	0.122	-1.3688	-0.261	0.243	-1.0741
Service Quality	-0.156	0.122	-1.2787	-0.344	0.243	-1.4156

Source: Developed for the research

Remark: Kurtosis can be reported in two ways: kurtosis or excess

Excess kurtosis = kurtosis – 3.

Table 4.7 shows the result of the dependent variable which is acceptance level, and independent variables which are awareness on Islamic banking, bank reputation, knowledge on Islamic banking, product quality and service quality approximately normally distributed. Moreover, the table shows that Skewness for acceptance level is -0.166 and kurtosis is -0.252. While the skewness for the independent variables are, awareness on Islamic banking, Knowledge on Islamic banking, Product Quality and Service Quality is -0.166 , -0.156, -0.167 and -0.156

respectively. While the kurtosis for this variables are -0.252, -0.337, -0.261, -0.344 respectively. It shows that, indicates that the distribution is approximately symmetric but with flatter peaked and lighter tailed than a normal distribution. However, the skewness for the bank reputation is 0.161 and the kurtosis is 0.230. It indicates that distribution of sample data is approximately symmetric but with sharper peaked and heavier tailed than a normal distribution. The value of skewness and kurtosis divided by its standard error to obtain Z-value. If Z-value falls between -1.960 and +1.960, the sample data would be approximately normally distributed.

$$\text{Formula: } Z\text{-value} = \frac{\text{Skewness/Kurtosis Statistic}}{\text{Skewness/Kurtosis Std.Error}}$$

The Z-value obtained from skewness statistic divided by its standard error for acceptance level, awareness on Islamic banking, knowledge on Islamic banking, Bank reputation, product quality and service quality are -1.3607, -1.3607, 1.3197, -1.2787, 1.3688, and -1.2787 respectively. Moreover, the Z-value for kurtosis which obtained by using same method which is kurtosis statistic divided by its standard error -1.0370, -1.0370, 0.9465, -1.3868, -1.0741 and -1.4156. Based on the obtain Z- value it shows that sample data for acceptance level, awareness on Islamic banking, knowledge on Islamic banking, Bank reputation, product quality and service quality are approximately symmetric since its fall in between -1.960 and +1.960.

#### 4.2.2 Reliability Test

According to Tavakol and Dennick (2011), reliability is one of the important components when it comes to assessment of a measurement tool. Hence, it is extremely crucial for the questionnaires which conducted in a research to be reliable and thus improve the precision of an assessment.

Cronbach's Alpha rule is used in reliability analysis which is used to evaluate the degree of precision of research study. Cronbach's rule state that scales with coefficient alpha which are 0.90 or larger than 0.90, indicating an excellent

reliability, between 0.8 and 0.89 show a very good reliability, 0.70 to 0.79 is good reliability, 0.60 to 0.69 is fair reliability, while coefficient alpha which lower than 0.60 is poor reliability.

**4.2.2.1 Bank Acceptance – (Dependent Variable)**

Table 4.8 Reliability Statics- Bank Acceptance

Cronbach's Alpha	N of Items
0.924	5

Source: Developed for the research

Based on the table 4.8 which is shown above, the Cronbach’s Alpha for the Bank acceptance is 0.924. It is shown that 92.4% of the question which is used in this research in order to measure the dependent variables are reliable. Since, the Cronbach’s Alpha value which is 0.924 more than the coefficient alpha of 0.90, its shown that the six independent variables which is used to explained the dependent variable has an excellent reliability.

**4.2.2.2 Awareness on Islamic Banking Systems**

Table 4.9: Reliability Statistics – Awareness on Islamic Banking Systems

Cronbach's Alpha	N of Items
0.941	5

Source: Developed for the research

Based on the table 4.9, the Cronbach’s Alpha of the first independent variable, Awareness on Islamic banking is 0.941. It is shown that 94.1% of the questions which are used in this research for test the independent variable are reliable and



since it is larger than the coefficient  $\alpha$  of 0.90, it can be classified into an excellent reliability.

#### 4.2.2.3 Bank Reputation

Table 4.10: Reliability Statistics - Bank Reputation

Cronbach's Alpha	N of Items
0.870	5

Source: Developed for the research

Based on the table 4.10, the Cronbach's Alpha value for the second independent variable, Bank reputation is 0.870. It is shown that 87% of the question which is used in this research to test the bank reputation are reliable and since it is falling between 0.8 and 0.89 it can be classified into very good reliability.

#### 4.2.2.4 Product Quality

Table 4.11: Reliability Statistics – Product Quality

Cronbach's Alpha	N of Items
0.948	5

Source: Developed for the research

Based on the table 4.11, the Cronbach's Alpha value for the third independent variable, product Quality is 0.948. It is shown that 94.8% of the question which is used in this research to test the product quality are reliable and since it is larger than coefficient  $\alpha$  of 0.90, it can be classified into an excellent reliability.

#### 4.2.2.5 Knowledge on Islamic Banking

Table 4.12: Reliability Statistics - Knowledge on Islamic Banking

Cronbach's Alpha	N of Items
0.948	6

Source: Developed for the research

Based on the table 4.12, the Cronbach's Alpha value for the fourth independent variable, Knowledge on Islamic Banking is 0.948. It is shown that 94.8% of the question which is used in this research to test the Knowledge on Islamic Banking are reliable and since it is larger than the coefficient alpha of 0.90, it can be classified into an excellent reliability.

#### 4.2.2.6 Service Quality

Table 4.13: Reliability Statistics - Service Quality

Cronbach's Alpha	N of Items
0.896	6

Source: Developed for the research

Based on the table 4.13, the Cronbach's Alpha value for the fifth independent variable, Service quality is 0.896. It is shown that 89.6% of the question which is used in this research to test the service quality are reliable and since it is falling between 0.8 to 0.89, it can be classified into very good reliability.

## 4.3 Inferential Analyses

### 4.3.1 Pearson's Correlation Analyses

Table 4.14: Pearson's Correlation Analyses

		acceptancelevel	Awareness	bankreputation	knowledge	ServiceQuality	ProductQuality
acceptancelevel	Pearson Correlation	1	.621**	.131**	.827**	.219**	.621**
	Sig. (2-tailed)		.000	.009	.000	.000	.000
	N	400	400	400	400	400	400
Awareness	Pearson Correlation	.621**	1	.035	.503**	.113	.568**
	Sig. (2-tailed)	.000		.491	.000	.024	.000
	N	400	400	400	400	400	400
bankreputation	Pearson Correlation	.131**	.035	1	.075	.034	.035
	Sig. (2-tailed)	.009	.491		.136	.495	.486
	N	400	400	400	400	400	400
knowledge	Pearson Correlation	.827**	.503**	.075	1	.167**	.458**
	Sig. (2-tailed)	.000	.000	.136		.001	.000
	N	400	400	400	400	400	400
ServiceQuality	Pearson Correlation	.219**	.113	.034	.167**	1	.108
	Sig. (2-tailed)	.000	.024	.495	.001		.030
	N	400	400	400	400	400	400
ProductQuality	Pearson Correlation	.621**	.568**	.035	.458**	.108	1
	Sig. (2-tailed)	.000	.000	.486	.000	.030	
	N	400	400	400	400	400	400

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

\* Correlation is significant at the 0.05 level (2-tailed).

Source: Developed for the research

**4.3.1.1 Correlation between Awareness and Acceptance Level of Islamic Banking among Malaysian Working Adult**

Table 4.15: Correlation between Awareness and Acceptance Level

	Acceptance Level	Awareness
Acceptance Level Pearson Correlation	1	.621*
Sig.(2-tailed)	40	.000
N	0	400
Awareness Pearson Correlation	.621**	1
Sig.(2-tailed)	.000	40
N	400	0

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

Source: Developed for the research

Based on Table 4.15, show the result of correlation between awareness and acceptance level of Islamic banking among Malaysian working adult. Thus, there is a significant relationship between awareness and acceptance level of Islamic banking (p-value =0.000 < 0.01 significant level).Based on the result that show above, indicated that there is a positive relationship between awareness and acceptance level due to the positive value of correlation coefficient. The awareness which is independent variable has a 0.621 correlation with the acceptance level. The correlation coefficient 0.621 is the value which fall under the alpha coefficient range from +0.41 to +0.70. Hence, the strength of association between awareness and acceptance level is moderately positive.

### 4.3.1.2 Correlation between Bank Reputation and Acceptance Level of Islamic Banking among Malaysian Working Adult

Table 4.16: Correlation between Bank Reputation and Acceptance Level

	Acceptance Level	Bank Reputation
Acceptance Level Pearson Correlation	1	.131**
Sig.(2-tailed)		.009
N	400	400
Bank Reputation Pearson Correlation	.131**	1
Sig.(2-tailed)	.009	
N	400	400

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

Source: Developed for the research

Based on Table 4.16, show the result of correlation between bank reputation and acceptance level of Islamic banking among Malaysian working adult. Thus, there is a significant relationship between bank reputation and acceptance level of Islamic banking ( $p\text{-value} = 0.009 < 0.01$  significant level). Based on the result that show above, indicated that there is a positive relationship between bank reputation and acceptance level due to the positive value of correlation coefficient. The bank reputation is independent variable in which has a 0.131 correlation with the acceptance level.

The value of correlation coefficient 0.131 is fall under the alpha coefficient range which is between the range of 0-0.20. Hence, the strength of association between bank reputation and acceptance level is slight and almost negligible.

### 4.3.1.3 Correlation between Knowledge and Acceptance Level of Islamic Banking among Malaysian Working Adult

Table 4.17: Correlation between Knowledge and Acceptance Level

	Acceptance Level	Knowledge
Acceptance Level Pearson Correlation	1	.827**
Sig.(2-tailed)		.000
N	400	400
Knowledge Pearson Correlation	.827**	1
Sig.(2-tailed)	.000	
N	400	400

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

Source: Developed for the research

Based on Table 4.17, show the result of correlation between knowledge and acceptance level of Islamic banking among Malaysian working adult. Therefore, there is a significant relationship between knowledge and acceptance level of Islamic banking ( $p\text{-value} = 0.000 < 0.01$  significant level). Based on the result that show above, indicated that there is a positive relationship between knowledge and acceptance level since there is positive value of correlation coefficient. The knowledge which is independent variable has a 0.827 correlation with the acceptance level.

The correlation coefficient 0.827 is the value which falls under the alpha coefficient range from +0.71 to +0.90. Hence, the strength of association between knowledge and acceptance level is highly positive.

#### 4.3.1.4 Correlation between Service Quality and Acceptance Level of Islamic Banking among Malaysian Working Adult

Table 4.18: Correlation between Service Quality and Acceptance Level.

	Acceptance Level	Service quality
Acceptance Level Pearson Correlation	1	.219**
Sig.(2-tailed)		.000
N	400	400
Service Quality Pearson Correlation	.219**	1
Sig.(2-tailed)	.000	
N	400	400

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

Source: Developed for the research

Based on Table 4.18, show the result of correlation between service quality and acceptance level of Islamic banking among Malaysian working adult. Thus, there is a significant relationship between service quality and acceptance level of Islamic banking ( $p\text{-value} = 0.000 < 0.01$  significant level). Based on the result, it indicated that there is a positive relationship between service quality and acceptance level due to the positive value of correlation coefficient. The service quality is independent variable in which has a 0.219 correlation with the acceptance level. The value of correlation coefficient 0.219 is fall under the alpha coefficient range which is between 0.21-0.40. Hence, the strength of association between service quality and acceptance level is small but definite.

#### 4.3.1.5 Correlation between Product Quality and Acceptance Level of Islamic Banking Among Malaysian Working Adult.

Table 4.19: Correlation between Product Quality and Acceptance Level

	Acceptance Level	Product Quality
Acceptance Level Pearson Correlation	1	.621**
Sig.(2-tailed)		.000
N	400	400
Product Quality Pearson Correlation	.621**	1
Sig.(2-tailed)	.000	
N	400	400

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

Source: Developed for the research

Based on Table 4.19, show the result of correlation between product quality and acceptance level of Islamic banking among Malaysian working adult. Thus, there is a significant relationship between product quality and acceptance level of Islamic banking ( $p\text{-value} = 0.000 < 0.01$  significant level). Based on the result above, indicated that there is a positive relationship between product quality and acceptance level due to the positive value of correlation coefficient. The product quality which is independent variable has a 0.621 correlation with the acceptance level. The correlation coefficient 0.621 is the value which fall under the alpha coefficient range from +0.41 to +0.70. Hence, the strength of association between awareness and acceptance level is moderately positive.



### 4.3.2 Multiple Linear Regression Analysis

Multiple linear regression analysis is conducted in order to study the relationship between two or more independent variables and one dependent variable.

Significance of the relationship between the variables is tested through hypothesis testing. Besides that, we also interpret ANOVA test, t-test and the value of R-square together with adjusted R-square.

#### Hypothesis

H0: There is no significant relationship between the five independent variables (product quality, bank reputation, service quality, knowledge and awareness) in affecting the acceptance level of Islamic Banks among Malaysia working adults

H1: There is significant relationship between the five independent variables (product quality, bank reputation, service quality, knowledge and awareness) in affecting the acceptance level of Islamic Banks among Malaysia working adults.

#### **Model Summary**

Table 4.20 Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.886 <sup>a</sup>	.785	.782	.35476

a. Predictors: (Constant), Product Quality, Bank Reputation, Service Quality, Knowledge, Awareness

b. Dependent Variable: Acceptance Level

Source: Developed from research

The correlation coefficient relationship between the dependent variable and the independent variables is explained through the R value. According to the table above, R value (the value of correlation coefficient) of this analysis is 0.886 which is indicating a high and positive correlation between the dependent variable

(acceptance level of Islamic Banks) and independent variables (product quality, bank reputation, service quality, knowledge and awareness). R Square shows the percentage of independent variables that can be explained by the variations in independent variables. In our study, the value of R Square is 0.785 in which proving that there is 78.50% of the variation of dependent variable (acceptance level of Islamic Banks) can be explained by the independent variables (product quality, bank reputation, service quality, knowledge and awareness). However, there is 21.50% (100%-78.50%) of the acceptance level of Islamic Banks is not captured in this study. It means that we ignored others decisive variables that able in explaining the dependent variables in our study.

**ANOVA**

Table 4.21 ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	180.851	5	36.170	287.394	.000 <sup>b</sup>
	Residual	49.587	394	.126		
	Total	230.438	399			

a. Dependent Variable: Acceptance Level

b. Predictors: (Constant), Product Quality, Bank Reputation, Service Quality, Knowledge, Awareness

Source: Developed from research

Based on the table, p value is 0.000 is less than significant level, 0.005. Hence, F statistic is significant. The model for this study is great to describe the relationship between the dependent and independent variables. Therefore, the independent variables (product quality, bank reputation, service quality, knowledge and awareness) are significant to defining the variation of dependent variables (acceptance level of Islamic Banks). The alternate hypothesis is supported by the data.

**Coefficient****Table 4.22 Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.543	.143		-3.793	.000
	Awareness	.173	.031	.167	5.539	.000
	bankreputation	.072	.025	.069	2.925	.004
	knowledge	.615	.028	.620	22.056	.000
	ServiceQuality	.075	.026	.070	2.932	.004
	ProductQuality	.218	.028	.232	7.917	.000

a. Dependent Variable: acceptance level

b. Dependent Variable: Acceptance Level

Source: Developed from research

By referring table 4.22, the result can convert into equation written as below:

$$\hat{Y} \text{ (Acceptance level)} = -0.543 + 0.173(\text{Awareness}) + 0.072(\text{Bank Reputation}) + 0.615(\text{Knowledge}) + 0.075(\text{Service Quality}) + 0.218(\text{Product Quality})$$

The interpretation of the constant are meaningless. It only indicates that zero percentage for Awareness, Bank Reputation, Knowledge, Service Quality and Product Quality in Islamic Banking. In the end, the acceptance of Islamic Banking are still remain -0.543 percentage.

Awareness has a positive significant toward the acceptance of Islamic Banking since the p-value = 0.000 which are lesser than 0.01 significant.  $\hat{\beta}_1 = 0.173$ , this mean that when increase in one percentage in Awareness on Islamic banking, the acceptance of Islamic banking will increase 0.173 percentage, holding other variables constant.

Bank reputation has a positive significant toward the acceptance of Islamic banking since the p-value = 0.004 which are less than 0.01 significant.  $\hat{\beta}_2=0.072$ , this mean that when increase in one percentage in bank reputation on Islamic banking, the acceptance of Islamic banking will increase 0.072 percentage, holding other variables constant.

And then, Knowledge also have significant positive effect on the acceptance of Islamic banking. The result show p-value = 0.000 (less than 0.01 significant.  $\hat{\beta}_3=0.615$ , this mean that when increase in 1 percentage in knowledge on Islamic banking, the acceptance of Islamic banking will increase 0.615 percentage, holding other variables constant. This variable consist of the highest effect toward acceptance level.

For the Service quality, have significant positive effect on the acceptance of Islamic banking. The result show p-value = 0.004 (less than 0.01 significant.  $\hat{\beta}_4=0.075$ , this mean that when increase in 1 percentage in service quality on Islamic banking, the acceptance of Islamic banking will increase 0.075 percentage, holding other variables constant.

Lastly, the result from table 4.29 show that product quality have positive significant toward the acceptance of Islamic Banking since the p-value = 0.000 which are lesser than 0.01 significant.  $\hat{\beta}_1=0.218$ , this mean that when increase in one percentage in product quality on Islamic banking, the acceptance of Islamic banking will increase 0.218 percentage, holding other variables constant.

Based on the table, p-value for awareness is 0.000 less than the alpha value, 0.005 which shows that awareness is significant to the dependent variable (acceptance level of Islamic Banks). Besides that, p-value for knowledge and product quality are also 0.000 less than the alpha value, 0.005. Thus, it can be concluded that knowledge and product quality are significant to the dependent variable. In addition to that, p-value for the bank reputation and service quality are 0.004 less than alpha value, 0.005. These mean that bank reputation and service quality are significant to the dependent variable.

**Multiple Regression equation**

Regression equation,

$$Y = C + \beta X_1 + \beta X_2 + \beta X_3 + \beta X_4 + \beta X_5$$

**Y:** Acceptance level of Islamic Banks

**C:** Constant value

**β:** Non-standardized coefficient

**X1:** Awareness

**X2:** Bank Reputation

**X3:** Knowledge

**X4:** Service Quality

**X5:** Product Quality

**Acceptance Level= -0.543 + 0.173 (Awareness) + 0.072 (Bank Reputation) + 0.615 (Knowledge) + 0.075 (Service Quality) + 0.218 (Product Quality)**

Table 4.23: Ranking on coefficient of Independent Variables

Independent Variables	Coefficients	Ranking
Awareness	0.173	3
Bank Reputation	0.072	5
Knowledge	0.615	1
Service Quality	0.075	4
Product Quality	0.218	2

Source: Developed from research

Based on the table, the independent variables (awareness, bank reputation, knowledge, service quality and product quality) are ranked according from ascending to descending order as to how much contribution they have on the dependent variable (acceptance level of Islamic Banks).

The Beta value (under standardized coefficients) for knowledge is 0.618 which is the largest contribution independent variable to the variation of the acceptance level of Islamic Banks compare to the other independent variables (awareness, bank reputation, service quality and product quality). Its due to the knowledge contribute a better understanding on the operation of Islamic banking and hence highest acceptance level of Islamic banks. The Beta value (under standardized coefficients) for product quality is 0.218 which is the second largest contribution independent variable to the variation of the acceptance level of Islamic Banks compare to the other independent variables (awareness, bank reputation, service quality and knowledge). Its due to the product quality contribute confidence on the operation of Islamic banking and hence highest acceptance level of Islamic banks, when the variance explained by all other independent variables in the model is controlled for.

The Beta value (under standardized coefficients) for awareness is 0.173 which is the third largest contribution independent variable to the variation of the acceptance level of Islamic Banks compare to the other independent variables (product quality, bank reputation, service quality and knowledge). Its due to the awareness provide information on the operation of Islamic banking and hence highest acceptance level of Islamic banks, when the variance explained by all other independent variables in the model is controlled for.

The Beta value (under standardized coefficients) for service quality is 0.075 which is the fourth largest contribution independent variable to the variation of the acceptance level of Islamic Banks compare to the other independent variables (product quality, bank reputation, awareness and knowledge). It is due to the service quality raise confidence on the operation of Islamic banking and hence highest acceptance level of Islamic banks, when the variance explained by all

other independent variables in the model is controlled for. The Beta value (under standardized coefficients) for bank reputation is 0.072 which is the lowest contribution independent variable to the variation of the acceptance level of Islamic Banks compare to the other independent variables (product quality, service quality, awareness and knowledge). It means that the bank reputation has the lowest response in defining the acceptance level of Islamic banks, when the variance explained by all other independent variables in the model is controlled for.

## **4.4 Conclusion**

In a nutshell, from this chapter, the descriptive analysis, inferential analysis and multiple linear regression analysis are used to evaluate the demographic profile of respondent toward the acceptance level of Islamic banking among Malaysian working adult. Besides that, reliability test and normality test are used to analyse the reliability and normality of the data. Moreover, Pearson correlation analysis and multiple linear regression analysis in which categorized under inferential analysis was conducted to illustrate the linear relationship between the dependent variable (acceptance level) and independent variables (awareness, bank reputation, knowledge, service quality and product quality) for hypothesis testing. Lastly, the data is used for further discussion on main finding, implication, limitation and recommendation of the study in Chapter 5.

## **CHAPTER 5: DISCUSSION, CONCLUSIONS AND IMPLICATIONS**

### **5.0 Introduction**

Chapter five outlines the outcome and conclusion of the conducted study. This chapter provides the summary description of the statistical analysis which includes descriptive analysis, reliability analysis, inferential analysis, and regression analysis presented and discussed in the chapter four. Besides, it includes the discussion of major findings, recommendations for future research and limitation of the study. Lastly, this chapter will conclude the entire research project.

### **5.1 Summary of Statistical Analysis**

#### **5.1.1 Descriptive Analysis**

Six demographic variables had been selected in our research to test the descriptive analysis of 400 respondents' profile. Gender is the first demographic variable used in our questionnaire. Results in descriptive analysis showed that there are 220 male (55.0%) and 180 female (45.0%) responded in our studies. Age is chosen as our second demographic variable and results illustrated that there are 220 respondents' ages range from 31 to 40 years old which shared 55.5%. Meanwhile, 92 or 23% of respondent ages are between 18 to 30 years old. Respondents who are 41 years old or older showed the least number in which there are only 86 or 2.15% of respondents.



Third demographic variable used in our research are religious. According to the collected data, 140 or 35% are Muslim which being a dominant religious among the overall respondents. Hindu and Christian shared the portion of 28% or 112 respondents and 22% or 88 respondents respectively. Followed by the 59 Buddhist respondents which are 14.75% of total respondents. The remaining 1% of the respondent are without any religious.

Furthermore, occupation is our next variables used in testing respondent demographic profile. The statistics showed that questionnaire have been majorly distributed to the teachers. There are 86 educators (21.5%) from different schools and University. Moreover, 78 or 19.5% and 74 or 18.5% of respondents are technician and part-timer respectively. Followed by the 55 medical staffs and 51 bank staffs which represent 13.8% and 12.8% respectively of the total respondents. The remaining 14.0% or 56 of the respondents worked as hair stylist, security guard and cleaner.

Moreover, we also used education level as the demographic variables in descriptive analysis. Majority of respondents are degree holder. There are 243 respondents (60.8%) are holding degree. 35 respondents represent 8.8% of diploma holders from the total 400 respondents. Besides that, 90 respondents (22.5%) are entitled master and 25 respondents (6.3%) are holding PHD. The remaining questionnaires are completed by 7 respondents (1.8%) whose are O-Level working adults.

Monthly incomes are included in the test. According to the results, its showed that there are 243 respondents' (40.5%) monthly income range from RM2000-3000. 27 respondents represent 6.8% of the total month income which are less than RM2000. Besides that, 156 respondents (39.0%) received an income from RM3000 to RM4000. The remaining are 55 respondents (13.8%) whose income are more than RM4000.

### 5.1.2 Central Tendencies Measurement of Constructs

The central tendencies measurement discussed in previous Chapter 4 showed that there are 33 questions to examine the relationship between dependent variable which is acceptance level of IB and the independent variables which are bank reputation, product and service quality, knowledge and awareness. SPSS software is being used to analyse and summarize descriptive statistics of variables including mean and standard deviation.

In acceptance of IB variable, statement AL1 (I prefer Islamic banking rather than conventional banking) is the first ranking and shows the highest mean value of 3.3775 among the other questions within the variable. Second ranking of mean is both the statement AL5 (I am attracted by the outlook of Islamic banking principle and concept) and AL6 (I am aware of the growth of Islamic banking industry in Malaysia) which share the same value of mean, 3.3750. Follow by the AL4 (I am satisfied with the quality of Islamic banking product) with the mean value of 3.3575. AL 2 (I prefer Islamic banking which has good reputation) and AL3 (I prefer Islamic banking service which has better quality) share the same mean value which is 3.3375 and it is the lowest mean value among the other statements. For the ranking of standard deviation, AL5 (I am attracted by the outlook of Islamic banking principle and concept) has the highest value of 0.93625 among other statements. In contrast, AL2 (I prefer Islamic banking which has good reputation) has the lowest standard deviation value of 0.84875.

In the awareness variable, A5 (Conventional banks should convert to Islamic banks) is the first ranking and has the highest mean value which is 3.4350. Follow by the A1 (I am aware on the instruments that used in the financing product by Islamic banks, for example, Mudaraba, Wadiah Yah Dhamanh) with the mean value of 3.4075 which is the second highest. Subsequently, A3 (Islamic banks are more regulated form of banking) and A4 (Islamic bank has restricted unethical investment such as alcohol and gambling) have the mean value of 3.4000 and 3.4025 respectively. A2 (Islamic banks should conduct promotional activities for its products and services) with a mean value of 3.3675 is the lowest ranking. In

term of standard deviation, A5 (Islamic bank has restricted unethical investment such as alcohol and gambling) has the highest value which is 0.91809. In contrast, A2 (Islamic banks should conduct promotional activities for its products and services) has the lowest standard deviation value of 0.85103.

In the bank reputation variable, BR4 (Islamic Bank has better public image and principle than conventional bank) has the highest mean value ranking compared to others, which is 3.3800. Second ranking is BR5 (Islamic Bank protects the welfare of its customers) with the second highest mean value of 3.3700. Subsequently, BR2 (Islamic Banking has a good reputation) with the mean value of 3.3650 was ranked third, continue by BR1 (Islamic Bank is more fair in dealing as compared to conventional bank) with the mean value of 3.2925. Furthermore, BR3 (Islamic bank guarantees the safety of the bank transactions) has the lowest mean value of 3.2675. Meanwhile, BR1 (Islamic Bank is fairer in dealing as compared to conventional bank) had the highest value of 0.99217 in term of standard deviation. On the other hand, BR4 (Islamic Bank has better public image and principle than conventional bank) has the lowest standard deviation value of 0.90146.

In the Knowledge variable, there are total 6 statements. The statement with the highest mean value is K3 (Islamic banking use the method of profit loss sharing (partnership)), which is 3.3450. The second highest mean value is 3.3375, showed by the statement K5 (Islamic banking products are offered to both Muslim and non-Muslim). Follow by K6 (Islamic banking must be based on Shariah principle) with mean value of 3.3350 and then K1 (I understand the differences between Islamic and conventional banking product) with mean value of 3.3275. The second lowest mean is K4 (I am well known the structure of Islamic banking) with value of 3.3125. The lowest mean is K2 (Islamic banking does not involve in Riba(interest)) with a value of 3.3050. In term of standard deviation, K5 (Islamic banking products are offered to both Muslim and non-Muslim) has the highest value of 0.93315. Lowest standard deviation is K2 (Islamic banking does not involve in Riba(interest)) with the value of 0.84780.

In product quality variable, PQ5 has the highest mean value of 3.4650 in which respondents prefer the most, follow by PQ1 (Islamic banks provide more

advantage than conventional bank) with the second highest with mean value of 3.4600. Subsequently, PQ3 (Islamic banking products are more attractive than conventional banks) with mean value of 3.4500 was ranked third and then PQ2 (Islamic banks provide sufficient information on their products) with mean value of 3.4225. The lowest mean is PQ4 (I am familiar with Islamic banking products) with a value of 3.4125. For standard deviation, PQ5 (I have no doubt of the Islamic banking products) has the highest value of 0.97012. In contrast, the lowest standard deviation value of 0.89415 showed by statement PQ3 (Islamic banking products are more attractive than conventional banks).

In service quality variable, SQ4 (Employees of Islamic banking are willing to fulfill the banking transaction needs) is the highest ranking with the highest mean value of 3.3550 compared to others, follow by SQ5 (The services provided by Islamic banks are efficient and time effective) which is the second highest with mean value of 3.3350. Subsequently, SQ2 has the mean value of 3.3000 and then SQ6 (There is a sufficient number of branches and ATM of Islamic banking) has the mean value of 3.2450. SQ3 (Islamic bank deliver services right on time) with the mean value of 3.2350 was ranked second lowest. Lastly, the lowest mean value is 3.2150 which showed by SQ1. On the other hand, SQ1 (Islamic banking provides good quality services) is the statement which with the highest standard deviation value of 0.97270. SQ2 (The outlook of Islamic banking facilities are impress) is the lowest ranking with the lowest standard deviation value of 0.86421.

### **5.1.3 Scale Measurement**

#### **5.1.3.1 Normality Test**

Normality test is the test which was used for ascertain whether the sample data is normally distributed. In this test the skewness and kurtosis for each variables are calculated. According to the test results for normality which is calculated in Chapter 4, acceptance level, awareness on Islamic Banking, knowledge on Islamic banking, bank reputation, product quality and service quality is approximately

normally distributed which is calculated using skewness or kurtosis divide by its standard error method, the Z-value falls between -1.96 to +1.96. Other than that, the histogram of acceptance level, awareness on Islamic Banking, knowledge on Islamic banking products, bank reputation, product quality and service quality shows a bell curve which indicates the variable is approximately normally distributed.

### **5.1.3.2 Reliability Test**

Reliability test is used to approximate the consistency among the variables. Based on the reliability test result which is obtained in chapter 4, shows that, the highest reliability of 0.948 for product quality and knowledge on Islamic banking, while the lowest reliability is for bank reputation which is 0.870. The dependent variable (acceptance level) and independent variable (awareness on Islamic banking product and service quality) had fulfilled the rules for reliability which is proved that the variables and the results are reliable.

## **5.1.4 Inferential Analysis**

### **5.1.4.1 Pearson Correlation Analysis**

Pearson correlation analysis are used to investigate the relationship between all independent variable and the acceptance level of Islamic banking among Malaysian working adult. Based on Table 4.14 that show above, there is a significant relationship between awareness and acceptance level of Islamic banking with a positive value of correlation coefficient of 0.621 since the p-value =0.000 which is less than the alpha value 0.01 and these alters move in the same course due to the high awareness will increase the acceptance level of Islamic banking among working adults.

Next, bank reputation has a correlation coefficient of 0.131 with the acceptance level on Islamic banking. This shows there is a positive relationship between bank reputation and acceptance level of Islamic banking even though the strength of association between bank reputation and acceptance level is poor due to the coefficient of 0.131 fall under the coefficient range less than 0.6 but this relationship is still significant as the p-value equal to 0.009 less than alpha value 0.01.

In addition, knowledge has a correlation of 0.827 with the acceptance on Islamic banking. This showed the optimistic correlation coefficient between knowledge and acceptance level of Islamic banking among Malaysian working adult .When the working adult's knowledge is high, the acceptance toward Islamic banking will also be high. The value of this correlation coefficient falls under the alpha coefficient range from +0.80 to + 0.90. Thus, the strength of association between knowledge and acceptance level is highly positive. There is a positive relationship between service quality and acceptance level of Islamic banking (p-value =0.000 < 0.01 significant level) due to the positive value of correlation of 0.219. Therefore, when the service quality is high the acceptance level of Islamic banking will increase and vice versa. Lastly, product quality and the acceptance of Islamic banks have a positive value of correlation of 0.621. This 0.621 is fall under the alpha coefficient range from +0. 60 to +0. 70 which indicates the strength of association between awareness and acceptance level is moderately positive.

#### **5.1.4.2 Multiple Linear Regression**

Multiple linear regression analysis is a study to examine the relationship between the independent variables (awareness of Islamic banking products, bank reputation, knowledge on Islamic banking products, product quality and service quality) and dependent variable (acceptance level). Based on the result which is obtain from Chapter 4, it shows that there is 78.50% of the variation from acceptance level can be explained by awareness of Islamic banking products, bank reputation, knowledge on Islamic banking products, product quality and service

quality. The remaining 21.50% of the variation is explained by other factors. Other than that, according to multiple regression test which is shown in Chapter 4, it indicates that the regression model is significant as the *p*-value, 0.000 is less than the significance level, 0.05.

## 5.2 Discussion of Major Findings

Hypothesis	Findings
<p><b>H0:</b> Awareness has an insignificant relationship with the acceptance on Islamic banking among Malaysian working adult.</p> <p><b>H1:</b> Awareness has a significant relationship with the acceptance on Islamic banking among Malaysian working adult.</p>	<p><b>H1:</b> Awareness has a significant relationship with the acceptance on Islamic banking among Malaysian working adult</p>
<p><b>H0:</b> Bank reputation has an insignificant relationship with the acceptance on Islamic banking among Malaysian working adult.</p> <p><b>H1:</b> Bank reputation has a significant relationship with the acceptance on Islamic banking among Malaysian working adult.</p>	<p><b>H1:</b> Bank reputation has a significant relationship with the acceptance on Islamic banking among Malaysian working adult.</p>
<p><b>H0:</b> Knowledge has an insignificant relationship with the acceptance on Islamic banking among Malaysian working adult.</p> <p><b>H1:</b> Knowledge has a significant relationship with the acceptance on Islamic banking among Malaysian working adult.</p>	<p><b>H1:</b> Knowledge has a significant relationship with the acceptance on Islamic banking among Malaysian working adult.</p>

<p>Islamic banking among Malaysian working adult.</p>	
<p><b>H0:</b> Service quality has an insignificant relationship with the acceptance on Islamic banking among Malaysian working adult.</p> <p><b>H1:</b> Service quality has a significant relationship with the acceptance on Islamic banking among Malaysian working adult.</p>	<p><b>H1:</b> Service quality has a significant relationship with the acceptance on Islamic banking among Malaysian working adult.</p>
<p><b>H0:</b> Product quality has an insignificant relationship with the acceptance on Islamic banking among Malaysian working adult.</p> <p><b>H1:</b> Product quality has a significant relationship with the acceptance on Islamic banking among Malaysian working adult.</p>	<p><b>H1:</b> Product quality has a significant relationship with the acceptance on Islamic banking among Malaysian working adult.</p>



### **5.2.1 Awareness**

There is a positive relationship between awareness with the acceptance of IB among Malaysia working adults. According to our studies in chapter 4, the coefficient of awareness in which extracted from the Multiple Linear Regression Analysis is 0.173. Beta coefficient means that when awareness increases in one unit, the acceptance level will rises by 0.173 units, holding others variables constant. Besides that, correlation of awareness is 0.621 with the Islamic bank acceptance level factors. Hence, these data and studies proved and supported the significant relationship of awareness with the acceptance level.

Our findings are also consistent with the studies of previous researchers. Khan and Asghar (2012) found out that many conventional banking customers in Pakistan are switching to IB because of they have high and positive awareness level towards IB. Moreover, Hamid and Nordin (2001) revealed that there are high awareness towards IB among the customers in Malaysia. Furthermore, Ahmad and Bahsir (2014) stress the importance of awareness in order to expand the volume of IB.

### **5.2.2 Bank Reputation**

There are a positive relationship between bank reputations with the acceptance of IB among Malaysia working adults. According to our studies in chapter 4, the coefficient of bank reputation in which extracted from the Multiple Linear Regression Analysis is 0.072. Beta coefficient means that when bank reputation increases in one unit, the acceptance level will rises by 0.072 units, holding others variables constant. Besides that, correlation of bank reputation is 0.131 with the Islamic bank acceptance level factors. Hence, these data and studies proved and supported the significant relationship of bank reputation with the acceptance level.

Our findings are also consistent with the studies of previous researchers. Kennington (1996), Almosawi (2001) and Şafakli (2007) stated that the bank's reputation is the critical variable that influences the customers' decision in utilizing conventional banks' services. Other than that, Erol and El-Bdour (1989) discovered that customer perceived bank's reputation as one of the most vital factors that affect the customers selection of the bank whether Islamic or conventional.

### **5.2.3 Knowledge**

There are a positive relationship between knowledge with the acceptance of IB among Malaysia working adults. According to our studies in chapter 4, the coefficient of knowledge in which extracted from the Multiple Linear Regression Analysis is 0.615. Beta coefficient means that when knowledge increases in one unit, the acceptance level will rises by 0.615 units, holding others variables constant. Besides that, correlation of knowledge is 0.827 with the Islamic bank acceptance level factors. Hence, these data and studies proved and supported the significant relationship of knowledge with the acceptance level.

Our findings are also consistent with the studies of previous researchers. According to Haron (1994) revealed that knowledge lead to the engagement of an individual into Islamic Banks. Survey discovered 100% of Muslim and 75% non-Muslim conscious the existence of Islamic banking in Malaysia. Meanwhile, those are well knowing of IB wished to have relationship with the banks. Cihak & Hese (2008) mentioned that customer perceived that IB have better financial performance in the form of insolvency of risk and stability in which the latter researcher, Moin (2008) believed that this factor lead to the consumer confidence which IB will make upward trend in the future.

### **5.2.4 Service quality**

There is a positive relationship between service quality and acceptance of IB among Malaysian working adults. From our studies in chapter 4, the coefficient of service quality in which extracted from the Multiple Linear Regression Analysis is 0.075. Beta coefficient means that when service quality increases in one unit, the acceptance level will rises by 0.075 units, holding others variables constant. Besides that, correlation of service quality is 0.219 with the Islamic bank acceptance level factors. Hence, these data and studies proved and supported the significant relationship of service quality with the acceptance level.

Our findings are also consistent with the studies of previous researchers. According to the study of Bitner (1990), from the perspective of services, customer' satisfaction as forerunner of service quality and this studies also indicates that the relationship between service quality and customer adoption toward Islamic banking was significant. Next, Erol and El-Bdour (1989), revealed that fast and efficient service is one of the critical criteria which considered by the customer when making a decision in bank selection.

### **5.2.5 Product Quality**

There is a positive relationship between product quality and acceptance of IB among Malaysian working adults. From our studies in chapter 4, the coefficient of product quality in which extracted from the Multiple Linear Regression Analysis is 0.218. Beta coefficient means that when product quality increases in one unit, the acceptance level will rises by 0.218 units, holding others variables constant. Besides that, correlation of product quality is 0.621 with the Islamic bank acceptance level factors. Hence, these data and studies proved and supported the significant relationship of product quality with the acceptance level.

Our findings are also consistent with the studies of previous researchers. Ashioni (2005) addressed that quality is the continuous improvement on the product in

order to reach customer's needs and expectation with least cost. Importance of product quality is further proven by Hanno and Christian (2009) in which revealed that Tata Motors Company offers high quality automobiles to meet the customer's needs in India in order to instil value and satisfaction of customers on Tata Motors products.

### **5.3 Implication of Study**

Based on the study above and previous chapters, we can find that the five factor, Awareness on Islamic Bank products, knowledge on Islamic bank products, bank reputation, service quality and product quality have a significant relationship with the acceptance on Islamic Banks. From the findings, the comparison between the five factors and acceptance on Islamic Banks is done. The purpose is to ensure that the need of consumers (working adults) and the reasons that why they will choose the Islamic Bank. So, these five factors are very important to the bank. If the Islamic Banks can improve the five factors, it will cause more consumers to select the Islamic Banks.

#### **5.3.1 Managerial Implication**

Firstly, based on the multiple regression Model we can see that, the most significant factor that influenced the Acceptance of Islamic Banking is Knowledge on Islamic banking products due to its highest coefficient of 0.618. This shows that Islamic Banking should give importance to make sure the information of their products reach consumers in order them gain knowledge on the products. This is because when customer has knowledge on the products they want to purchase in the future they will have a more confidence to purchase it. From the chapter 4, we found that the mean of the Knowledge on Islamic banking products is 3.3271 which is the second lowest rank among all the independent variables. Knowledge on Islamic banking products is the most important factor but Islamic Bank cannot

provide the sufficient information to its consumers. Thus, they should take an initiative to spread more information about their product and services in order to create more knowledge among consumers.

The second significant factor that affect the acceptance on Islamic banking is product quality, due to its coefficient in multiple regression model which is 0.218. Bank should give more importance to product quality, as the product quality can increase consumer satisfaction in order to guide them to purchase the Islamic banking products in future and increase the quantity of consumers who will select the Islamic Bank. From the chapter 4, we found that the mean value of product quality is 3.4420 which is the second highest among all the variables. Based on this result, we can conclude that consumers are satisfied with product offer by the Islamic bank. So, the Islamic Bank should maintain their product quality because it can help to maintain customer contentedness and attract more working adults to select it.

The third, significant factor that affects the acceptance on Islamic banking is the awareness on Islamic bank products, due to its coefficient in multiple regression model which is 0.173. Islamic bank should take more initiative to create awareness about the product and service they offer. The more consumer aware of the product, it can help bank to increased their profitability. So Islamic bank should pay attention to create more awareness to public in order to create more consumers (working adults). From the chapter 4, we found that the mean value of 3.5250, which is the highest among all the variables. This shows that Islamic bank are successfully create awareness to public about their products. In future, they should create more awareness about their upcoming products in order to attract more consumers to purchase their products.

The forth, significant factor that affect the acceptance on Islamic banking is the service quality, due to is coefficient in multiple regression model which is 0.075. However, due to its ranking, service quality which is consider an important element, be in the second lowest coefficient among all variables. It shows that,

Islamic Bank should put priority focus in order to improve their service quality in order to attract more consumers. Service quality is important part that customers consider in order to select their mortgage providers and to establish a long-term relationship with bank. The better the service that provided by them, they can attract more consumers. From the chapter 4, we found that the mean value of service quality is 3.2808 which is the lowest among all independent variables, which is the highest among all the variables. Bank should ensure that they provide a better service quality because it can create a better perception about the bank to consumers.

Last but not least, bank reputation becomes the least significant among the all variables, due to its coefficient in multiple regression models which is 0.072. Islamic Bank should focus in bank reputation in order to improve consumer's satisfaction and increase the number of consumers who will purchase the Islamic banking service and products. This is because bank reputation plays an important role as consumers will only invest or save their money in the bank that has good reputation and a good status. . From the chapter 4, we found that the mean value of bank reputation is 3.4395 which is the third highest among all the independent variables. In order to maintain this situation the bank should maintain a good status and avoid the activities which will destroy their reputation.

## **5.4 Limitation of Study**

In this study, there are several limitations should be noted and solved. First of all, it is not necessary that the question which is given to the respondent are answered properly. This will cause the respondent did pay full attention on our questionnaire and it mind make our variables have insignificant relationship. Besides, the sample size is also one of the limitations in our study. Due to the time constrain, we only have 2 week time to complete our 400 questionnaire in study. Those questionnaires are distributed to Malaysian adults that who are working government, banking, and private sector. The collection of data may be less

accurate. This is because the sample size might not sufficient due to time constraint.

Furthermore, another limitation that the type of targeted respondents who had responded in study. The questionnaires survey was done by the Malaysian working adults. Thus, the result in study might have certain impact in this sample of research. So, the result that we obtain cannot be represent all Malaysian working adults. However, we can also use the targeted respondents divided based on demographic profile. Based on Buchari, Rafiki, and Al Qassab (2015) stated that some of the respondent have various backgrounds, it may result that respondent awareness answered our questionnaire.

Last but not least, the area that we cover may not present the whole result in our study. This is because Malaysia has 13 states, but we only choose 4 states to run our study which are Kelantan, Perak, Selangor and Johor Bharu. The data from 4 states may not so accurate, because there are other states working adults also using Islamic banking. There is a possible that if we include all states in Malaysia may increase the significant that relationship between acceptance of Islamic banking and variables.

Limitation are general accepted but there are not distracting the significant of result in the study. Those limitations that mentioned on above are the platform for the future researcher to take note and focused.

## **5.5 Recommendation for Future Research**

In this study, there are a few of limitation need to be solved. Therefore, there is several recommendations to solve limitation. The researchers should accompany with the respondents while they answering the questionnaire. This can help respondent more understand the question of the questionnaire if the researches able to explain to them.

Because some of the question in questionnaire, respondent are not so understandable. There are better solution that avoid the result of the research inaccurate is researcher accompanies the respondents answering the questionnaire.

Furthermore, the researches should increase the sample size in the study because the size of sample is essential as it will bring the impact in the result of statistical power. According to Singh and Masuku (2014) mentioned restriction of the sample size problem, when there is insufficient number of sample size, it may lead the result in the research inaccurate. Thus, the researchers should distribute more on the number of the questionnaires to targeted respondents based on the number of sample size in study. In the end, the results in study can be more reliable or significant due to increase the number of the targeted respondents, this may because increase the sample size in study.

In addition, the researchers should only focus on one type of targeted respondent, this may lead to lose the accuracy and reliability of the final results of the study. In recommendation, researchers should expand the targeted respondents into different category such as university students, working adults and old people. Researchers can get the different style of ideas in different type of targeted respondents and researches receive more precise and accurate research outcome. From this suggestion, the data that collect can reflect different kind of result in the research. Thus, researchers are able to observe the feedback of reliability.

At last, the researches should include all states in Malaysia in the study, but there is a problem for the researches that conduct the questionnaires in all states is the time take in this research. Usually it will cost more time, if researches take all states in their research. Malaysia have 13 states, if the researchers include all, they must increase their sample size in the research. On the other hand, there are benefits to the researchers, if include all states, the result of study is more accurate. Overall of the research provide more reliable and precise result in the research.



## 5.6 Conclusion

The purpose of this study is to illustrate the factor that influenced the acceptance level of IB among Malaysian working adult. Thus, several statistical analysis such descriptive and inferential analysis are being discuss and summarized in detailed. Next, the objective of this study is demonstrated and the results of hypothesis are further being cleared up after the argumentation of major finding that have been discussed. In this chapter, the implication and limitation of the study have been discussed and outlined accordingly and the recommendation is provided for prospect enhancement.

In short, the aim of this research project is to evaluate the acceptance level of Islamic banking among Malaysian working adult. The acceptance level of working adult toward IB which comprises awareness, bank reputation, knowledge, service quality and product quality that have been analyse and observed in this study. Based on the findings from this study, we can conclude that the awareness is one of the factor that influences the acceptance level of Malaysian working adult towards Islamic banking whereas it also determine that bank reputation, knowledge, service quality and product quality has the significant relationship and outcome towards acceptance level on IB.

Lastly, the objective from this study is met since the results that we acquired and analyse from statistical analysis showed that the independent variables that we mentioned above have been examined. The consequences of this study can be used by prospect researchers for further study about the acceptance level of IB among Malaysian working adult.

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## Appendix A : Questionnaire



**UNIVERSITI TUNKU ABDUL RAHMAN**

**FACULTY OF BUSINESS AND FINANCE (FBF)**

**BACHELOR OF BUSINESS ADMINISTRATION (HONS) BANKING AND  
FINANCE**

**Final Year Project**

**Acceptance of Islamic banking among Malaysian Working Adults**

**Survey Questionnaire**

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Dear respondent,

We are final year undergraduate student of Bachelor of Business Administration (Hons) Banking and Finance, from University Tunku Abdul Rahman (UTAR). The **purpose** of this survey is to study the factors that influences acceptance of Islamic banking among Malaysian working adults.

All information provided by you is confidential and your identity will not be revealed. Every comment provided by you will strictly be used to referencing.

We truly appreciate your cooperation and assistance to complete our survey. We would like to thank you for participating in our survey.

---

**Instructions:**

- 1) There are **THREE (3)** sections in this questionnaire. Please answer **ALL** sections.
- 2) Completion of this form will take you approximately 5 to 10 minutes.
- 3) The content of this questionnaire will be kept **strictly confidential**.

## **Section A: Demographic Information**

**Direction:** Please tick (✓) next to the answer of your choice.

1. What is your gender?

Male

Female

2. What is your age?

18-30

31-40

41 and older

3. What is your religious?

Buddhist

Christian

Islam

Hindu

Others

4. What is your profession /occupation?

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5. What is your current education level?

Undergraduate (Bachelor Degree)

Postgraduate (Master Degree and Ph.D.)

Others

6. How much is your monthly income?

- Less than RM2,000
- RM2,000 – RM3,000
- RM3,000 – RM4,000
- More than RM4,000

**Section B:**

**1)Bank Reputation**

Notes: 1= Strongly Disagree(SD), 2= Disagree(D), 3= Neutral(N), 4= Agree(A),

5= Strongly Agree(SA)

Bank Reputation		Level of perception				
		SD	D	N	A	SA
BR1	Islamic Bank is more fair in dealing as compared to conventional bank	1	2	3	4	5
BR2	Islamic Banking has a good reputation	1	2	3	4	5
BR3	Islamic bank guarantees the safety of the bank transactions	1	2	3	4	5
BR4	Islamic bank has better public image and principle than conventional bank	1	2	3	4	5

## **2) Service Quality**

Notes: 1= Strongly Disagree(SD), 2= Disagree(D), 3= Neutral(N), 4= Agree(A),  
5= Strongly Agree(SA)

Service Quality		Level of perception				
		SD	D	N	SA	A
SQ1	Islamic banking provides good quality services	1	2	3	4	5
SQ2	The outlook of Islamic banking facilities are impressing	1	2	3	4	5
SQ3	Islamic banks deliver services right on time	1	2	3	4	5
SQ4	Employees of Islamic banking are willing to fulfill the banking transaction needs	1	2	3	4	5
SQ5	The services provided by Islamic banks are efficient and time effective	1	2	3	4	5
SQ6	There is a sufficient number of branches and ATM of Islamic banking	1	2	3	4	5



### 3) Product quality of the Islamic banking

Notes: 1= Strongly Disagree(SD), 2= Disagree(D), 3= Neutral(N), 4= Agree(A),

5= Strongly Agree(SA)

Product quality of the Islamic banking		Level of perception				
		SD	D	N	A	SA
PQ1	Islamic banks provides more advantage than conventional bank	1	2	3	4	5
PQ2	Islamic banks provide sufficient information on their products	1	2	3	4	5
PQ3	Islamic banking products are more attractive than conventional banks	1	2	3	4	5
PQ4	I am familiar with Islamic banking products	1	2	3	4	5
PQ5	I have no doubts of the Islamic banking products	1	2	3	4	5

**4) Awareness of Islamic banking system**

Notes: 1= Strongly Disagree(SD), 2= Disagree(D), 3= Neutral(N), 4= Agree(A),

5= Strongly Agree(SA)

Awareness		Level of perception				
		SD	D	N	A	SA
A1	I am aware on the instruments that used in the financing product by Islamic banks,e.g Mudaraba, Wadiah Yah Dhamanh	1	2	3	4	5
A2	Islamic banks should conduct promotional activities for its products and services	1	2	3	4	5
A3	Islamic banks are more regulated form of banking	1	2	3	4	5
A4	Islamic bank has restricted unethical investment such as alcohol and gambling.	1	2	3	4	5
A5	Conventional banks should convert to Islamic banks	1	2	3	4	5

**Section C:**

**1) Knowledge on Islamic Banking Law and System (Shariah Principles)**

The purpose of this section is discover the knowledge and opinion of people about Islamic banking law and system. The experience as a bank customer can provide more actual information in this questionnaire.

For each of the questions below, **tick (✓)** the response that best characterizes how you feel about the statement.

Notes: the number and alphabet represent the information;

1= Uncertain (UN) , 2= Little Knowledge(LN) , 3= Neutral(NL),

4= Good Understanding (GU), 5= Well knowing (WK)

<b>Knowledge on Islamic Banking</b>		Level of understanding Islamic Banking in Malaysia.				
		UN	LN	NL	GU	WK
K1	I understand the differences between Islamic and conventional banking product	1	2	3	4	5
K2	Islamic banking does not involve in Riba(interest)	1	2	3	4	5
K3	Islamic banking use the method of profit loss sharing(partnership)	1	2	3	4	5
K4	I am well known the structure of Islamic banking	1	2	3	4	5
K5	Islamic banking products are offered to both Muslim and non-Muslim	1	2	3	4	5
K6	Islamic banking must be based on Shariah principle	1	2	3	4	5

## 2) Acceptance of Islamic banking

Notes: SNP= Strongly Not Prefer, NP= Not Prefer, N=Neutral, P=Prefer, SP= Strongly Prefer

Acceptance level		Level of preferable				
		SNP	NP	N	P	SP
AL 1	I prefer Islamic banking rather than conventional banking	1	2	3	4	5
AL 2	I prefer Islamic banking which has good reputation	1	2	3	4	5
AL 3	I prefer Islamic banking service which has better quality	1	2	3	4	5
AL 4	I am satisfied with the quality of Islamic banking product	1	2	3	4	5
AL 5	I am attracted by the outlook of Islamic banking principle and concept	1	2	3	4	5
AL 6	I am aware of the growth of Islamic banking industry in Malaysia	1	2	3	4	5

**Appendix B : Pilot test reliability output**

**Reliability**

**Scale: ALL VARIABLES**

IB's Acceptance Level

**Case Processing Summary**

		N	%
Cases	Valid	30	100.0
	Excluded <sup>a</sup>	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.811	6

Awareness

**Reliability Statistics**

Cronbach's Alpha	N of Items
.824	6

Bank Reputation

**Reliability Statistics**

Cronbach's Alpha	N of Items
.858	5

Knowledge on IB

**Reliability Statistics**

Cronbach's Alpha	N of Items
.724	6

Product Quality

**Reliability Statistics**

Cronbach's Alpha	N of Items
.705	5

Service Quality

**Reliability Statistics**

Cronbach's Alpha	N of Items
.741	6

## Appendix C Frequency Output

### Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	220	55.0	55.0	55.0
	Female	180	45.0	45.0	100.0
	Total	400	100.0	100.0	

### Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30	92	23.0	23.0	23.0
	31-40	222	55.5	55.5	78.5
	>40	86	21.5	21.5	100.0
	Total	400	100.0	100.0	



Religion

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Buddhist	59	14.75	14.75	14.8
Christian	88	22.0	22.0	36.8
Islam	140	35.0	35.0	71.8
Hindu	112	28.0	28.0	99.8
Others	1	.25	.25	100.0
Total	400	100.0	100.0	

Occupation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Bank Staff	51	12.8	12.8	12.8
Medical Staff	55	13.8	13.8	26.5
Technician	78	19.5	19.5	46.0
Part timer	74	18.5	18.5	64.5
Educator	86	21.5	21.5	86.0
Others	56	14.0	14.0	100.0
Total	400	100.0	100.0	

Current Education Level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Diploma	35	8.8	8.8	8.8
Degree	243	60.8	60.8	69.5
Master	90	22.5	22.5	92.0
PHD	25	6.3	6.3	98.3
O-Level	7	1.8	1.8	100.0
Total	400	100.0	100.0	

Monthly Income

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid <RM2000	27	6.8	6.8	6.8
RM2000- RM3000	162	40.5	40.5	47.3
RM3001- RM4000	156	39.0	39.0	86.3
>RM4000	55	13.8	13.8	100.0
Total	400	100.0	100.0	

## Appendix D Reliability Test Output

Reliability

**Scale: ALL VARIABLES**

Acceptance Level

**Reliability**

**Scale: ALL VARIABLES**

### Case Processing Summary

		N	%
Cases	Valid	400	100.0
	Excluded <sup>a</sup>	0	.0
	Total	400	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.924	6

**Item Statistics**

	Mean	Std. Deviation	N
I prefer Islamic banking rather than conventional banking	3.38	.896	400
I prefer Islamic banking which has good reputation	3.34	.849	400
I prefer Islamic banking service which has better quality	3.34	.878	400
I am satisfied with the quality of Islamic banking product	3.36	.890	400
I am attracted by the outlook of Islamic banking principle and concept	3.38	.936	400
I am aware of the growth of Islamic banking industr in Malaysia	3.38	.909	400

## ➔ Reliability

[DataSet1] F:\chapter 4 data\aware400 data (done).sav

### Scale: ALL VARIABLES

#### Case Processing Summary

		N	%
Cases	Valid	400	100.0
	Excluded <sup>a</sup>	0	.0
	Total	400	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.912	5

**Item Statistics**

	Mean	Std. Deviation	N
I am aware on the instruments that used in the financing product by Islamic banks, e.g Mudaraba, Wadiah Yah Dhamanh	3.41	.894	400
Islamic banks should conduct promotional activities for its products and services	3.37	.851	400
Islamic banks are more regulated form of banking	3.40	.870	400
Islamic bank has restricted unethical investment such as alcohol and gambling	3.40	.882	400
Conventional banks should convert to Islamic banks	3.44	.918	400

**Bank Reputation**

**Reliability**

**Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Cases	Valid	400	100.0
	Excluded <sup>a</sup>	0	.0
	Total	400	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.805	5

**Item Statistics**

	Mean	Std. Deviation	N
Islamic Bank is more fair in dealing as compared to conventional bank	3.29	.992	400
Islamic Banking has a good reputation	3.37	.935	400
Islamic bank guarantees the safety of the bank transactions	3.27	.926	400
Islamic Bank has better public image and principle than conventional bank	3.38	.901	400
Islamic Bank protects the welfare of its customers	3.37	.972	400

**Knowledge on Islamic Banking**

**➔ Reliability**

[DataSet2] F:\chapter 4 data\knowledge data (done).sav

**Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Cases	Valid	400	100.0
	Excluded <sup>a</sup>	0	.0
	Total	400	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.928	6

**Item Statistics**

	Mean	Std. Deviation	N
I understand the differences between Islamic and conventional banking product	3.33	.910	400
Islamic banking does not involve in Riba(interest)	3.31	.848	400
Islamic banking use the method of profit loss sharing(partnership)	3.35	.879	400
I am well known the structure of Islamic banking	3.31	.898	400
Islamic banking products are offered to both Muslim and non-Muslim	3.34	.933	400
Islamic banking must be based on Shariah principle	3.34	.897	400



Product Quality

➔ **Reliability**

[DataSet3] F:\chapter 4 data\Productquality data (done).sav

**Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Cases	Valid	400	100.0
	Excluded <sup>a</sup>	0	.0
	Total	400	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.921	5

**Item Statistics**

	Mean	Std. Deviation	N
Islamic banks provide more advantage than conventional bank	3.46	.933	400
Islamic banks provide sufficient information on their products	3.42	.914	400
Islamic banking products are more attractive than conventional banks	3.45	.894	400
I am familiar with Islamic banking products	3.41	.911	400
I have no doubt of the Islamic banking products	3.47	.970	400

➔ **Reliability**

[DataSet4] F:\chapter 4 data\servicequality data (done).sav

**Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Cases	Valid	400	100.0
	Excluded <sup>a</sup>	0	.0
	Total	400	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.855	6

**Item Statistics**

	Mean	Std. Deviation	N
Islamic banking provides good quality services	3.22	.973	400
The outlook of Islamic banking facilities are impressing	3.30	.864	400
Islamic bank deliver services right on time	3.24	.915	400
Employees of Islamic banking are willing to fulfill the banking transaction needs	3.36	.887	400
The services provided by Islamic banks are efficient and time effective	3.34	.962	400
There is a sufficient number of branches and ATM of Islamic banking	3.25	.950	400

**Appendix E Correlation Output**

		acceptancelevel	Awareness	bankreputation	knowledge	ServiceQuality	ProductQuality
acceptancelevel	Pearson Correlation	1	.621**	.131**	.827**	.219**	.621**
	Sig. (2-tailed)		.000	.009	.000	.000	.000
	N	400	400	400	400	400	400
Awareness	Pearson Correlation	.621**	1	.035	.503**	.113*	.568**
	Sig. (2-tailed)	.000		.491	.000	.024	.000
	N	400	400	400	400	400	400
bankreputation	Pearson Correlation	.131**	.035	1	.075	.034	.035
	Sig. (2-tailed)	.009	.491		.136	.495	.486
	N	400	400	400	400	400	400
knowledge	Pearson Correlation	.827**	.503**	.075	1	.167**	.458**
	Sig. (2-tailed)	.000	.000	.136		.001	.000
	N	400	400	400	400	400	400
ServiceQuality	Pearson Correlation	.219**	.113*	.034	.167**	1	.108
	Sig. (2-tailed)	.000	.024	.495	.001		.030
	N	400	400	400	400	400	400
ProductQuality	Pearson Correlation	.621**	.568**	.035	.458**	.108*	1
	Sig. (2-tailed)	.000	.000	.486	.000	.030	
	N	400	400	400	400	400	400

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

\* . Correlation is significant at the 0.05 level (2-tailed).

**Appendix F: Normality Test Output**

Variables	Skewness			Kurtosis		
	Statistics	Std. Error	z-value	Statistics	Std. Error	z-value
Acceptance Level	-0.166	0.122	-1.3607	-0.252	0.243	-1.0370
Awareness on Islamic banking	-0.166	0.122	-1.3607	-0.252	0.243	-1.0370
Bank reputation	0.161	0.122	1.3197	0.230	0.243	0.9465
Knowledge on Islamic banking	-0.156	0.122	-1.2787	-0.337	0.243	-1.3868
Product Quality	-0.167	0.122	-1.3688	-0.261	0.243	-1.0741
Service Quality	-0.156	0.122	-1.2787	-0.344	0.243	-1.4156

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	ProductQuality, bankreputation, ServiceQuality, knowledge, Awareness <sup>b</sup>		Enter

a. Dependent Variable: acceptancelevel

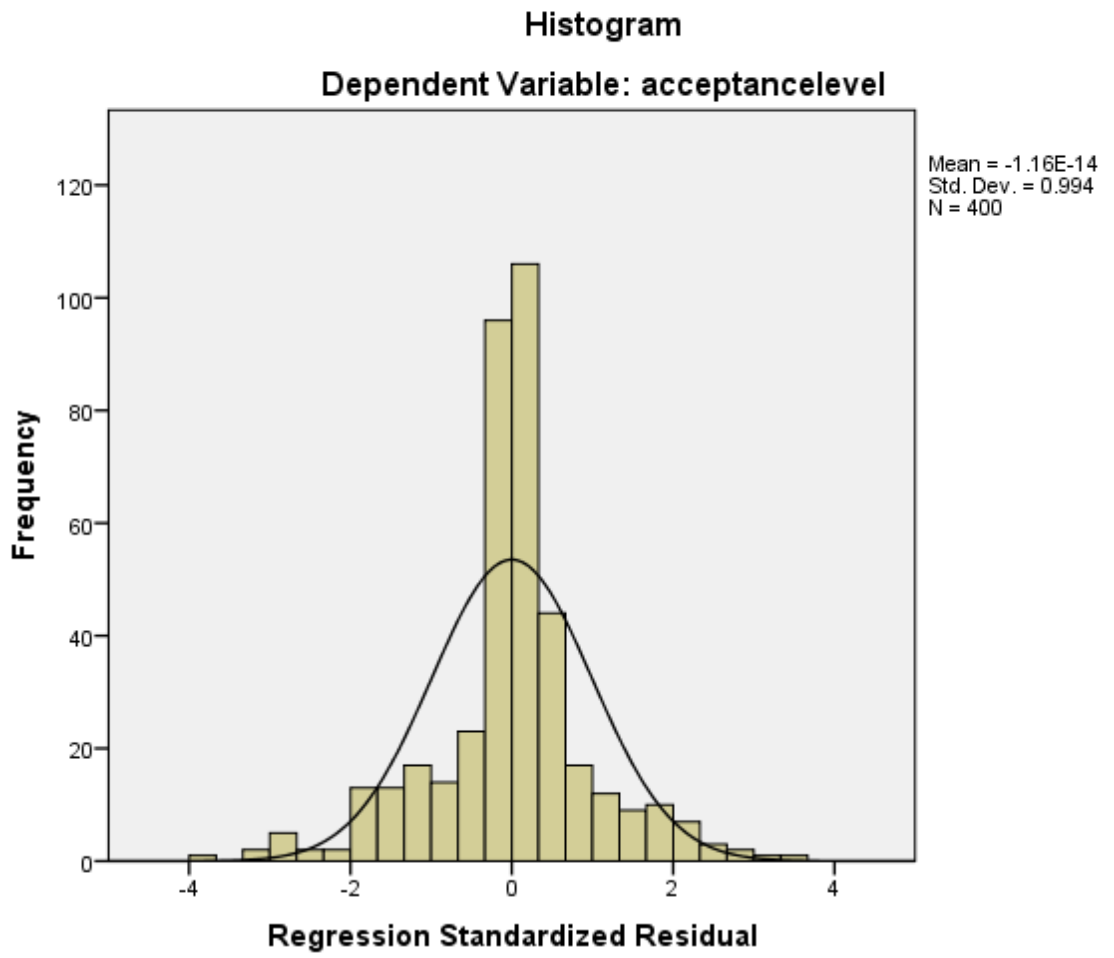
b. All requested variables entered.

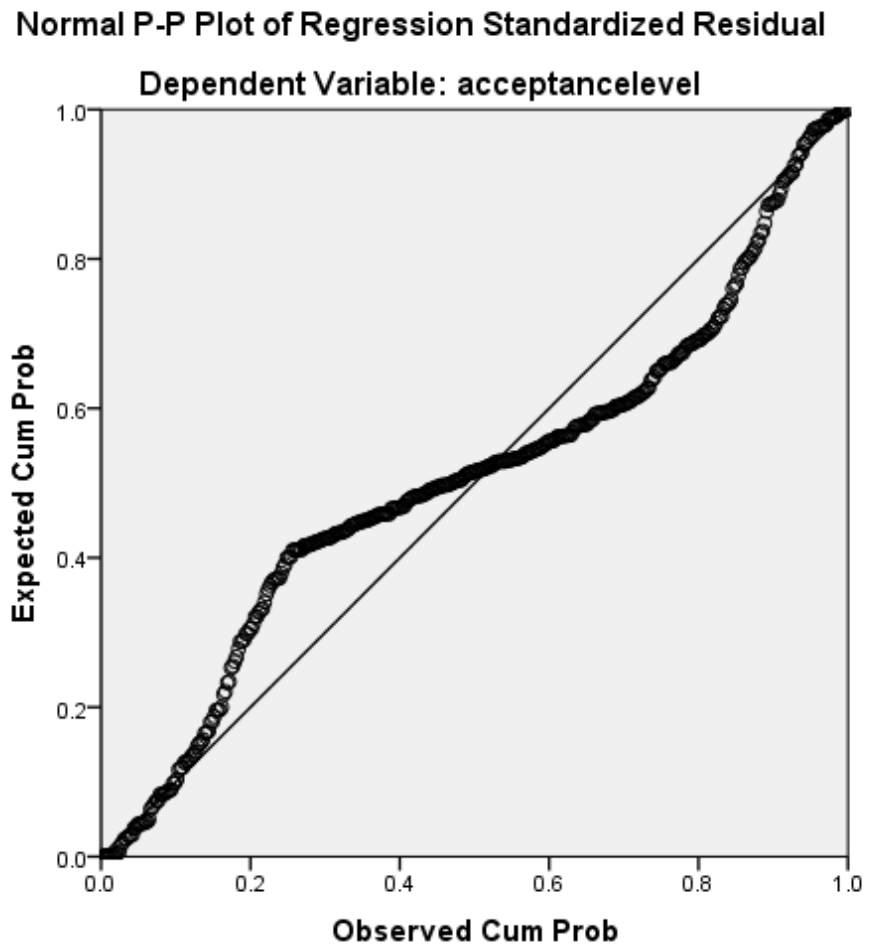
**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.4637	5.0665	3.3600	.67325	400
Residual	-1.40357	1.21777	.00000	.35253	400
Std. Predicted Value	-2.817	2.535	.000	1.000	400
Std. Residual	-3.956	3.433	.000	.994	400

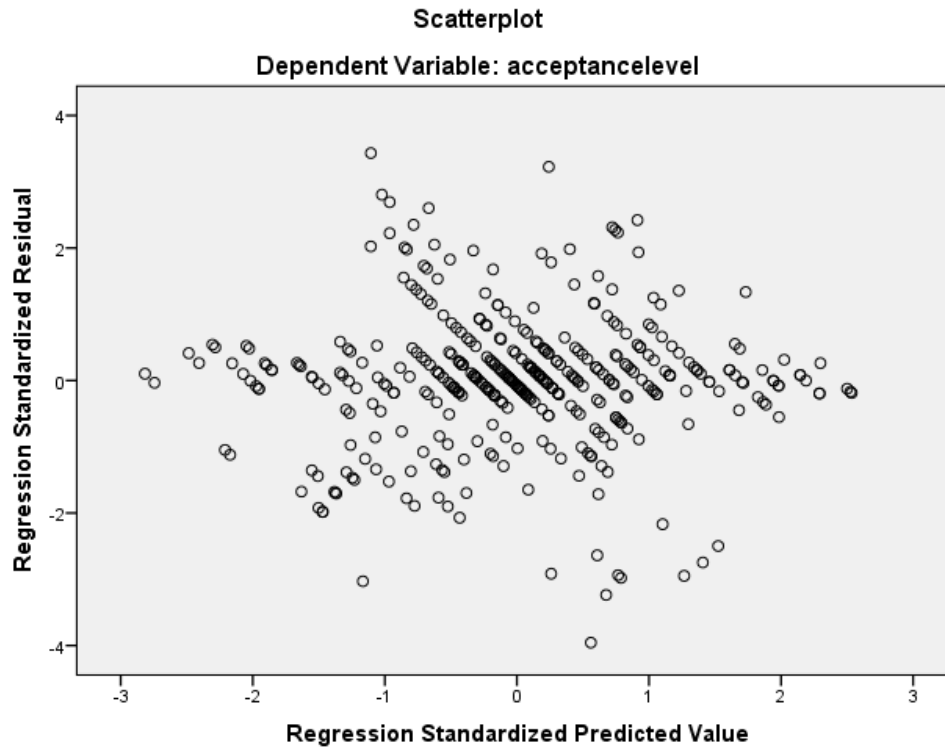
a. Dependent Variable: acceptancelevel

## Charts









**Descriptive Statistics**

	Mean	Std. Deviation	N
acceptancelevel	3.3600	.75996	400
Awareness	3.5250	.73193	400
bankreputation	3.4395	.72016	400
knowledge	3.3271	.76656	400
ServiceQuality	3.2808	.70456	400
ProductQuality	3.4420	.80664	400

## Appendix G : Multiple Linear Regression Model Output

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	ProductQuality, bankreputation, ServiceQuality, knowledge, Awareness <sup>b</sup>		Enter

a. Dependent Variable: acceptancelevel

b. All requested variables entered.

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.886 <sup>a</sup>	.785	.782	.35476	.785	287.394	5	394	.000

a. Predictors: (Constant), ProductQuality, bankreputation, ServiceQuality, knowledge, Awareness

b. Dependent Variable: acceptancelevel

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	180.851	5	36.170	287.394	.000 <sup>b</sup>
	Residual	49.587	394	.126		
	Total	230.438	399			

a. Dependent Variable: acceptancelevel

b. Predictors: (Constant), ProductQuality, bankreputation, ServiceQuality, knowledge,

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics		
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF	
1	(Constant)	-.543	.143		-3.793	.000	-.825	-.262						
	Awareness	.173	.031	.167	5.539	.000	.112	.235	.621	.269	.129	.602	1.661	
	bankreputation	.072	.025	.069	2.925	.004	.024	.121	.131	.146	.068	.994	1.006	
	knowledge	.615	.028	.620	22.056	.000	.560	.670	.827	.743	.515	.691	1.448	
	ServiceQuality	.075	.026	.070	2.932	.004	.025	.125	.219	.146	.069	.970	1.031	
	ProductQuality	.218	.028	.232	7.917	.000	.164	.273	.621	.370	.185	.637	1.570	

a. Dependent Variable: acceptancelevel

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.4637	5.0665	3.3600	.67325	400
Residual	-1.40357	1.21777	.00000	.35253	400
Std. Predicted Value	-2.817	2.535	.000	1.000	400
Std. Residual	-3.956	3.433	.000	.994	400

a. Dependent Variable: acceptancelevel