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SURVEY STUDY OF THE AWARENESS ON ISLAMIC BANKING AMONG NATIONAL UNIVERSITY OF MALAYSIA (UKM) STUDENTS

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ABSTRACT

This study discusses National University of Malaysia (UKM) Bangi campus students' awareness on Islamic banking with 103 randomly distributed respondents based on an 11-item questionnaire and analysed via IBM SPSS 29.0 with acceptable internal consistency of 0.608 (Cronbach’s Alpha) and gendered analysis from Mann-Whitney Test. The objectives of this study are to measure the level of understanding among UKM students on the Islamic banking system; identify Islamic banking products that would be their choices; and analyse students' expectations on Islamic banking system in the future. The findings prove that whilst most students claimed that they were aware of the Islamic banking system and technology, they became more divided as we discuss its future such as the prospect of Islamic banking and its capability to replace conventional banking. However, students also admitted that the top three limiting factors preventing them from becoming customers in Islamic banking institutions in descending order are i) limited knowledge of Islamic banking, ii) the stigma that investment return from Islamic banks are less than that of conventional banks, and iii) religious or cultural reasons.

Keywords: Awareness, Factors, Islamic Banking, Terminology, Students

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INTRODUCTION

The Islamic banking system in Malaysia began after the establishment of the Tabung Haji Management Board (LUTH) on 30 September 1963 through the brainchild of Royal Professor Ungku Abdul Aziz bin Ungku Abdul Hamid (Tabung Haji, 2019). This establishment, which aims to help Muslims perform the Hajj to Mecca, has paved the way for the formation of the Islamic banking system which had previously found a dead end. Through the efforts of the establishment of Tabung Haji, the idea of the existence of the first Malaysian Islamic bank, Bank Islam Malaysia Berhad (BIMB) under the supervision of the Companies Act 1965 on 1 March 1983 arose (Isamail et al., 2015). BIMB has received encouraging response from Muslims in Malaysia where the Islamic banking system is spared from the practices of riba (interest), gharar (uncertainty) and maisir (gambling) that exist in the conventional banking system.

On 1 October 1999, Bank Muamalat Malaysia Berhad was established and is the second Islamic bank in Malaysia (Ali et al., 2013). Beginning in this era, the Islamic banking system has grown rapidly to become the main reference for other Islamic banks such as Saudi Arabia, Indonesia and so on. This Islamic banking operating system is based on shariah principles or better known as Fiqh Muamalat, which is the Islamic rules in financial transactions. Every Islamic banking institution in Malaysia has a shariah committee that acts to guide on shariah-related matters and ensure that the bank functions in accordance with the shariah guidelines that have been set.

The basic shariah concepts used in the Islamic banking system have given birth to Islamic products such as the concept of Wadiah (safekeeping), Murabahah (cost-plus financing), Mudharabah (profit-loss sharing), Musyarakah (joint venture) and so on (Mohamad Zaim et al., 2015). The concept of the Islamic banking system can prevent Muslims from engaging in illegal activities and prohibited by Allah SWT such as riba, gharar and maisir. This shows that the Islamic banking system attaches great importance to the concept of justice when conducting every transaction.

The Islamic banking system is more centred on the concept of justice, and it is very different from the motive of the conventional system which is more to make a profit. In Malaysia, the growth of the Islamic banking system has grown faster than ever before due to the arrangement of policies implemented by national and community leaders who are aware of information related to the Islamic banking system.

The development of the Islamic banking system in Malaysia can be seen through the efforts that have been implemented by several parties and institutions in providing good and comprehensive financial services. Among the great figures in moving the Islamic banking system is Datuk Dr Abdul Halim Ismail who is the first managing director of Bank Islam Malaysia (BIMB) who led the bank for 27 years, starting from 1983 to 2010 including being the Executive Chairman of BIMB Securities Sendiri Berhad (Mat Hayin, 2017). His efforts and wisdom in the banking world have made the Islamic banking system rapidly develop internationally. Through this injection of spirit, various products and services have been successfully introduced to fill financial solutions especially to households, business and government. This has indirectly convinced the level of public acceptance as well as alternatives in opting for the Islamic banking system. Looking at the rapid growth of the Islamic banking system, several conventional banks in Malaysia have applied for licenses to conduct Islamic banking business. The establishment of this Islamic subsidiary has been licensed under the

Islamic Banking Act 1983 (Bank Negara Malaysia, 2004). This not only gives an advantage to conventional banking in conducting its operations but it also benefits Islamic banking to expand its capabilities in leading the banking industry as can be seen in Figure 1.

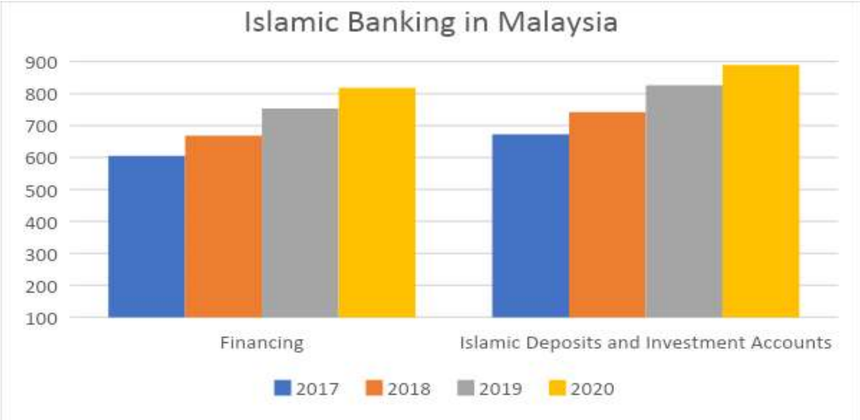

Figure 1: Growth of Islamic Banking in 2017-2020 in Malaysia

By the end of 2020, a total of 34.2% of Islamic banking assets to total assets, 41.0% of Islamic financing to total loans or financing and 38.9% of Islamic deposits and investment accounts to total deposits. The annual growth of Islamic banking has recorded 8.5% compared to conventional banking which is 0.5% while deposits and investment accounts in Islamic banking is 7.7% compared to 2.4% in conventional banking (Bank Negara Malaysia, 2021). This success has been a benchmark in the development of Islamic banking growth in Malaysia. Students are also not left behind in following the development of high modernity in the Islamic banking system. Focus should be given to students because they are the most important national asset as future leaders and able to further enhance the well -being of the Islamic banking system in the future via their feedbacks.

LITERATURE REVIEW

The Islamic banking system can be defined as a banking system whose principles of travel and practice are based on Islamic law or in Arabic referred to as Sharia. This means that all operations in the bank, whether it is money storage or financing, are done in accordance with Shariah law or at least without violating the prohibitions that have been imposed by Allah S.W.T through Sharia law. The main factor that differentiates between Islamic banks and other conventional banks is that all their transactions must be handled without involving any elements of interest (debt interest). This is because Islam prevents its people from giving or taking and consuming riba (Bank Muamalat, 2020). Whatever the form of its coverage, the use according to the Islamic point of view cannot escape from certain limits and ethics based on the Shari'ah of the Qur'an and Sunnah through law and moral discipline. Without it, there will be Muslim consumers who deal with Islamic banking institutions (IBIs) not just because of the obligation of faith to submit to Allah, but simply according to the current trend that the Muslim should choose something Islamic (Adnan, 2017).

Besides that, Adnan (2017) analysed the relationship between bank selection determinants according to Ideal Selection and Islamic bank selection behavior among Muslims in Terengganu. This article aimed to examine the research instruments capable of assessing the compliance of Muslim behavior in bank selection matters. This instrument is known as Bank Selection Determinant According to Muslim Ideal (PPBMMI). The second is to analyse the relationship between IBI selection behavior and PPBMMI. In the context of Islam, religion is believed to be a complete way of life or *Deen* that encompasses every aspect of human life. This research instrument known as PPBMMI contains 40 items that can examine the compliance of Muslims in the selection aspect of IBI. First, after all the themes and specific statements are put together in one conceptual framework. Next, each expert was asked to review, provide views and recommendations on the content of the measurement tool and language. Next, each expert was asked to review, provide views and recommendations on the content of the measurement tool and language. The positive relationship between IBI selection behavior and PPBMMI containing Islamic values is an expected phenomenon.

According to a journal written by Mustafar (2018), the findings of his study show that the prospective consumers consider religious factors before other considerations when choosing Islamic banking as the main option. This study is significant because it found that the level of knowledge about islamic banking among non-Muslims is still at a low level even though they already know the meaning of riba. This study focuses more on the population in Negeri Sembilan where the location of this study is close to the capital known as the center of knowledge, this study can see the reality of the level of shariah compliance among Muslim consumers in the selected Islamic banking institutions. This study has two phases, namely identification and evaluation. Through identification, the study uses documentation and interview methods that include halal and haram considerations, quality of use, problems of use, preferences of use, size, image and reputation, recommendations and attractiveness, quality of products and services, location condusiveness as well as marketing and advertising. Through the evaluation phase, a total of 455 respondents were found in 13 selected Islamic banking institutions in Negeri Sembilan through a simple sampling method. The results of the study found that the shariah compliance of Muslim consumers in Negeri Sembilan is at a moderate level. This study also found that the three main factors that affect consumers are the quality of use, location comfort and use problems. While the least dominant factors are recommendation and attractiveness.

Studies have been conducted to explain about the financing products offered by Islamic banking systems. The institutions have a very important role to play in order to provide good facilities and alternative ways and based on Shariah to the Muslim community. This is supported by the third journal, where the importance of religious factors, attracted respondents in Terengganu to choose Islamic banking from a study by Bahari (2014), the findings found that Muslim students choose Islamic banking because of the religious context. It can be concluded that most people choose to use Islamic banking because of the religious context. This comprehensive study on student Satisfaction on the quality of Islamic banking services in Malaysia was conducted with an empirical (econometric) approach. This study takes into account six dimensions in evaluation: assurance, reliability, tangibility, empathy, response and compliance. The data obtained were analysed using SPSS software version 17 and then tested using descriptive statistics, correlation analysis and regression analysis through T-test, reliability statistics (Cronbach's Alpha coefficient) and one-way ANOVA. The findings of this study show that students agree that Islamic banking services in Malaysia are good and are satisfied with the personal relationship of Islamic banking staff in Malaysia. Through the correlation test, the results of the study found that there is a significant positive relationship between the level of student satisfaction with the dimensions of assurance, reliability, tangible, empathy and response. Through multivariate regression tests, the results of data analysis show that the significant dimension is the main variable for student satisfaction with the quality of Islamic banking services in Malaysia.

Meanwhile, a research written by Mahamad & Mohd Tahir (2017) entitled *Persepsi Pelanggan Bukan Islam Terhadap Perbankan Islam: Satu Kajian Rintis* (Non-Muslim Customers' Perceptions on Islamic Banking: A Pilot Study) aimed to examine non-Muslim customers' perceptions of Islamic banking in the East Coast, especially Terengganu. Data collected through questionnaires were distributed by random sampling to non-Muslim customers and analysed using descriptive methods. The data used in this study were obtained through questionnaires. The forms were distributed by random sampling to non-Muslims in the states of Kelantan, Terengganu and Pahang. In general, there are four main sections in the questionnaire namely demographic information, knowledge of Islamic banking, bank selection criteria and experience using Islamic banking. The questions used in this questionnaire are in the form of closed -ended questions. For the bank selection criteria, 5 Likert scales were used in which respondents were required to select an answer by stating the level of importance for a factor. The sample used in this study was non-Muslims randomly selected in Terengganu. The sample consisting of Chinese, Indians and other races were selected in business premises, government premises, home dwellers in urban and rural areas including customers of Islamic and conventional banks. A review of past studies related to knowledge of Islamic banking shows that the majority of Muslim respondents living in Islamic countries have good knowledge of Islamic banking compared to Muslim respondents living in non-Muslim countries in which non-Muslim respondents still have a low level of knowledge about Islamic banking (Gerrard & Cunningham, 1997). The results of a pilot study conducted around Kuala Terengganu found that most customers still have a low level of knowledge about Islamic banking with their main sources of knowledge being newspapers and television. Most respondents are not confident that Islamic banking can compete with conventional banking and many respondents who have not used Islamic banking also stated that they are not interested in using Islamic banking. This pilot study also found that the important factors influencing non-Muslim customers in bank selection were high interest, safe savings, fast and efficient service, fast transactions, and quality of service. Islamic banking products that are popular with non - Muslim customers are savings accounts, investments in stocks and credit cards.

Studies have shown that there is a positive relationship between trust and potential of the bank. It is significant to gain the trust from the customers in order to look after their long-term financial wellbeing. Today’s bank must listen deeply to their customers and ease their apprehension. By restoring trust, the customers will have confidence in choosing Islamic banking as their choice because most of the respondents believe that Islamic banking will improve in Malaysia. An assistant governor at Bank Negara Malaysia stressed Islamic finance is not just for the Muslim community during a speech in 2019. The name of Islamic banking should not be misunderstood that it is only for Muslims since the service is open to others as well. In addition, “more publications on Islamic banking subject should be made publicly available in order to raise the level of understanding and awareness as well as to enhance the level of knowledge regardless of age and level of education amongst non-Muslims on Islamic banking concept and operations” (Abdullah et al., 2012, p.163).

In the Islamic financial system, efficiency is crucial, but Islamic principles are much more important and this principle prioritises above all other considerations. The three objectives of this study are: to measure the level of understanding among UKM students on Islamic banking system, to identify Islamic banking products that are the choice of UKM students, and to analyse students’ expectations on the usage of the Islamic banking system in the future.

METHODOLOGY

Sampling Method and Data Collection

The methodology of this study is mainly survey research based on matters related to sampling, measurement, and data analysis. The sampling of this study involved 103 students of Universiti Kebangsaan Malaysia (UKM) Bangi Campus who were indirectly affiliated with the use of Islamic banking via random sampling method. These respondents were chosen because they had interest to answer this questionnaire, culminating to the total aforementioned value. In order to obtain a large-scale sample in this study, the questionnaire was used as the main research instrument because it is a more practical sampling method to obtain a sample with a larger number of respondents. The sample size is appropriate since the emphasis is upon the Faculty of Economics and Management students**.** The application used to conduct this questionnaire was "Google Form" as an alternative to conducting research in quantitative form. The medium used to distribute the questionnaire was through the "Whatsapp Messenger" application and this application is a free software messaging service. The Covid-19 pandemic factor caused this sampling process to be fully online due to the restriction unabling face-to-face sessions with UKM students to distribute the questionnaire.

Research Instruments

Cross-sectional data were analysed using IBM SPSS 29.0 software. Descriptive Statistics (Cronbach’s Alpha) provides scores for scale hypothesis testing and is expressed as a number from zero to one with an accepted value of at least 0.60 (Griethuijsen et al., 2014). Mann-Whitney Test is also implemented to determine whether gender itself plays a role in the sway of opinion on certain items in the questionnaire. Although there are 11 items in the questionnaire, seven of them are ordinal (using Likert scales) whereas the remaining four are Multiple Response/Choice Questions. Therefore, only the seven items would be viable for the reliability test and the non-parametric test.

Cronbach’s Alpha

Reliability test is often referred to describe internal stability and consistency. Thus, in this study, we used Cronbach’s Alpha test to determine the internal accuracy level of this study upon the seven ordinal items (using Likert scales) Cronbach’s Alpha value in Table 1 is 0.608, an acceptable value.

Table 1: Cronbach’s Alpha Summary

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
0.608	0.630	7

Table 2: Item-Total Statistics

Item	**Scale Mean if Item Deleted**	**Scale Variance if Item Deleted**	**Corrected Item-Total Correlation**	**Squared Multiple Correlation**	**Cronbach’s Alpha if Item Deleted**

What is your level of awareness regarding the system Islamic banking?	16.21	3.777	0.352	0.164	0.577
Do you know what banks offer compliant products and services shariah?	17.44	4.582	0.278	0.173	0.589
Are you aware that the Islamic banking system is different from the conventional banking system?	17.21	4.621	0.429	0.209	0.538
The service technology applied by the Islamic banking system is comparable to the conventional banking system?	17.45	4.642	0.346	0.198	0.562
Are you satisfied with the Islamic financial products offered?	17.31	4.746	0.348	0.261	0.562
What are your prospects for the future performance of Islamic banking in Malaysia?	17.28	4.949	0.393	0.179	0.557
Do you think Islamic banking can be an alternative to conventional banking?	17.10	5.559	0.215	0.118	0.603

Mann-Whitney Test

The methodologies we can use in this study were reliability test, descriptive statistics, factor analysis, normality test, t-test and Mann-Whitney U test (Hassan et al., 2012). Moreover, the analysis of ordinal data is by using Mann-Whitney U test. Mann-Whitney U test is used to compare the differences between two independent groups when the dependent variables are either ordinal or continuous, but not normally distributed. The Mann-Whitney U test is a nonparametric test that can be used as a substitute for an unpaired t-test. It is used to test the null hypothesis that two samples come from the same population (i.e. have the same median) or, alternatively, whether observations in one sample tend to be larger than those in another. In this study, the Mann-Whitney U Test will be implemented with gender as the independent variable as well as the seven ordinal items that have been identified as relevant items in this test. Our study is based on the following details: significance level, $\alpha = 5\%$; p-value < 0.05, H0 is rejected; H0 = There is no difference between the two categories; and H1 = There is a difference between the two categories.

Table 3: Mann-Whitney Test (Grouping Variable: Gender)

Test Statistics				
Item	Mann-Whitney U Test	Wilcoxon W	Z	Asymp. Sig. (2- tailed)
What is your level of awareness regarding the system Islamic banking?	1063.500	3274.500	-1.141	0.254
Do you know what banks offer compliant products and services shariah?	1187.000	1890.000	-0.293	0.770

Are you aware that the Islamic banking system is different from the conventional banking system?	1118.500	3329.500	-1.184	0.236
Is the service technology applied by the Islamic banking system comparable to the conventional banking system?	1050.000	3261.000	-1.382	0.167
Are you satisfied with the Islamic financial products offered?	1178.500	1881.500	-0.390	0.696
What are your prospects for the future performance of Islamic banking in Malaysia?	1011.000	1714.000	-1.870	0.062
Do you think Islamic banking can be an alternative to conventional banking?	1077.000	1780.000	-2.023	0.043

Based on the table above, we can see that almost items have values over 0.05, in which H0 fails to be rejected, showing no difference between male and female respondents regarding the items. However, one item regarding the capability of Islamic banking to replace conventional banking has p-value of 0.043 (less than $\alpha = 0.05$), meaning that the H0 is rejected and thus proves that male and female respondents differ about this particular item.

RESULT AND DISCUSSION

Table 4: Demographic Profile of Respondents

Demographic	Frequency (n=103)	Percentage (%)
Gender:		
Males	37	64.08
Females	66	35.92
Age:		
18 – 20	8	7.77
21 – 23	83	80.58
24 – 26	9	8.74
27 – 30	3	2.91
Faculty/School:		
Faculty of Economics and Management (FEP)	46	44.66
Faculty of Social Sciences and Humanities (FSSK)	19	18.45
Faculty of Science and Technology (FST)	9	8.74
Faculty of Information Science & Technology (FTSM)	4	3.88
Faculty of Education (FPEND)	11	10.68
Faculty of Law (FUU)	4	3.88
Faculty of Islamic Studies (FPI)	4	3.88
Faculty of Engineering & Built Environment (FKAB)	5	4.85
School of Liberal Studies (PPCU)	1	0.98
Level of Study:		
Bachelor's Degree	96	93.20
Master	6	5.82
PhD	1	0.98
Year of Study:		
1	19	18.45
2	70	67.95
3	11	10.68
4	2	1.94
5	1	0.98

Religion:		
Islam	98	95.14
Buddhist	2	1.94
Christian	1	0.98
Hindu	2	1.94
Race:		
Malay	91	88.35
Chinese	2	1.94
Indian	2	1.94
Others	8	7.77

The table above shows the demographic profiles of the respondents. The data showed that the majority of respondents were women at 64.08% which is 66 people, followed by men with 37 people. The majority of them are in the age range of 21-23 years above ¾ the total respondents. This is in line with our findings that most of our respondents are students of year 1 (18.45%) and year 2 (67.95%) collectively a total of 86.4%. Meanwhile, more than 90% of the total respondents are Bachelor's Degree students, followed by 6 Master's students and only one Doctor of Philosophy candidate respondent. The respondents have diverse academic backgrounds as only 46 respondents are from the Faculty of Economics and Management (FEP). The two largest faculties after FEP are the Faculty of Social Sciences and Humanities (FSSK) with 19 people followed by the Faculty of Education (FPEND) with 11 people. This suggests a diversity of opinions that may provide more robust validity in this study and is not skewed to a single group.

In terms of religion, although 98 out of 103 respondents are Muslims, this is not a problem because the diversity of views still occurs as we will discuss in later sections. This study will also focus on the views of 5 non-Muslim respondents to give some insight and their perceptions about Islamic banking. A total of 91 respondents are Malays, followed by 8 respondents from other races (such as indigenous peoples, people of Sabah and Sarawak and so on). This is followed by 2 respondents who are Chinese and likewise for Indian respondents.

Table 5: Response for Item 1

Component	Total
Very Low	1
Low	4
Moderate	5
High	23
Very High	70
Total	103

Item 1 is about "What is your level of awareness regarding the Islamic banking system?" and the majority of respondents (more than 2/3 overall) have very high awareness regarding the Islamic banking system followed by those with high level of awareness. There are several respondents who might be oblivious about the existence or importance of the Islamic banking system. The respondents having moderate, low and very low cognizance about this system about the shariah-compliant banking in the current market are 5, 4 and 1 respondents respectively.

This is of no surprise because Malaysia has been at the forefront of Islamic finance with a global presence. According to The Edge Markets (2020), Malaysia is the uncontested leader in the Islamic finance industry, accounting for 48% of worldwide sukuk issuance in 2019, more than double that of its main competitor, Saudi Arabia. Recently, the country has emerged as one of the world's top Islamic financial technology (fintech) centers, housing a number of

Islamic fintech start-ups. One important reason is that the government has a thorough set of regulatory rules outlining the criteria for fintech firms to conduct their operations. According to Wong Wai Ken, national manager for StashAway Malaysia, without uncertainty, fintech start-ups can make rapid and clear investment decisions.

Table 6: Response for Item 2

Component	Male	Female	Total
No	7	8	15
Unsure	4	11	15
Yes	26	47	73
Total	37	66	103

Item 2 is “Do you know which banks offer compliant products and services shariah?”. The majority of female and male respondents admitted that they were aware of banks offering shariah-compliant products. There were 15 respondents who were still skeptical about their knowledge of shariah-compliant products in the current market while the same number of respondents - 7 males and 8 females - are not aware of the banks.

Even in established markets, though, awareness gaps persist. According to Bashar Al Natoor (2021), Bank Negara Malaysia reported that over 60% of Malaysian SMEs were unaware of the availability of Islamic finance options in 2019. According to Emirates Islamic's 2020 Islamic Banking Index, 27% of the studied population in the UAE were unaware that Islamic banking products existed. The sector has a limited presence in secondary developing Islamic-finance areas, with minimal knowledge, confidence, and demand for Islamic goods. It comprises Muslim-majority countries such as Indonesia, Turkey, Egypt, Algeria, and Tunisia. In 2019, the sharia financial literacy rate in Indonesia – the country with the world's biggest Muslim population - was a meagre 8.9%.

Table 7: Response for Item 3

Component	Male	Female	Total
No	2	6	8
Unsure	1	5	6
Yes	34	55	89
Total	37	66	103

Item 3, “Are you aware that the Islamic banking system is different from the conventional banking system?” data show that the percentage among male respondents is much larger than female respondents which is 91.9% compared to % overall female respondents. The number of respondents who said "No" to this question is less than the previous item with only 8 respondents. This means that the majority of respondents are aware or seem to be aware (for those who are unsure) that the Islamic banking system is indeed different from the conventional banking system.

This is because the Islamic banking system adopts principles based on the Quran and Sunnah in its implementation. The Qur'an was a revelation by Allah SWT to Prophet Muhammad SAW through the mediation of archangel Gabriel to be a guide for mankind (Stapa et al., 2012). As-Sunnah is a source that details the explanations contained in the Qur'an and acts as a confirmation of the truth of its teachings (Basir et al., 2006). The conventional banking system is based on man -made thinking and rules. The names of the products used in the Islamic banking system also differ from the mainstream ones since they use Arabic terms such as Al-

Wadiah Saving Account, Al-Mudharabah General Investment and AITAB Hire Purchase-i. This clearly shows significant differences in terms of product implementation and operations.

Table 8: Responses for Item 4

Component	Male	Female	Total
No	3	5	8
Unsure	7	23	30
Yes	27	38	65
Total	37	66	103

Item 4 is "Is the service technology applied by the Islamic banking system comparable to the conventional banking system?". Regarding Islamic banking technology, ⅓ of all female respondents were unsure of this question, while male respondents were more concerned with the performance of Islamic banking technology, which was 27 out of 37 male respondents.

The advancement of technology during the Industrial Revolution 4.0 (IR 4.0) is growing rapidly with the passage of time. The Islamic banking system is also among those who are not left behind in utilising this state-of-the-art technology. The Islamic banking system is now more systematic and easier for the public to apply. The Islamic banking system also uses the E-commerce platform where it is the best place to promote its products and operations. Thus, the Islamic banking system is comparable to the conventional banking system through the technology used.

Table 9: Responses for Item 5

Element	Percentage (%)
Halal and Sharia-compliant	52
Riba' (Interest)	27
Gharar (Uncertainty)	13
Maisir (Gambling)	4
Zulm (Exploitation)	4

Item 5 is "What is the element that you emphasise in the selection of a bank?". A slight majority of respondents of 52% were more likely to set halal and shariah-compliant factors as the main element in the selection of a bank in general, followed by the element of riba' (27%) and the element of gharar (13%). Some non-Muslim respondents also chose elements other than halal and sharia-compliant such as the element of gharar and the element of riba '.

For Muslim respondents, halal and shariah-compliant element is the main aspect in bank selection. The applications of riba, gharar and maisir in the Islamic banking system are prohibited in Islam. This is so because it can give oppression to its customers as the rich get richer while the poor get poorer. This is contrary to the teachings of Islam which prioritise the welfare of consumers over profit. Islamic principles are also more towards achieving the concept of *Al-Falah*, which is to prioritise the well-being of the afterlife or *akhirah*.

Table 10: Responses for Item 6

What are the financial products of Islamic banking schemes that you	Religion

have heard of? (Can choose more than one)					
Scheme	**Islam**	**Buddha**	**Christian**	**Hindu**	**Total**
Wadiah	70	1	0	1	72
Ijarah	46	1	0	1	48
Bai' Bithaman Ajil	35	2	0	1	38
Ijarah Thumma Bai'	23	1	0	0	24
Musharakah & Mudharabah	58	1	0	1	60
Bai' Al-Istina'	19	0	0	1	20
Bai' Dayn	17	0	0	1	18
Bai' Al-Inah	19	0	0	1	20
Bai' Salam	29	0	1	0	30

Item 6 is a multiple-choice question (MCQ), "What are the financial products of Islamic banking schemes that you have heard of? The table above shows the 3 most popular products among the respondents namely wadiah (69.9%), Musharakah & Mudharabah (58.3%) and Ijarah (46.6%). Meanwhile, the 3 least known products are Bai 'Al-Inah and Bai'Al-Istina' (both 19.4%) and Bai 'Dayn (17.5%) only. Among non -Muslim respondents in particular, all these products are known to them but the most famous among them is Bai 'Bithaman Ajil (3 out of 5 non-Muslim respondents).

Gradually, Islamic banks have played an important role for the overall Malaysian financial market (Dusuki & Abdullah, 2007). Moreover, according to them Al-Murabahah and ijara wa iqtina (credit sale in financing) have become the common trend in Islamic banking operations in Malaysia and at present it constitutes nearly 90% of Islamic banking assets (Rosly & Abu Bakar, 2003). From this multiple-choice item, "In your opinion, which of the following is a deterrent factor in making Islamic banking prevalent among customers?", there are 3 main factors hindering the prominence of Islamic banking among customers: Limited knowledge of Islamic banking, stigma about fewer investment returns than conventional banks, and religious or cultural factors. Among the 5 non-Muslim respondents, the majority of them agreed that the factors mentioned above were the main cause of the hindrance except for the unsatisfactory service factor.

Table 11: Response for Item 7

What are the main factor(s) in choosing your preferred bank? (Can choose more than one)	**Religion**				
Scheme	Islam	Buddha	Christian	Hindu	Total
High returns from savings accounts	35	2	0	1	38
Fast and efficient banking service	47	2	1	0	50
Free from the elements of gharar and riba '	75	1	0	0	76
Guaranteed deposit safety	65	2	1	1	69
Conduciveness of provided facilities	44	1	1	2	48
Others	6	0	0	0	6

From this multiple-choice item, "In your opinion, which of the following is a deterrent factor in making Islamic banking prevalent among customers?", there are 3 main factors hindering the prominence of Islamic banking among customers: Limited knowledge of Islamic banking, stigma about fewer investment returns than conventional banks, and religious or cultural factors. Among the 5 non-Muslim respondents, the majority of them agreed that the factors mentioned above were the main cause of the hindrance except for the unsatisfactory service factor.

Malaysia's government pioneered a well-coordinated Islamic banking system that may be separated into three stages. The first stage, known as the familiarisation phase, runs from 1983 to 1992, and it is during this time that Bank Islam Malaysia Berhad (BIMB) was founded and operates in line with Syariah principles. The Islamic Banking Act (IBA) was signed into law under this roof. The second stage, which lasted from 1993 to 2003, aimed to create a favourable climate for Islamic banks and provide them a competitive edge (Saad, 2012). Item 7 is also MCQ-oriented, “What are the main factor(s) in choosing your preferred bank?”. There are 3 most important factors in the selection of banks among the respondents, namely free from gharar and riba elements (73.8%), guaranteed safety of deposits (67.0%), as well as fast and efficient banking services (48.5%). Among non-Muslim respondents, 4 out of 5 respondents stated that these 2 factors were their priority in bank selection: Deposit safety and conduciveness of provided facilities.

Table 12: Responses for Item 8

In your opinion, which of the following is a deterrent factor in making Islamic banking prevalent among customers? (Can choose more than one)	**Religion**				
Factors	**Islam**	**Buddha**	**Christian**	**Hindu**	**Total**
Religious/Cultural reasons	46	2	0	1	49
Limited knowledge of Islamic banking	61	2	0	1	64
The influence of the surrounding community	31	2	1	0	34
The stigma that investment returns from Islamic banks are less than that of conventional banks	54	1	1	1	57
Unsatisfactory Islamic banking services	13	1	0	1	15
Religious/Cultural reasons	46	2	0	1	49

From this multiple-choice item, “In your opinion, which of the following is a deterrent factor in making Islamic banking prevalent among customers?”, there are 3 main factors hindering the prominence of Islamic banking among customers: Limited knowledge of Islamic banking, stigma about fewer investment returns than conventional banks, and religious or cultural factors. Among the 5 non-Muslim respondents, the majority of them agreed that the factors mentioned above were the main cause of the hindrance except for the unsatisfactory service factor.

The Central Bank successfully created a total of 21 Islamic financial products in early 1993 (Abdul Hamid & Mohd Nordin, 2001). Malaysia is a country ruled by a coalition government led by a Muslim-based party, with Muslims accounting for half of the population. The fact that total monies placed in the Islamic system remain tiny in comparison to total deposits in commercial banks indicates popular aversion to the system (Ahmad & Haron, 2002). Item 6 is a multiple-choice question (MCQ), “What are the financial products of Islamic banking schemes that you have heard of? The table above shows the 3 most popular products among the respondents namely wadiah (69.9%), Musharakah & Mudharabah (58.3%) and Ijarah (46.6%). Meanwhile, the 3 least known products are Bai ’Al-Inah and Bai’Al-Istina’ (both 19.4%) and Bai ’Dayn (17.5%) only. Among non -Muslim respondents in particular, all these products are known to them but the most famous among them is Bai ’Bithaman Ajil (3 out of 5 non-Muslim respondents).

Table 13: Responses for Item 9

Component	Male	Female	Total
No	2	5	7
Unsure	8	10	18
Yes	27	51	78
Total	37	66	103

Item 9 is “Are you satisfied with the Islamic financial products offered?”. Compared to the previous item (Islamic banking technology), the same number of male respondents, namely 27 respondents answered "Yes" and this is in line with the assumption that the performance of technology can provide satisfaction to customers/consumers. As for female respondents, although they were unsure about the technology and digital capabilities of Islamic banking, 77% of them admitted that they were satisfied with the Islamic financial products offered.

Customer generation who grew with Internet democratization is more prone to technological developments which gives an impact to the number of the respondents to answer “Yes”. However, there is still a small group of 7 respondents who are dissatisfied with the current Islamic banking services. As we can see, digital has been dramatically reshaping the habits and preferences of consumers, whose lives are more and more involved with digital innovation, leading to a profound impact on the banking industry. Nevertheless, the impact is not all negative for traditional banks. There are still considerable customer segments showing a preference for brick-and-mortar experience (Ganguli & Roy, 2011).

Table 14: Responses for Item 10

Component	Male	Female	Total
Decline	1	0	1
Constant	13	14	27
Improve	23	52	75
Total	37	66	103

“What are your prospects for the future performance of Islamic banking in Malaysia?” is Item 10. Only one respondent expected the performance of Islamic banking in Malaysia to decline in the future while around 26.2% of respondents expected the performance to remain as it is. However, a large majority of 75 respondents agreed that the performance of Islamic banking will improve over time.

Based on the Fitch Ratings, Malaysia continues to be the largest Islamic banking, sukuk and takaful market in ASEAN. Islamic banking sector in Malaysia has wide opportunities to expand amid economic challenges from the coronavirus pandemic. The share of Islamic financing in the banking system reached 37% by end-2020 (end-2019: 35%), with Islamic financing contributing nearly all of the banking sector's growth in 2020, driven by household financing and banks that promoted Islamic products as part of the "Islamic First" strategy (Bashar Al Natoor, 2021). First and foremost, the criteria for bank selection by customers are based on the customer’s preference which is to choose a bank that practice Islam. Islamic finance is more stable because it does not rely on debt-based financing. Hence, Islamic banking in Malaysia will improve over time in future due to the opportunities, performance, and customer’s preference.

Table 15: Responses for Item 11

Component	Male	Female	Total
No	6	13	19
Unsure	11	11	38
Yes	20	47	46
No	37	66	103

This final item is significant because Mann-Whitney test proves that there is indeed difference of opinion between the two genders in this particular issue. It is clear in the table above that the majority of male respondents of 54.05% said “Yes” to this item, whereas the female respondents become more disconcerted about giving a stand on this issue, with the overall female respondents for those unsure and rejecting this idea with 40 respondents – exactly twice than the male respondents for the opposite case. We can see that those who are unsure about the capability of Islamic banking to be the mainstream system in the future will be in a larger proportion (36.89%) than the previous item (26.21%).

Women have arguably made the greatest inroads in Islamic finance. In addition, women’s representation in leadership in Islamic finance is extremely limited, with few women CEOs of Islamic banks or in other positions of influence. This shows women are highly unaware about Islamic banking, Islamic principles and Shariah. Role models are an important start, more women who are involved in Islamic banking and finance should be celebrated. Islamic banking and finance has empowered women in a number of countries especially in Malaysia, where at least two Islamic banks, the Hong Leong Islamic Bank and the Kuwait Finance House Malaysia have female CEOs. Therefore, this is a contentious debate that is likely to be the main topic that bankers and economists need to ponder upon in order to consolidate the Islamic banking system in the eyes of the general public.
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CONCLUSION

Overall, it can be concluded that this study has met the objectives of the study which set that students of Universiti Kebangsaan Malaysia (UKM) have a relatively high level of knowledge regarding Islamic banking and have high expectations of the use of Islamic banking system in the future. This study is acceptable since it has an internal consistency of above 0.60. This is because the majority of the students say that the performance of Islamic banking in Malaysia in the future will improve. This shows that they have high confidence in the Islamic banking system in Malaysia. However, the students are also skeptical about the possibility that Islamic banking would one day supersede the conventional system. This issue is also evident between the two genders as shown in the Mann-Whitney non-parametric test. Therefore, higher institutions and IBIs should consider this as a call to reform the education on Islamic banking system to inculcate interest among the general public and also youth.

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