

Demand Factors for Islamic Retail Deposit Products of Middle East Bank in Malaysia: A Case Study of Kuwait Finance House

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Abstract: This study examines the factors that lead to the consumer in adopting Islamic Retail Deposit Product in Kuwait Finance House (KFH). Currently, Islamic banks really compete among them to introduce more Islamic deposit products and promoting their products to customers using al-wadi'ah, al-mudharabah saving, investment and current accounts. The total deposit industry deposit as at 31 December 2009 is 138,813 Million. Maybank Islamic captured the highest deposit in this industry where the total deposit is RM26,060 Million or 19% of the total deposit. The second largest deposit came from CIMB Islamic with a total of RM17,489 Million. The smaller Islamic bank i.e. Kuwait Finance House and Hong Leong Islamic contribute to 4% and 6% respectively. While many studies focus on the local Islamic banks in Malaysia, studies on the foreign Islamic Banks especially Middle East Islamic Banks in Malaysia are still quite scarce. A self-administered questionnaire dealing with Islamic retail deposit products were distributed to a simple random sampling of 200 respondents. Of these, 70 questionnaires were returned with a response rate equivalent to 35.0%. The sample t-test result of the study reveals that there is no significant difference between Malay and Chinese in their level of awareness on Islamic retail deposit products. Further investigation using one-way ANOVA test found that there is a significant relationship between different respondents' age and income group against their level of awareness. Finally, the Pearson correlation and regression analysis indicated that the factor of consumer adapting to Islamic retail deposit products offered by KFH can be explained by consumers' awareness, individual factors and financial institution factors. However, the individual and financial institution factors have strong significant relationship while consumers' awareness did not have significant relationship. It is hoped that the study would facilitate the management of the bank which is from the middle east country to understand the consumer behavior of this country in developing more competitive Islamic retail deposit products as well as to strengthen the marketing strategies which is very important for the survival of the bank specifically due to intense competition arising from the local and foreign banks in Malaysia.

Key words: Islamic Finance • Kuwait Finance House • Demand Factors

INTRODUCTION

Islamic deposit products, which was once perceived to be only popular in the Middle East, is now in demand in countries where Shari'ah compliant banking is fast becoming a trend, such as Malaysia and Indonesia. Full-fledged Islamic banks are developing retail products that do not compromise on the requirements for Shari'ah compliance. It seems that the economic downturn has given the Islamic retail sector a much needed boost.

Islamic retail deposits represent one of the quickest growing areas of finance in the world. This area of finance is composed of practices which are consistent with the beliefs of Islam where characterized by an emphasis on socially responsible investment and the prohibition against what is called "Riba" or usury – including any form of guaranteed interest on a loan. The prohibition against interest conflicts directly with conventional banking wherein a large portion of the financial system is based upon interest earned from loans and provided for deposits.

The first Islamic bank, Bank Islam Malaysia Berhad was established in 1983. The concept of Islamic window started in March 1993 when the Bank Negara Malaysia introduced the "Interest-Free Banking Scheme". This scheme is to allow the existing of conventional banks together produced Islamic products and services. Most of the commercial banks interested and offered the two window schemes, because they wanted to capture the market. The Islamic banking scheme was established at 1999, which included the interest free banking system and full-fledged Islamic banks involved in operating Islamic financial products and services.

As a result of the financial turmoil in 1997 and liberalization of the world banking system, Malaysia developed a blue print for the development of the financial sector in the country and this ten-year plan is known as the 'Financial Sector Master plan'. The aim of this plan is to create a more efficient and competitive, innovative, technology-driven and strategically focused financial system. The plan includes further developing the Islamic financial system as the key player in the Malaysian and international banking sector. An important milestone taken by BNM in positioning Malaysia as an international Islamic financial hub was to bring forward the liberalisation of its Islamic banking sector to 2004 which one of them granting three new licenses of Islamic Banking. With these policies, three banks from Middle East opened their operations (Al-Rajhi Banking & Investment Corporation, Kuwait Finance House and Islamic Financial Consortiums) in Malaysia.

BNM also issued five new licences for domestic banks to create Islamic subsidiaries. The RHB Bank is the first local bank to have a full fledge Islamic bank subsidiary. This subsidiary, named RHB Islamic Bank commenced its operation on the 16th March 2005. It is intended that the presence of foreign and new players would promote healthy competition that is necessary to lift the industry to new levels of dynamism. As a result of these developments, local Islamic banks are now facing competition emanating from several sources: competition among themselves, foreign conventional banks that have Islamic banking department and foreign banks that have established subsidiaries in Malaysia. As at end of year 2009, there were 17 full-fledged Islamic banks, with 2,087 office network compare to year 2005, with 6 fully fledged Islamic banks and 766 office network.

Since the implementation of the 'Interest Free Scheme' in 1993, the public support and acceptance towards the Islamic banking system is also high as reflected by the usage of Islamic banking products offered

by the conventional financial institutions. In 1994, i.e. subsequent year of which selected commercial banks were allowed to introduce Islamic deposit facilities, a total of RM1,463 million deposits was collected from the customers. This figure comprises of deposits in current account (RM166 million), savings deposit (RM1,146 million) and investment deposit facilities (RM151 million).

Since then, these three types of deposits continue to receive full support from the public. At the end of 2004, total Islamic deposits placed by customers at commercial banks increased to RM53,273.5 million. The figure for current account was RM12,886.9 million, whereas RM8,072.9 million and RM32,313 million for savings and investment accounts, respectively. At the end year 2009, the total Islamic deposits increase significantly to RM181,877 Million. The figure for current account was RM29,915 million, whereas RM17,838 million and RM107,081 million for savings and investment accounts.

Total Industry Deposits: The total deposit industry deposit as at 31 December 2009 is 138,813 Million. Maybank Islamic captured the highest deposit in this industry where the total deposit is RM26,060 Million or 19% of the total deposit. The second largest deposit came from CIMB Islamic with a total of RM17,489 Million. The other smaller Islamic bank i.e Kuwait Finance House and Hong Leong Islamic contribute to 4% and 6% respectively. Base on the industry, the total percentage of saving is 13%, current account 22.15% and Investment account is 65% of total deposit. Types of deposits are important for banks in its funding as investment accounts need to be paying higher dividend. Mayban Islamic has a good mixture of deposit with 19% in savings, 26% in demand and 55% in investment. While Kuwait Finance is the worst with less than 1% in savings, 5% in demand and 94% in investment accounts.

While many studies focus on the local Islamic banks in Malaysia, studies on the foreign Islamic Banks especially Middle East Islamic Banks in Malaysia are still quite scarce. This study will focus on middle east Islamic bank particularly Kuwait Finance House in order to analyze and determine factors that influence existing and future customer in adopting Islamic banking services in particular, retail deposit products for their savings or investment accounts.

The conclusion and results of the study can be used towards understanding the consumer behavior in deciding on adopting Islamic banking services and probably be used for the Islamic banks from the Middle East in Malaysia to be more alert on the factors that influence their consumer's decisions.

Competition in the banking sector has intensified over the past few years not only in Malaysia but globally. Thus, Islamic banking in Malaysia especially KFH faces stiff competition from the long established conventional banking system further to dual banking system that being practice in Malaysia. As competition intensifies, Islamic banking is no longer regarded as a business entity striving to fulfill only the religious obligations of the Muslim community, but more significantly as an innovation in the banking industry, that ought to be, as competitive as conventional banking. The issues arises when the Islamic bank nowadays more alert to the consumer sensitivity, awareness, preferences and behavior in their adoption towards Islamic retail deposit products offered by current Islamic banks.

The objectives of this study understanding the factors that influences the consumer in adopting the Islamic Deposits Products in KFH including the following;

- To study the awareness of the consumers towards the Islamic deposit products characteristics and features.
- To examine the factors that influence consumers in adopting Islamic Retail Deposit products offered by KFH.
- To conduct opinion for full-fledge in consumer adopting of Islamic Retail Deposit products and the significant relationship among the effective factors.

The significance of the study will be to identify the awareness of the consumers towards the Islamic financing products and that may factors that influence consumers in adopting Islamic Retail Deposits products offered by IFI. The findings are expected to be applicable not only to KFH but also other Islamic banking in order to increase its deposit base.

Literature Review

Consumer Adoption of Islamic Banking in Malaysia: Consumer adoption of Islamic Banking in Malaysia was investigated by a various scholars in Islamic Banking [1]. Since then numerous studies have been undertaken by researchers to examine issues related to consumer adoption of Islamic banking across the globe. Some scholars opined that religion and Islamic principles play a key role in influencing the usage of Islamic banking, which is conducted based on Islamic teachings. Whereas others assert service delivery, innovative product development, bank's image and reputation and confidentiality as the key factors that determine the adoption of Islamic banking.

Factor Influences Selection of Islamic Banking:

Haque *et al.* [2] defines the key concepts and elements of satisfaction provides a template by which information can be gathered about what does and what does not work. This includes both the hard measures those that are more tangible and observable (i.e., number of complaints, average wait time, product returns, etc.) and the soft measures-those less tangible aspects (i.e., friendliness, helpfulness, politeness, etc.).

Research conducted on Islamic banking to examine customer satisfaction & perception among the bank customers. The analysis revealed a certain degree of satisfaction of many of the Islamic banks' facilities and products. The respondents expressed their dissatisfaction with some of the Islamic banks' services.

The respondents indicated that they are aware of a number of specific Islamic financial products like Murabaha, Musharaka and Mudaraba, they show that they do not deal with them. This study indicates that it is important for Islamic banks to put cultural differences at the front when adopting Islamic banking.

The Perception of Muslims and Non-muslims on an Islamic Bank:

The researchers found that for both groups, there is no significant difference in the selection criteria [3]. Among the top of their bank selection criteria were fast and efficient services, confidentiality of bank and friendliness of personnel. This paper attempts to address the last reason given above where we would look at religiosity as a motivation factor among Muslims in utilizing only Islamic banking financing products.

This paper has attempted to look at the influence of Islam on the choice of banking, depth of knowledge, perception and awareness among the public regarding Islamic banking. According to Erol & El-Bdour [4], when comparing the Islamic and conventional bank customers found that profitability motivation supersedes religious motivation in selection of banks. They also found that the preference for Islamic banking is primarily driven by religious beliefs, not financial knowledge. That is, the stronger the religious commitment the more preference for Islamic banking services. As a reflection of this result, bankers should realize that approaching working potential customers directly will be more effective than relying on the influence of word of mouth or external attractiveness.

Stakeholders' Perception of Corporate Social Responsibility of Islamic Bank:

There are fundamental differences between Islamic banking and conventional banking, not only in the ways they practise their

business, but above all the values which guide Islamic banking whole operation and outlook. According to Asyraf & Dar [5], the values as prevailed within the ambit of Shariah are expressed not only in the minutiae of its transactions, but in the breadth of its role in society. This demands the internalization of Shariah principles on Islamic financial transactions, in its form, spirit and substance. Hence, while the virtues of Islam have always advocated social responsibility, the challenge to Islamic banking communities lies in its application.

Customers Satisfaction in Malaysian Islamic Banking:

Customer satisfaction begins with clear, operational definitions from both the customer and the organization. Understanding the motivations, expectations and desires of both give a foundation in how to provide best service to the customer. It may even provide information on making improvements in the nature of business.

According to Osman *et al.* [6], in order for the full-pledged Islamic banks to sustain their market positioning, they need to really ensure their service quality as this will entail customer satisfaction and ultimately customer loyalty. They need to remain competitive especially with their international counterparts by offering good quality products and services as well as not just only rely on their "Islamic" image and reputation to draw customers (Muslims and non-Muslims).

Religiosity and Choice of Banking in Malaysia:

Religiosity is expected to have a significant influence on a customer ethical beliefs and this itself will be reflected in his daily conducts and commitments [7]. Studies on religiosity being a determinant of consumer attitudes and practices like [8] for example conclude that due to the fact that religiosity is a significant determinant of both idealism and relativism then it is indirectly a significant determinant of consumer ethical beliefs and practices. Giorgi & Marsh [9] have shown that an individual's religious fervor normally has a positive effect on his ethics.

In Quranic Verse 37 in Surah Al-Nur, where Allah says; But, unlike believers, unaware individuals have their hearts set on this world's possessions. This makes them always want to have more and a better life, regardless of how they are currently living. They think money can buy them power and recognition and make them happy. First, they want to amass wealth and then they want to store it and acquire even more. To make this appear legitimate, they make various excuses. By refusing to spend their money to earn Allah's pleasure, they amass wealth and

think only about satisfying their worldly desires. Quran verse stresses that the relationship between having faith and honoring it through man's conduct [10]. With the presence of fear and sense of awe, man (consumers) would accordingly perform the expected *ibadah*. In short, religiosity should have a significant influence in shaping the choices of man's conduct, which may include his economic and commercial activities.

Exploring the Determinants of Islamic Banking Service Quality in Malaysia: Ho *et al.* do an exploratory study to identify the critical factors of service quality as perceived by bank customers that influence their level of satisfaction and loyalty towards service quality provided by Islamic banks in Malaysia. The study uses structured questionnaires and adapted the service quality scale developed by Sureshchandar *et al.* [11]. The adapted version comprises six dimensions of service quality: spiritual elements; the core services; human-elements of service delivery; systematization of service delivery, namely the spiritual element, core service, the human element of service delivery, systematization of service delivery, tangibles of service delivery and social responsibility.

The results revealed that social responsibility plays a crucial role in customer satisfaction towards Islamic banking service quality. The spiritual element plays an important role in influencing customer loyalty as it enables them to transact in a system that is in line with their religious beliefs. Importantly, customer satisfaction significantly influences customer loyalty towards Islamic banking services.

Awareness of Islamic Banking Products among Muslims

in Australia: In a study by Gulzar & Zurb [12] examine the awareness of Muslim Australians of Islamic banking, particularly profit and loss sharing agreements. The results indicate that the majority of the respondents are interested in purchasing these products, but are not properly informed about how they function. It was common to find respondents who were keen to purchase Islamic banking products, but only if credit facilities were available [13-16].

Therefore, it is important for institutions to understand the dynamics of customer segmentation build customer relationships and address requirements and preferences of specific segments of the market [14-17]. It is also important that financial institutions invest in new products to meet Islamic customer needs and demands particularly as the Muslim population is growing in Australia at a rapid pace.

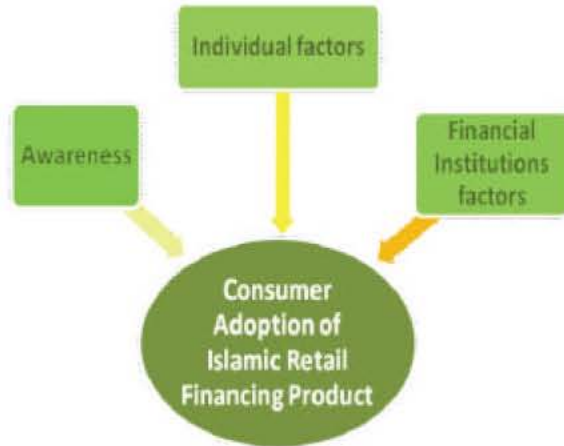


Fig. 1: Conceptual framework on Consumer adoption in Islamic Retail Deposit Products

On top of the above, it is equally important, is the need to develop an effective communication plan that goes beyond just marketing and advertisement to ensure the populace is aware of how Islamic banking products operate. The results of this study also show that institutions need to educate customers to adapt to the new ways of doing banking transactions and understanding that Islamic finance involves the sharing of both profits and losses.

Model Development: Figure 1 shows the relationship between consumer awareness, the consumer individual factors and the factors that have been conceptualized that are influencing the decision of the consumers in adopting the Islamic retail deposit products offered by KFH.

Thus, variables in this study are dependent variable i.e. consumer Adoption and independent variables i.e. consumer awareness, individual factors and bank factors. The hypotheses of this study are as follows:

Consumer Awareness:

- H₁ : Consumers in KFH are aware of the existence of the Islamic Retail Deposit Products.
- H₂ : Consumers regardless of religion are aware that the Islamic Retail Deposit Products are available in market.

Individual Factors:

- H₃ : Muslim Consumer has self obligations to follow Islamic rules in performing the financial transactions.
- H₄ : The product features has positive influence to individual to the adoption by the consumer

Bank/Financial Institution Factors:

- H₅ : The role of the Bank’s personnel has the positive influence to the adoption by the consumer.
- H₆ : The role of marketing strategy that holds by the Bank has the positive influence to the adoption by the consumers.

Data: This study investigates the factors that influence the consumer in adopting the Islamic retail deposit products focusing in KFH. Therefore the respondents of this study are the Islamic retail deposit products customers of KFH as well as non-customers that potentially to adopt the Islamic retail deposit products.

The primary data had been used for this study and data were collected through distributing self administered questionnaires through hardcopies and e-mails. A structured questionnaire was used for collecting the necessary information which is related to this study. The questionnaire consists of three sections. Section one includes information about the consumer awareness of the Islamic retail deposit products offered by KFH. Section two collected the data of factors influence consumer in adopting the Islamic retail deposit products. This section consist of three parts: individual factors, financial institution factors and factors of adopting the Islamic home financing. In section one and two, the respondents were asked to indicate, on a five-point Likert-type scale, ranging from “strongly disagree” to “strongly agree”. Finally, section three gathers the demographic information of the respondents including gender, age, race, academic qualification, profession and income.

A simple random sampling method was employed in which 200 questionnaires were distributed to respondents. Even though the proportion of sample size is very small in relation to actual population, the sample size is deemed sufficient for this study. Out of the 200 questionnaires distributed through hardcopies and e-mails, 70 were returned which yielded a response rate of 35.0%.

The data was analysed using Statistical Package for Social Science (SPSS) version 15.0 for windows. The statistical techniques employed in this study are as follows:

- Descriptive and frequency analysis were conducted to measure consumers’ attitudinal differences in their perceptions and awareness about the Islamic retail deposit products and to represent the respondents’ demographic profiles.

- Reliability test to check the reliability of the data by applying Cronbach's alpha.
- T-test and ANOVA were used to examine the differences between awareness, individual, financial institution and adoption factor against demographic factors. The means for two groups of cases are used to test whether the difference in means of one variable in two groups of respondents is significantly different from zero.
- Correlation to measure the relationship between dependent and independent variables.

DISCUSSIONS

Descriptive Analysis: Descriptive analysis has been employed to carry out the respondents' data analysis. Consumers' profile was one of the sections in the questionnaire in this study. Various demographic factors were included there. A profile of respondents is shown in Table 1.

In this survey, there are 52.9% of the respondents are male and 47.1% are female respondent. The data were also collected from different age group. The large group of respondents was from 26 to 40 age group with 65.7% which are the main ages of working, followed by 41 to 55 age group with 24.3%. Race was another important demographic factor in this study. There are three major races in Malaysia: Malay, Chinese and Indian.

According to the sample of respondents, 72.9% were Malay, 21.4% Chinese, 1.4% Indian and 4.3% represented other races. Majority of the respondents in this study are well educated, with 45.8% holding a bachelor degree and 29.2% holding post graduate and above.

Table 1 also shows that the sample respondents in this study consist of 4.3% work in government agency, 74.3% in private sector, 1.4% was self employed while 20.4% work in other sector. In term of monthly income, 50% of the respondents informed that their monthly income stood between RM2,501 to RM5,000, followed by 32.9% who informed their monthly income as between RM5,001 to RM10,000 whereas 15.7% respondents' monthly income were found less than RM2, 500.

Reliability Test: Inter-item analysis is used to check the scales for internal consistency or reliability. Salkind (2000) states that reliability and validity is the hallmarks of good measurement. It is the researchers' first line of defence against spurious and incorrect conclusion.

Table 2 shows Cronbach's Alpha values calculated for independent and dependent variables used. The Cronbach's Alpha is calculated as 0.726, 0.755 and 0.795 for consumers' awareness, individual influence factor and financial institution factor as independent variables respectively. While Cronbach's Alpha for adoption to Islamic Retail Deposit as dependent variable is calculated as 0.744. The overall Cronbach's alpha values for each

Table 1: Respondents demographic profile

Description	Frequency	Percent	Cumulative Percent
Gender	Male	37	52.9
	Female	33	47.1
Age	18 to 25	7	10.0
	26 to 40	46	65.7
	41 to 55	17	24.3
	Above 55	0	0.0
Race	Malay	51	72.9
	Chinese	15	21.4
	Indian	1	1.4
	Others	3	4.3
Education	Secondary/Certificate	6	8.6
	Diploma	12	17.1
	Graduate	31	44.3
	Post graduate and above	21	30.0
Profession	Government	3	4.3
	Private sector	52	74.3
	Self employed	1	1.4
	Others	14	20.0
Monthly income	< RM2,500	11	15.7
	RM2,501 to RM5,000	35	50.0
	RM5,001 to RM10,000	23	32.9
	> RM10,000	1	1.4

Table 2: Cronbach's Alpha test on all independents and dependent variables

Description	Cronbach's Alpha	N of Items
Consumer awareness	.726	8
Individual factor	.755	5
Financial institution factor	.795	6
Adoption to Islamic home financing	.744	4

Table 3: Pearson correlation

		Avg_Aware	Avg_IndFac	Avg_FinFac	Avg_Adopt
Avg_Aware	Pearson Correlation	1	.228*	.083	.165
	Sig. (2-tailed)		.029	.248	.087
	N	70	70	70	70
Avg_IndFac	Pearson Correlation	.228	1	.551**	.454**
	Sig. (2-tailed)	.029		.000	.000
	N	70	70	70	70
Avg_FinFac	Pearson Correlation	.083	.679**	1	.608**
	Sig. (2-tailed)	.248	.000		.000
	N	70	70	70	70
Avg_Adopt	Pearson Correlation	.165	.454**	.608**	1
	Sig. (2-tailed)	.087	.000	.000	
	N	70	70	70	70

** Correlation is significant at the 0.01 level (1-tailed).

* Correlation is significant at the 0.005 level (1-tailed).

Table 4: Model Summary of regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.631(a)	.398	.370	.55981

a Predictors: (Constant), Avg_FinFac, Avg_Aware, Avg_IndFac

Table 5: Analyses of variance for variables

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.652	3	4.551	14.522	.000(a)
	Residual	20.683	66	.313		
	Total	34.336	69			

a Predictors: (Constant), Avg_FinFac, Avg_Aware, Avg_IndFac

b Dependent Variable: Avg_Adopt

independent and dependent variables are more than 0.7 which is considered adequate for exploratory research. Gliem & Gliem (2003) indicated that Cronbach's alpha reliability coefficient of the items in the Likert-type scale is acceptable for $[\alpha] > 0.7$.

Table 3 shows a Pearson correlation analysis to examine whether there is a relationship between consumer awareness, individual factors and financial institution factors against consumer adoption to Islamic retail deposit products.

Pearson correlation tests show that significant positive relationship exists between two of influence dimension (i.e. factor influence customer and bank influence factors) and adoption to Islamic retail deposit products, indicating that higher evaluations of influence dimensions are associated with higher adoption of Islamic retail deposit products. The Pearson correlation for bank

influence factor is 0.608 (highest) with significant at 1% and for customer influence factor is 0.551 with significant at 1% in adoption to Islamic retail deposit products.

The multiple regressions employed in this study are to examine the effects of the multiple predictors or independent variables on a single outcome variable. The information in Table 4 shows that the R-Square is 0.398 and this indicate that 39.8% of the consumer adoption to Islamic retail deposit products can be explained by the three independent variables in the model.

Table 5 shows whether the proportion of variance explain in the first table is significant. It also explains on whether the overall effect of the three independent variables on overall satisfaction is significant. The significant (p-value) is at 0.000 which is below the 0.05 level, hence we conclude that the overall model is statistically significant,

Table 6: Coefficients of variables

Model		Unstandardized Coefficients		Standardized Coefficients		95% Confidence Interval for B		
		B	Std error	Beta	T	Sig.	Lower Bound	Upper Bound
1	(Constant)	.297	.457		.649	.519	-.616	1.209
	Avg_Aware	.114	.100	.102	1.143	.257	-.085	.314
	Avg_IndFac	.356	.132	.328	2.696	.009	.092	.619
	Avg_FinFac	.431	.132	.395	3.263	.002	.167	.694

a Dependent Variable: Avg_Adopt

Table 7a: Group Statistics

	Race	N	Mean	Std. Deviation	Std. Error Mean
Avg_Aware	Malay	51	3.5515	.64235	.08995
	Chinese	15	3.7083	.58184	.15023
Avg_IndFac	Malay	51	3.5647	.68551	.09599
	Chinese	15	3.1467	.47489	.12262
Avg_FinFac	Malay	51	3.0327	.58025	.08125
	Chinese	15	3.1111	.57964	.14966
Avg_Adopt	Malay	51	3.1176	.76216	.10672
	Chinese	15	2.9000	.43095	.11127

Table 7b: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Avg_Aware	Equal variances assumed	.191	.664	-.848	64	.399	-.15686	.18493	-.52631	.21258
	Equal variances not assumed			-.896	24.939	.379	-.15686	.17510	-.51753	.20381
Avg_IndFac	Equal variances assumed	3.049	.086	2.205	64	.031	.41804	.18955	-.3936	.79672
	Equal variances not assumed			2.685	32.953	.011	.41804	.15572	-.10120	.73487
Avg_FinFac	Equal variances assumed	.313	.578	-.460	64	.647	-.07843	.17039	-.41883	.26197
	Equal variances not assumed			-.461	22.912	.649	-.07843	.17029	-.43079	.27393
Avg_Adopt	Equal variances assumed	8.514	.005	1.054	64	.296	.21765	.20654	-.19496	.63025
	Equal variances not assumed			1.412	41.721	.165	.21765	.15418	-.09356	.52885

or that the variables have a significant combined effect on the dependent variable. In other words, with the F-ratio = 14.522: probability level = 0.000 which means that the chances are 0.000 that the regression model results are due to random events instead of a true relationship. Thus, the three independent variables do predict the adoption of Islamic retail deposit products. We can therefore reject the null hypothesis of no relationship between variables.

Multiple regressions were conducted to examine whether awareness, individual influence factors and bank influence factors have impact on adoption on Islamic retail deposit products. The overall model explains 39.8% of variance in overall adoption to Islamic Deposit products, which was revealed to be statistically significant, $F(3,66) = 14.52, p < 0.001$. An inspection of individual predictors revealed that bank influence factors ($Beta = 0.52, p <$

0.001) is significant predictors of overall adoption. Higher bank influences were associated with higher levels of adoptions to Islamic Deposit products.

T-Test: T-tests were conducted to assess whether races between Malay and Chinese has different socio-demographic characteristics in adopting the Islamic retail deposit products. The results in Table 7a contain the group statistics. The mean for awareness level for Malay was considerably lower at 3.55 compared to 3.70 for Chinese. The standard deviation for Malay was somewhat larger at 0.64 however than for Chinese at 0.58.

The result in Table 7b provides the information for independent sample T-test which helps to determine whether the mean of awareness level are significantly different between Malay represent Muslim and Chinese

Table 8a: T Tests (2) Group Statistics

	Aware KFH	N	Mean	Std. Deviation	Std. Error Mean
Aveaware	Yes	20	3.8875	.48986	.10954
	No	50	3.4850	.64169	.09075
Aveindiv	Yes	20	3.1300	.34504	.07715
	No	50	3.5880	.71189	.110068
Avebanfac	Yes	20	2.9250	.40995	.09167
	No	50	3.1067	.62611	.08855
Aveadop	Yes	20	2.8750	.44054	.09851
	No	50	3.1400	.77782	.11000

Table 8b: Independent Samples Test (2)

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Avg_Aware	Equal variances assumed	.988	.324	2.522	68	.014	-.40250	.15957	.08408	.72092
	Equal variances not assumed			2.830	45.687	.007	-.40250	.14224	.11612	.68888
Avg_IndFac	Equal variances assumed	11.013	.001	-2.742	68	.008	-.45800	.16701	-.79126	-.12474
	Equal variances not assumed			-3.611	65.337	.001	-.45800	.12684	-.71129	-.20471
Avg_FinFac	Equal variances assumed	6.560	.013	-1.196	68	.236	-.18167	.15186	-.48469	.12136
	Equal variances not assumed			-1.425	53.079	.160	-.18167	.12745	-.43729	.07395
Avg_Adopt	Equal variances assumed	8.725	.004	-1.431	68	.157	-.26500	.18524	-.63464	.10464
	Equal variances not assumed			-1.795	59.845	.078	-.26500	.14766	-.56038	.03038

represent non-Muslim. The information in column Sig (2-tailed) shows the means is not significantly different (>0.05) for assumption of either equal variance assumed and not assumed. Thus we can conclude that there is no significant different between Malay and Chinese in their awareness level of Islamic retail deposit products.

Table 7b also reveals that individual factor, financial institution factor and factor adopting the Islamic retail deposit products are not significant at the 0.05 level between two race groups. This implies that Malay and Chinese have no significant different in relation to awareness, individual factor and financial institution factor in adopting the Islamic retail deposit products.

Second T-test were conducted to assess whether customer of KFH and Non-Customer of KFH have different in adopting Islamic Retail Deposits. The results (see Table 8a and 8b) show that there is a significant level i.e. 0.004 (less 0.05) in adoption of Islamic Retail Deposits, significant level of 0.001 for individual factors and significant level of 0.013 in bank factor.

In these two groups, the results show that adoption to Islamic deposits, individual influence factors and bank influence factors are significant level at the less 5% level. This implies that the customer and non customer of KFH have a different in relation of adoption to Islamic Deposit

Products, individual factors and bank factors. Nonetheless, in term of awareness, the result show that the customer and non customer of KFH have no different in relation to awareness in Islamic Deposit Products as the significant level is more than 5%. This result is consistent with our earlier hypothesis that consumers are aware on Islamic deposit products regardless it is customer of KFH or not.

Third T-tests were conducted to assess whether gender have different in adopting Islamic Retail Deposit products. The results (Tables 9a and 9b) show that there is a significant level i.e. 0.042 (less 0.05) in adoption of Islamic Retail Deposits, significant level of 0.023 for bank factor.

In these two groups, the results show that adoption to Islamic deposits and bank influence factors are significant level at less than 5% level. This implies that male and female have a different in relation to adoption to Islamic Deposit Products and bank influence factors. Nonetheless, in term of awareness, the result show that both genders have no different in relation to awareness in Islamic Deposit Products and Individual influence factors as the significant level is more than 5%. This result is also consistent with our earlier hypothesis that consumers are aware on the Islamic deposit products regardless of its gender.

Table 9a: Group Statistics

	Race	N	Mean	Std. Deviation	Std. Error Mean
Avg_Aware	Malay	51	3.5515	.64235	.08995
	Chinese	15	3.7083	.58184	.15023
Avg_IndFac	Malay	51	3.5647	.68551	.09599
	Chinese	15	3.1467	.47489	.12262
Avg_FinFac	Malay	51	3.0327	.58025	.08125
	Chinese	15	3.1111	.57964	.14966
Avg_Adopt	Malay	51	3.1176	.76216	.10672
	Chinese	15	2.9000	.43095	.11127

Table 9b: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means				95% Confidence Interval of the Difference		
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Avg_Aware	Equal variances assumed	.008	.928	.830	68	.410	.12469	.15026	-.17514	.42452
	Equal variances not assumed			-.834	67.934	.407	.12469	.14952	-.51753	.42306
Avg_IndFac	Equal variances assumed	1.206	.276	1.570	68	.121	.24570	.15647	-.3936	.55793
	Equal variances not assumed			1.581	68.000	.119	.24570	.15541	-.10120	.55582
Avg_FinFac	Equal variances assumed	4.309	.042	.333	68	.740	.04627	.13875	-.41883	.32315
	Equal variances not assumed			.336	67.904	.738	.04627	.13753	-.43079	.32072
Avg_Adopt	Equal variances assumed	5.415	.023	1.409	68	.163	.23628	.16771	-.19496	.57094
	Equal variances not assumed			1.4441	63.023	.155	.23628	.16397	-.09356	.56395

Table 10: Analyses variance for races

			Sum of Squares	Df	Mean Square	F	Sig.
Avg_Adopt* Race	Between Groups	(Combined)	.524	3	.219	.434	.729
	Within Groups		26.526	66	.507		
	Total		27.050	69			
Avg_Aware * Race	Between Groups	(Combined)	3	3	.167	1.974	.126
	Within Groups		27.614	66	.406		
	Total		30.091	69			
Avg_IndFac * Race	Between Groups	(Combined)	3	3	.202	.364	.779
	Within Groups		22.501	66	.430		
	Total		22.873	69			
Avg_FinFac * Race	Between Groups	(Combined)	3	3	.199	.424	.736
	Within Groups		33.686	66	.425		
	Total		34.336	69			

Table 11: Analyses variance for age group

			Sum of Squares	df	Mean Square	F	Sig.
Avg_Adopt * Age	Between Groups	(Combined)	2.805	2	1.403	3.876	.026
	Within Groups		24.245	67	.362		
	Total		27.050	69			
Avg_Aware * Age	Between Groups	(Combined)	2	2	.148	.333	.718
	Within Groups		29.795	67	.445		
	Total		30.091	69			
Avg_IndFac * Age	Between Groups	(Combined)	2	2	.996	3.196	.047
	Within Groups		20.881	67	.312		
	Total		22.873	69			
Avg_FinFac * Age	Between Groups	(Combined)	2	2	.294	.584	.561
	Within Groups		33.748	67	.504		
	Total		34.336	69			

Table 12: Analyses variance for income level

			Sum of Squares	df	Mean Square	F	Sig.
Avg_Adopt * Income	Between Groups	(Combined)	3.228	3	1.076	2.981	.038
	Within Groups		23.822	66	.361		
	Total		27.050	69			
Avg_Aware * Income	Between Groups	(Combined)	3	3	1.191	2.963	.038
	Within Groups		26.520	66	.402		
	Total		30.091	69			
Avg_IndFac * Income	Between Groups	(Combined)	3	3	1.074	3.606	.018
	Within Groups		19.652	66	.298		
	Total	22.873	69				
Avg_FinFac * Education	Between Groups	(Combined)	3	3	1.008	2.126	.105
	Within Groups		31.311	66	.474		
	Total		34.336	69			

ANOVA: The ANOVA test was conducted to assess whether consumer with different races i.e. Malay, Chinese, Indian and others race have different perception on adopting the Islamic retail deposit products. Table 10 shows the overall result. The analyses of variance reveal that races between Malay, Chinese, Indian and other races have no significant relationship at 5% level in awareness, individual factor, financial institution factor and adoption to Islamic retail deposit products. This result implies that consumer with different race group have no different in the above dependent variables and it is consistent with the earlier hypothesis that consumer regardless of races are aware on the Islamic retail deposit products offered by KFH.

The second ANOVA test was conducted to test between respondent age groups. The age groups tested are between 18 to 25 years (1st group), 26 to 40 years (2nd group) and 41 to 55 years for (3rd group).

The results in Table 11 show that there is a significant level at 0.026 and 0.47, i.e. less than .05, in the awareness of Islamic deposit products and bank factor. This implies that one of the age groups has significant in the awareness of Islamic product financing and bank factor. Nonetheless, for the other 2 variables, i.e. adoption of Islamic deposit products and Individual factor does not have any significant level i.e. more than 5%.

The third ANOVA test was conducted to test between respondent based on their monthly income. The monthly income groups tested are less than RM2, 000 (1st group), between RM2, 100 to RM5000 (2nd group), RM5001 to RM10, 000 (3rd Group) and more than RM10, 000 (4th Group).

The test results in Table 12 show that there is a significant level at 0.038, 0.038 and 0.018, i.e. less than 0.05 in the awareness of Islamic deposit products, individual factor and bank factor. This implies that that one of the monthly income groups has significant in the awareness of Islamic deposit products factors individual factor and

bank factor. Nonetheless, for the other variables, i.e. adoption of Islamic deposit products factors does not have any significant level i.e. more than 5%.

CONCLUSIONS

Base on our data analysis, the result show that from Hypotheses 1 through 6, proposed the presence of significant positive relationships between awareness, individual factors, bank factors and adoption of Islamic retail deposit products. The results of this study highlight that the bank influence factor is the most important in consumer adopting Islamic retail deposit products as perceived by consumer. Therefore, bankers and its marketing team should have more aggressive marketing campaign in promoting Islamic retail deposit products for better improvement in the future. They should continuously seek information about customer's expectation on their Islamic products and at the same time to increase its quality services in order to increase its market share and competition with conventional banking.

This study reveals socio-demographic characteristics like race and religion not significant and not relate to adoption of Islamic retail deposit products. However, for age groups there is a significant level on the awareness of Islamic deposit products for aged group between 18 to 25 years old. This suggest that more effort to be given to persons who are likely to enter banking experience i.e. groups that who just started working in the awareness of Islamic deposit products.

This study provides a number of contributions and implications for marketing research on awareness in Islamic product financing and adoption in Islamic product retail financing. Although there is a limitation on this study i.e. no of respondent is only 70, time constraint and limited socio economic data, the results show that it is consistent with earlier study on the adopting and awareness in Islamic Financing Product.

Since the banking industries was reflected in this study and has a great impact in influencing consumers in adoption of Islamic retail deposit products, more actions to be taken by Islamic banks in promoting Islamic banking products. More products development and product features are needed in order to compete against conventional banking which has been in this country since long time ago.

Furthermore, more efforts should be given to promote Islamic banking products to the younger groups. This study shows that the groups that are less than 25 years old has less understanding in Islamic banking products offered by KFH, therefore more promotion and awareness campaign should be promoted by the bank.

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