

The Understanding of Islamic Banking products and services among customers in Malaysia

Hayatullah Basij and Mir Mo Hanif

Dr. Sara Ramadani

Limkokwing University of Creative Technology Malaysia, Malaysia

Abstract

The understanding of Islamic banking is not too new issue. Islamic banking has been easily got to be recognized in the financial market. It's established only for Islamic banking industry; in this case Islamic banking industry should consider their customers approach, understanding and awareness level towards it. This review paper has analyzed the customer's perceptions and awareness level toward the Islamic banking industry it more investigates having the relationship between various demographic variables and the understanding of customers. To achieve the purpose of this paper we directly went to some Islamic banking manager office by preparing some useful questions to demonstrate more understanding based on what challenges that the customers are faced during using Islamic banking products and services in Malaysia. We explored the most challenges with its solution that the customers are faced event they are Muslim or Non-Muslim in Malaysia. Also we have mentioned about the expected facilities to train off the staff to handle banking transaction over electronic machines. It's really essential to be understood that the Islamic banks offer products and services that customers are willing to patronize Islamic banking in Malaysia.

Key words: Non-Muslim, Perception, Understanding, Policies, Customers and Factors.

Responding email: hayatullahbasij@gmail.com

INTRODUCTION

Malaysia is a modern Muslim nation which has been trying to make and to progress in developing Islamic Banking system. Purposely, this nation has been enhancing and promoting Islamic banking industry in their most of systems event in which many commentators regard as one of the most promoted market of Islamic financial industry across the world. Therefore, based on worldwide organization of Islamic Banks, Islamic banking is defined as a financial institution that works under the index of sharia principles and expectation. Generally, Islamic banking system is regarded on sharia laws which the rules and principles are taken from Islam perceptions in order ruled based on Quranic teaching and practice by the messenger of Allah (Prophet Mohammad "PBUH") as well as its supported by the secondary sources of Islamic laws opinions

collectively (Ejmah) that is an agreement which is already reached among all sharia scholars, analogy and personal reasoning (Bank Negara, 2010).

As it's known recently Islamic banking industry has shown the most highly positive increase that affects the investors and customers worldwide. Malaysia is one of the most modern members of this emanate industry with having much more applicable experiences to improve based on action more than existent Islamic banking institution . Behave of this, various customers experiences completely appeared with the most difficulties when the concept of Islamic banking bears in mind to be understood of overall systems by using features and complicated Arabic term on Islamic banking issues. The Islamic banking is a system which has been discovered and come out in recent quarter of the twentieth century, when the perception of Islamic banking counted as an old system. The system of Islamic banking has been came out through to the reason that there was an amazing needed of financial institution for Muslim clients and customers who could be satisfied of their needs and demands (Gait and Worthington, 2007).

The basic purpose of this review paper is to figure out the level of awareness, understanding and conception of customers toward Islamic banking products and services. As well as, this may include helping you to discover if there are any human ecology factors that influence the awareness, realizing and conception of Islamic banking products and services among customers in Malaysia. The consequence has shown that the greatest majority of people totally were aware of Islamic banking perception products and services. Beside of these, positive insight this paper going to cover up and indicate that the most essential challenge which made the customers to be in trouble is the written form of Arabic that non-Muslims customers don't have enough understanding in this regard toward Arabic terms that Islamic Banks use in their products and services. A second purpose of this review paper is to aim the readers to understand that there is no important various relationships between understanding and awareness. Moreover, it also found that the demographic elements such as age, religion and event level of education shows essential differences among customers while gender demonstrate that there are no considerable differences among customers in Malaysia. The available literature in Islamic banking industry is mainly counted in managerial aspects through by its recommendations (Sudin et al.,1994). It's suggested that all Islamic banks managers should be taken all needed adoptive steps during their marketing policies and efforts in other hand, to make sure that all employees of Islamic banks should have the maximum understanding, intelligent and positive perception about the products and services in Malaysia.

Problem Statement

Islamic coping with an account has encountered overall acknowledgment by using mid in 2017. Amid that period, there were as a minimum 176 Islamic banks a long manner and huge, and the outlets surpass 147 \$ billion. A hefty element of the non-Muslim better segment nations, for example, UK and Thailand have brought Islamic Finance into their coins related framework. In Malaysia its miles very nearly 3 a long time now on account that Islamic saving cash changed into at first picked up it has seen in Malaysia, in 1983 when economic organization Islamic Malaysia Berhad (BIMB) began its operations.

Research method

In this research the nature of this review paper is described that I have used the primary data, data is collected specially for the purpose to meet the research goals and objectives this primary data has been gathering from original sources; the data are collected and gathered specifically for the result of the project purpose. It's the first hand data that is used in communication and interaction terms with a representative sample of individual. There are little ways to combine primary data like calling interview, meeting people face to face and questionnaires. Therefore, the sample size was completely large; it was no possible to use the personal interview and calling interview to reach the information which are needed due to time and cost constraints. Therefore, self-administered positive sights and questionnaires were the most brilliant method is used to combine the primary data in this review paper the self-administrated questionnaires refer to the survey in which the respondent takes the responsibility for reading and answering the questions.

Data Collection Methods

In this research, primary data has been used and the data is collected specifically for a certain purpose to address the research objectives in this study.

Primary data

To begin this research, the primary data has gathered from original sources, the data are gathered and assembled particularly resulting from handed project. It the first hand data communication and interaction associated with a representative sample of individuals. There are few common ways to demonstrate primary data, for distance, calling someone for interview, meeting people face to face, making call to somebody demands more responsibilities and questionnaires. Since the sample size was not comparatively large, it was possible to use the personal interview and calling interview to get the information needed due to time and cost constraints. Therefore, self-administrated questionnaires were the ideal way used to combine and demonstrate the primary data in this study. Self-administrated questionnaires refers to the survey which took place in which the respondents takes the responsibility for reading and answering all the questions.

Research instrument

Questionnaires Survey

In this study, polling and sending questions by email is normally being used to get the topical of this have a look at due to the fact surveys are the maximum green while the professional needs to gain out infinite. Likewise, the fee of foremost look at the survey is by using the usage of all payments greater realistic as no longer feasible degree of information may be gathered with the reduce price relate up shut and private assembly or calling meeting. It has received, through the advantage expertise of using the usage of possess a grouping of inquires that had to answered through the respondents.

In any case, there are multiple issues maintained helping the conveyance of ballot, for example, thinking about part of the surveys are appropriated by means of email and the respondents generally tend to neglect about to

answer the ballot. Consequently, we need to re-text the respondents for few instances simply in a position to acquire back the polls or sending questions. Be that, as its far we going to for an issues to the polls or prefer to send question due to email, they are not able to accumulate once more as we couldn't keep up any extra drawn put as we need to begin the consequences.

Result & discussion

Islamic banking is significantly governed by the sharia boards as well as the religious scholars that lead a product Sharia compliant. The most problem is that there is no central govern or authority to declare Sharia law and the knowledge of what is accordingly allowed and what is not modify among Islamic scholars and right to make legal decisions. The rapid development of Islamic banking over the years is shown the complex banking products and services which now require Sharia harmonization at a global level.

As its summarized that the basic concepts religion, age, educational level, type of employer and job which are called demographic elements show the most essential various among customers while gender demonstrate that there are no considerable differences among customers in Malaysia. The result indicates that the most essential challenge which made the customers to be in trouble is the written form of Arabic that non-Muslims customers don't have enough understanding in this regard toward Arabic terms that Islamic Banks use in their products and services. Financial services in terms of Islamic principles has begun in Malaysia in the early of 1960 by doing the introduction of pilgrims fund out although it isn't consider a full fledge banking system yet the main reason for this set up of this system was to make people aware of Islamic banking system as well as to put their money for further illustrating the concepts of Islamic banking issues.

Recommendation

As it's proved that the most problematic point is lack of awareness of Islamic and sharia understanding that influence non-Muslim people to give up using Islamic banking products and services. That caused experts and managers are extremely disappointed that such a problematic issue has occurred among customers in Malaysia. Therefore, with these problematic insights we are going to suggested that all Islamic banks managers should be taken all needed adoptive steps during their marketing policies and efforts in other hand, to make sure that all employees of Islamic banks should have the maximum understanding, intelligent and positive perception about the products and services in Malaysia.

Conclusion

Ultimately, it's known that Malaysia has a unique condition whereby it has both whether the conventional and Islamic banking system at the same time. Indeed, Malaysia has a specific position among the first countries which are implementing made up of two banking system of conventional and Islamic operating next to each other. The Islamic banking is a window that introduced by central bank of Malaysia whereby Islamic banking offer Islamic products and services next to conventional products in the same period which are sitting personnel. Initially, by the establishing of Islamic banking system in Malaysia most of the people faced with problem specially those who are non-Muslim they were confused of creating of Islamic

banks and the data which were written in Arabic language because they haven't had completely information and awareness of Islamic issues and sharia whereby the Islamic banking system takes place. Finally, this review paper completely focused on the main problematic issues to pave the way of serving the Islamic products and services issues.

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