The Determinant Of Islamic Banking Products’ Knowledge Among Undergraduate Students (Cob) In Uum, Kedah

AZIZAH OTHMAN; HAIZA ARYANI ILYAS; ABU BAKAR HAMED
Islamic Business School
Universiti Utara Malaysia
o.azizah@uum.edu.my; haiza.aryani@yahoo.com; abubakarhamed@uum.edu.my

ABSTRACT
This paper aims to examine the relationship of perception, underlying principles, awareness, religiosity and products’ knowledge of UUM’s Muslim undergraduate students. A survey approach has been adopted in this study while the data are collected via structured questionnaires. The questionnaires were completed by 372 students of Universiti Utara Malaysia (UUM), Sintok Kedah. In this study, the researchers developed a new construct in measuring the product knowledge and religiosity. While the construct in measuring perception, awareness and underlying principle are borrowed from the previous study. The data are then quantitatively analyzed using SPSS program. The finding shows that all independent variables are correlated significantly with product knowledge. In addition, further analysis using multiple regression analysis revealed that all independent variables give a significant and positive impact on product knowledge of UUM’s Muslim undergraduate students. The result of study contributed to the knowledge of Islamic banking product knowledge. It is implied that the higher educational institution need to intensify their efforts to further improve the effectiveness of education about product in Islamic banking. The paper reports a new finding on the area of Islamic banking product knowledge. Valid constructs had been developed in this study and a new variable i.e. religiosity was utilized and it was found influence with the Islamic bank product knowledge.

Keywords : Product Knowledge, Product and Services, Islamic Banks, Islamic Banking Principles, University Utara Malaysia (UUM) students

1. INTRODUCTION
Islamic banking industry is considered one of the fastest growing industries for over several decades. Apart from the Muslim populations, non-Muslim populations have also started to be more aware of the existence and advantages of Islamic banking. In a very short period of time, Malaysia has accomplished a remarkable growth in developing Islamic institutions locally and internationally. Briefly, Malaysia’s interest in Islamic banking goes back to the beginning of 1960s with the establishment of Tabung Haji (Pilgrims Management and Fund Board) which functions to invest the savings of the local Muslims in preparation for their Hajj (pilgrim). Officially, in July 1983, with the establishment of Bank Islam Malaysia Berhad (BIMB), Islamic banking and financial system were introduced in Malaysia. Although it carries out commercial banking system, the principles of Islamic laws are also applied. Malaysia then established comprehensive Islamic financial institutions such as Islamic Banking in 1983, Islamic Insurance in 1994, Islamic capital market in 1993, Islamic inter-bank money market in 1994, Kuala Lumpur Stock Exchange (KLSE), and Shari’ah Index in 1999. Bank Negara Malaysia launched the financial sector master plan to promote Malaysia as the regional financial centre for Islamic finance and banking which constituted 20 percent of the banking market share in 2010. The notable developments in Islamic
financial system have made Malaysia the leading center of Islamic banking in the world with 198 Islamic unit trust funds, 101 Shari’ah compliant wholesale funds, 73.9 percent Shari’ah-approved counters in the Bursa Malaysia’s and 46.6 percent of the corporate bond markets are Islamic bonds or sukuks based on Securities Commission Malaysia data on 2016.

Educational sector has also recognized Islamic banking as one of the programs or subjects that should be taught to the student. This hopefully will increase the awareness and knowledge on Islamic banking among the students and eventually in the society. Accordingly, government encourages all institutions to establish Islamic values in their operations. Education was one of the priorities of the government; hence International Islamic University Malaysia (IIUM) was established on 20 May 1983. Immediately after the establishment of IIUM, Bank Islam Malaysia Berhad (BIMB) was established in July 1983. The BIMB envisaged a concrete milestone for the development of the Islamic finance and banking system in Malaysia. The Kulliyyah of Economics and Management Sciences (KENMS) was one of the first two established faculties in IIUM and the Department of Economics was the first department established in the KENMS on 16 July 1983. Nowadays, the number of higher education institutions that provide Islamic finance and banking courses has increase. Universiti Teknologi MARA (UiTM), Universiti Utara Malaysia (UUM), Universiti Islam Sains Malaysia (USIM) and Universiti Sultan Zainal Abidin (UNISZA) are the example of higher educational institutions that provide Islamic finance and banking courses.

Islamic finance and banking in Malaysia was affected by the Islamic resurgence movement among the intellectuals especially around the 1970s. As we know, Malaysia has started to establish Islamic banking and financial system since 1963. In line with this establishment, emphasis has also been put on this sector among many higher education providers in Malaysia to introduce Islamic banking programs and courses. Malaysia is one of the countries that has invested and contributed a lot to develop human resources for the Islamic financial services industry. Thus, education is also one of the alternative ways to produce more human capital in this sector.

This study was conducted to fill in the gap in Islamic banking knowledge (literacy) especially among Muslim students. It is expected to foresee the factors that influenced the knowledge of Islamic banking products among Muslims student. There are four factors that affect knowledge which are perception, underlying principles, awareness and religiosity. However, the question here is what the other factors that will give impact on product knowledge of UUM’s Muslim undergraduate students. Are factors such as perception, underlying principles, awareness and religiosity on product knowledge will influence the knowledge of UUM’s Muslim undergraduate students. In answering the above question, therefore this study is aiming to investigate the association of perception, underlying principles, awareness and religiosity on the product knowledge of UUM’s Muslim undergraduate students

2. LITERATURE REVIEW

2.1 Knowledge of Islamic banking products
Knowledge is operationalized as the information or fact acquired by the students through education and experience towards the Islamic banking products and services. Knowledge is a practice-based experience of a rare or an individual, such as perception of the internal or external and also practical activities (Jian, 2005). Other than that, Haron et al., (1994) had conducted a study among Muslim and non-Muslim Customer. They found out that the source of knowledge in Islamic banking product among the Muslim are mainly from television,
newspapers, family members, magazine, and radio. Hence, his review found that 63% of respondents know the difference between Islamic and conventional banking. Osman and Ali (2008) had conducted a study on Muslim entrepreneur’s knowledge and usage of Islamic finance. Their study focused on the level of knowledge among entrepreneurs towards Islamic financing to the SMEs. Their findings reveal that Muslim entrepreneurs understanding towards Islamic SMEs financing are considerably well and the respondents understand the importance of practicing and applying Islamic financing towards their business.

Bley and Kuehn (2004) focused on students’ knowledge towards conventional and Islamic finance in United Arab Emirates (UAE). This study examined the elements of financial knowledge, religion and language and it was found that Muslim students are more interested and knowledgeable in Islamic banking as compared to non-Muslims. Likewise, a study by Ahmad and Haron (2002) on the Malaysian corporate customers stated that providers of Islamic banking products have not done enough in educating customers and marketing their products. This is supported by Doraisamy, et al., (2011), who said that the promotion about Islamic banking still low in Sungai Petani and it led to people’s insufficient knowledge in Islamic banking product system. However, another study on the comparative analysis of Islamic bank’s perception by Arshad Aslam, Razi, and Ali (2011) found that the bankers themselves admit that they have limited knowledge of Islamic banking products and services. Both studies had created a gap towards the issue of knowledge among bankers and customers since both were implemented in the same country which is Pakistan.

In general, Islamic banks have become one of the most important players in the banking industry. Indeed, it appears as one of the fastest growing industry all over the world. Therefore, students should have better since they are more educated and get more exposure about Islamic banking knowledge through learning process and also through their own interaction with banks. Therefore, in a general point of view, it is important to determine the level of knowledge among the UUM’s students in order to see how much knowledge that they have possessed in order to their understanding about Islamic banking to prepare them to be bankers or people that works in Islamic banking industry in the future. Due to this, students need to be well-equipped with relevant knowledge and information regarding Islamic banking so that they will be able to be the apprentice of the Islamic banking industry in the future.

2.2 Perception toward the Islamic banking
Rustam et al (2011) define perception as the act of discerning, realizing and becoming aware of something through the senses. Previous studies serve as an indicator to determine the perceptions of UUM’s students towards Islamic banking products. Abdullah, Sidek, and Adnan (2012) conducted a study on the perception of non-Muslims towards Islamic banking in Malaysia. It revealed that Islamic banking penetration gives an impact among non-Muslims in Kuala Lumpur. In line with this trend, more effort should be made to increase the level of understanding among non-Muslims about the Islamic banking concept. Furthermore, Rustam, et al., (2011) conducted a study on the perceptions of corporate customers towards Islamic banking products and services in Pakistan. The result revealed that Islamic Banking products and services had good potential within Pakistan corporate sector.

Arshad Aslam, Razi, and Ali (2011) conducted a study on the perception of Islamic banking among Pakistanis bankers. From the results, bankers in the Islamic banks have a more positive perception of the issues set against the bankers in conventional banks. Their study also found that the employees’ knowledge in respect of the fundamental aspects of Islamic banking is very limited. Most employees do not know the objective of establishing Islamic
banks that emphasized religion as the main feature of the development. In contrast, the objective of conventional banking is to highlight the factors of profitability.

The study of Ahmad and Haron (2002) had revealed that there was a misunderstanding among corporate customers about the objectives and philosophy of the establishment of Islamic banks and more than 50% of respondents assumed that Islamic banks must be based on profit-oriented in order to survive in the industry. One of the objectives in this study is to identify the association between the perception of UUM’s students with their knowledge of Islamic banking products. In general, it is acceptable that each person would have a different perception towards anything that come around their mind.

2.3 Underlying principles of Islamic banking
Dusuki (2012), mention that the conventional financial system was built based on the philosophy of capitalism, which stressed on the doctrine of self-interest and was not concerned about the moral values. However, the Islamic banking system is based on the Shari’ah which covers all aspects of human life. The rules are derived based on the Quran and Sunnah through a process of exploration and discerning (Iqbal & Mirakhor, 2011). The achievement and the rapid growth of Islamic finance today is the reflect of transformation and perfection of Islam as a religion and a way of life. It covers various aspects of human living, economic activities, political behavior and educational development (Dusuki, 2012). Each of these aspects of human living cannot be treated in isolation from each other. For instance, the matter of worships such as prayer, fasting, alms-giving and pilgrimage as well as the matter of human affairs known as muamalah which relates to the economic, social and political issues.

According to Ayub (2007), Islamic law does not recognize any transaction that has been proven unlawful. Due to this factor, the Shari’ah has recognized some elements that need to be avoided in any transactions involving riba, gharar and maisir. The prohibition of riba can be found clearly in the Quran from various verses. For example, in Surah al-Rum verse 39:

“That which you give as Riba to increase the people’s wealth increases not with God; but that you give in charity, seeking the goodwill of God, multiplies manifold,”

In addition, according to Ahmad and Hassan (2007) the absolute prohibition of riba in Quran is a command in order to develop an economic system which free from the elements of exploitation, injustice between the financier and the entrepreneur. Therefore, the relevance for this prohibition is to create equity balances among the parties involved in the transaction. According to Kahf (2002), riba is prohibited due to the presence of certainty while real life is not certain. In the business transaction, the payment should be certain and indisputable. Kahf (2002) further explained that a contract that engaged with riba would contain gharar elements where it may lead to the tendency of gambling. Another principle that underlies the Islamic banking system is the basic freedom to enter into any kind of business or transaction which is halal or permissible in Islam. Ayub (2007) identifies that exchange is permitted when it involves permissible commodities and follow the guidelines laid down by the Shari’ah. Thus, Islam allows transactions like Bai, Ijarah and services. Furthermore, Islam also encourages Muslims to engage in a transaction that is based on profit and loss sharing (PLS). Ajija, Annisa, and Hudaifah (2012) argued that applying PLS is one of the ways to eliminate usurious systems and comply with three main goals which are; halal spending, halal earning and equitable distribution of wealth.

Besides the above principles, another aspect that need to be carefully scrutinized is the
requirement of *aqad* (contract) and legal documentation. An *aqad* is a basis in Islamic banking transaction where it distinguishes between Islamic and conventional banking in terms of the sanctity of the transaction. A valid contract must consist of several elements which are offer and acceptance, contracting parties and subject matter. While the offer can be done through spoken words, writing or conduct. The acceptance should conform to the offer in all its detail. In addition, the contracting parties must have the capacity to execute or perform the transaction. Lastly, the subject matter must be lawful, exist at the time of contract and can be delivered in the stipulated time (Ayub, 2007). Therefore, it is vital for student especially student from college of business to acquire better understanding of the concept and basis of Islamic banking which will enable them to distinguish between Islamic banking operations with conventional banking.

2.4 Awareness towards Islamic banking

A study was conducted by Gerrard and Cunningham (1997), where they investigated the awareness of the Singapore customer towards the Islamic banking products and its different services. They determined that there is a general lack of awareness of the custom. Based on that research, it shows that Muslims, in contrast to non-Muslims, will be more aware of the culture of Islamic banking and consequently, they will also be more aware of the meaning of fundamental terms used in Islam and Islamic banking and finance. Therefore, it is logical that the outcome for their research entitled, “Islamic banking: a study in Singapore” reflect that the Non-Muslims had little awareness of the meaning of fundamental terms in Islam – with only 0.6 per cent of the answers accurately describing the term *riba* and 2 percent accurately describing *Sharia’h*. When it came to the description of Islamic financial terms, there was a total lack of awareness of the meaning of these A study was conducted by Kamal Naser, Ahmed Jamal and Khalid Al-Khatib in (1999) where they tried to get the degree of awareness of the customers towards the Islamic Banking products. They had taken a sample of 206 respondents and come to the conclusion that most of the customers only have a little bit knowledge about the specific products such as Mudarabah and Murabaha. But most of them do not use these products (Naser et al., 1999).

Hamid and Nordin (2001) surveyed Malaysian commercial bank customers, and found a high awareness of Islamic banking but poor self-reported knowledge of specific Islamic products, including poor understanding of the differences between Islamic and conventional banking. In another study of Malaysian commercial customers and their views of Islamic financial services, Ahmad and Haron (2002) noted that 65% of the respondents admitted to having limited knowledge of Islamic banking, while at the same time indicating that they believed the concept had good potential in the Malaysian market. From this, we can see that awareness and knowledge are important for every Islamic banking customer and one of them are student especially from college of business because they are more alert about Islamic banking compared to others student as they studied this area. Besides, this is also important for the students who participate in this study because they will be the one who will spread the knowledge of Islamic banking, thus they should have a higher awareness level of the Islamic banking knowledge. Furthermore, they have the potential to be the apprentice in Islamic banking industry in the future.

2.5 Religiosity factors

According to Alam, Janor, Zanariah, Wel, and Ahsan (2012) religion is one of the most universal and famous social institution which may influence attitudes, values and behavior of individuals and communities in the rankings. Likewise, Conroy and Emerson (2004) defined religiosity as something that can influence people’s ethical beliefs and can reflect human
daily conduct and commitment. According to Ab. Ghani and Kamri (2008), Islam is a religion that provides guidance for the welfare of all human life in this world and the hereafter and gives a very high regard to entrepreneurial activity. Islam is not only about religion but it also stressed on the way of life which is Ad-Din (Alam, et al., 2012).

Alam, Janor, Zanariah, Wel, and Ahsan (2012) implemented a survey regarding the effect of religiosity factor on the intention to undertake Islamic home financing in Malaysia. They found that religiosity had significant influence on the intention to undertake Islamic home financing among Muslims in Klang Valley. This indicates the possibility that the strong influence of religiosity among Muslim would lead to greater knowledge in Islamic banking. Another study conducted by Ahmad, Rahman, Ali, and Seman (2008) on the relationship of religion and banking selection criteria among the Malays revealed that there were significant differences between the Muslims’ level of religiosity and Islamic banking as their preferred bank. This suggests that the lack of formal religious background in Islamic teachings can lead to lower religious beliefs which can lead to lack of awareness of Islamic banking products and services (Ahmed, Rahman, Ali, & Seman, 2008). Similarly, Idris et al. (2011) conduct a survey to determine whether the religious values are the main influencing factor to patronize Islamic banks. The study found that religion seems to be the most important factors that influence customers to patronize Islamic banks. In addition, another study conducted by Haron, Ahmad, and Planisek (1994) showed that 40 percent of Muslims believe that religion is a major factor which explaining why people continue to maintain accounts with Islamic banks.

Most of the research focuses on the selection criterion among the customers in choosing Islamic banks. Since the research combining knowledge and religion, specifically among the students is limited, therefore, the writer intends to determine whether the religiosity factor can influence the knowledge of UUM’s students. It is hoped that the analysis among UUM’s students can give valuable input since religious is one of the most important factors needed in Islamic banking. Hence, we could have better human capital in Islamic banking industry in the future and increase the number of customer as this will uplift their confidence to deal with Islamic banks and engaging themselves in Islamic banking rather than dealing with conventional banks which are clearly practicing interest-based system.

2.6 Hypothesis Development
This study attempts to fill the gap by providing insights into UUM Muslim undergraduate students towards the level of knowledge in Islamic banking products and services. This is done by creating the possible factors that might affect the knowledge of UUM Muslim undergraduate students. On this basis, the study will potentially relevant to the management of higher educational institution that wish to know how far their students possess knowledge regarding to this field. Therefore, the study aims to investigate the following main hypotheses:

Ha1: Perception, underlying principles, awareness and religiosity have significant correlation with knowledge among UUM’s students towards the Islamic banking products.
Ha2: Perception, underlying principles, awareness and religiosity will significantly explain the variance of knowledge among UUM’s students towards the Islamic banking products.
3. RESEARCH METHODOLOGY

3.1 Sampling and data collection
Data for this study collected from UUM’s Muslim undergraduate students under College of Business (COB). UUM is located in northern part of Malaysia and COB consists of five schools that are Tunku Puteri Intan Safinaz School of Accountancy (TISSA), School of Technology Management and Logistics (STML), School of Economics, Finance and Banking (SEFB), School of Business Management (SBM) and also Islamic Business School (IBS). Self-administered questionnaires were personally distributed to 450 UUM’s Muslim undergraduate students A total of 372 sets of questionnaire were collected and considered usable for this study. Thus, represents the response rate of 83 percent. The respondents were 84 percent female students and the rest were male. Majority of the respondents are from SBM (34 percent) follow by SEFB (25 percent) while IBS (22 percent), TISSA (12 percent) and STML (8 percent). About 60 percent of the respondents were in range 21-22 years old.

3.2 Data Analysis
The data collected in the study were analyzed using Statistical Package of Social Sciences version 22 (SPSS22.0). Before the data collected analyzed, the validity of the developed constructs was closely examined by using factor analysis. Then the reliability of the constructs was verified. The data analysis began with descriptive statistics in explaining the sample’s basic information. Subsequently correlation analysis was used to examine the correlation of the variables of dimensions. Finally the regression analysis was adopted to test the factors which influence the product knowledge of UUM’s Muslim undergraduate students.

3.3 Measurement
The survey instrument for perception (Harun, T. W., Rashid, R. A. & Hamed, A. B., 2015), awareness (Bashir, M. S., 2012) and underlying principle (Harun, T. W., Rashid, R. A. & Hamed, A. B., 2015) were developed based on the previous researchers. However, there some improvement on items were made and added to the constructs to suit with the environment of the study for the measurement of product knowledge (Harun, T. W., Rashid, R. A. & Hamed, A. B., 2015) and religiosity (Asma’ Rashidah Idris, K. N., 2011). The constructs of variables were discussed with experts and potential respondents to check for its content validity. Exploratory factor analysis was performed to validate the instruments. The items of the constructs were measure using five-point scale ranging from 1 – strongly disagree to 5 – strongly agree.

3.4 Validity and Reliability Analysis
Initially, product knowledge of UUM’s Muslim undergraduate students as dependent variable was developed using eight items. After performing factor analysis, it reduced to seven items. Total of 43.24 percent of the variance with factor loading between .604 and .691 (Table 1). The result test of sphericity is significant while the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is greater than 0.6. The determinant value of the test is 0.208 (greater than 0.0001) shows no multicollinearity among the items.
Table 1: Factor Analysis for Product Knowledge

<table>
<thead>
<tr>
<th>Items</th>
<th>Loading Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>I know the concept applied to Islamic banking.</td>
<td>0.658</td>
</tr>
<tr>
<td>I know that Islamic banking products are offered to both Muslim and non-Muslim.</td>
<td>0.604</td>
</tr>
<tr>
<td>I agree that the rules and regulation given by Shariah experts must be in accordance to Quran and Sunnah.</td>
<td>0.639</td>
</tr>
<tr>
<td>I know that the products offered by Islamic banks are in accordance with customer needs and preferences.</td>
<td>0.670</td>
</tr>
<tr>
<td>I know about Islamic banking product through education.</td>
<td>0.691</td>
</tr>
<tr>
<td>I agree that Islamic banks are helping in promoting Islamic values.</td>
<td>0.684</td>
</tr>
<tr>
<td>I know the differences between Islamic and conventional banking products.</td>
<td>0.653</td>
</tr>
<tr>
<td>Percentage of Variance</td>
<td>43.24</td>
</tr>
</tbody>
</table>

Furthermore, for religiosity factor which is one of the independent variable for product knowledge of UUM’s Muslim undergraduate students was developed with ten items. Percentage of variance for this factor is 48.47 percent with factor loading between 0.569 and 0.803 (Table 2). Then reliability of construct being tested and it is found that the reliability of all factors is high ranging from Cronbach’s Alpha 0.683 to 0.880.

Table 2: Factor Analysis for Religiosity

<table>
<thead>
<tr>
<th>Items</th>
<th>Loading Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>I know Islamic bank does not involve in gambling or acts against Shariah</td>
<td>0.726</td>
</tr>
<tr>
<td>I know that transaction in Islamic bank are justice and honesty based on Holy Quran and Sunnah</td>
<td>0.696</td>
</tr>
<tr>
<td>Islamic bank does contribute towards zakat payment</td>
<td>0.569</td>
</tr>
<tr>
<td>Islamic bank do offers no riba charges</td>
<td>0.734</td>
</tr>
<tr>
<td>Islamic bank are free from doubtful transaction</td>
<td>0.803</td>
</tr>
<tr>
<td>Regulations practice by Islamic bank do not give burden to customers</td>
<td>0.659</td>
</tr>
<tr>
<td>Islamic regulations that rules in Islamic bank facilitate better performance</td>
<td>0.732</td>
</tr>
<tr>
<td>I believe that Islamic banking must be operate based on Shariah.</td>
<td>0.719</td>
</tr>
<tr>
<td>I believe that Islamic bank should be accountable towards each of their customer.</td>
<td>0.629</td>
</tr>
<tr>
<td>I agree that all transaction that practice in Islamic bank are considered as Muamalat in Islam.</td>
<td>0.670</td>
</tr>
<tr>
<td>Percentage of Variance</td>
<td>48.47</td>
</tr>
</tbody>
</table>

4. FINDINGS
The correlation between perception, underlying principles, awareness and religiosity on product knowledge of UUM’s Muslim undergraduate students analyse using bivariate Pearson’s correlation. It is found that the product knowledge has a moderate significant correlation with perception, underlying principles, awareness and religiosity (Table 3). It is found that all the independent variables are positively correlated with the product knowledge. The result indicates that if independent variable increase the dependent variable will increase too. The correlation between product knowledge and religiosity is the highest correlation at 68 percent followed by underlying principle value at 67 percent while awareness correlate at
Table 3: Correlation between Product Knowledge and its Determinant Factors

<table>
<thead>
<tr>
<th>Variables</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception</td>
<td>0.59**</td>
</tr>
<tr>
<td>Underlying Principles</td>
<td>0.67**</td>
</tr>
<tr>
<td>Awareness</td>
<td>0.65**</td>
</tr>
<tr>
<td>Religiosity</td>
<td>0.68**</td>
</tr>
</tbody>
</table>

Note: Correlation is significant at the 0.01 level

Further analysis using multiple regressions indicated that the determinant factors are having significant relationship (p < .01) and explained 60 percent variation in the product knowledge of UUM’s Muslim undergraduate students. It is found that all of the variables are having a significant positive impact on UUM student’s knowledge toward Islamic bank product. The result explained that the increase of a unit in religiosity will affect the increase of 0.24 unit of product knowledge. Similarly, 0.23 unit of product knowledge is expected to increase if a unit of underlying principles increase. Thus, the hypothesis of this study is partly supported (Table 4).

Table 4: The Influence of Determinant Factors on Product Knowledge

<table>
<thead>
<tr>
<th>Determinant</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.48</td>
<td>0.16</td>
<td>3.02</td>
<td>0.003</td>
</tr>
<tr>
<td>Perception</td>
<td>0.18</td>
<td>0.04</td>
<td>0.20</td>
<td>4.75</td>
</tr>
<tr>
<td>Underlying Principle</td>
<td>0.23</td>
<td>0.05</td>
<td>0.25</td>
<td>4.58</td>
</tr>
<tr>
<td>Awareness</td>
<td>0.22</td>
<td>0.05</td>
<td>0.22</td>
<td>4.71</td>
</tr>
<tr>
<td>Religiosity</td>
<td>0.24</td>
<td>0.05</td>
<td>0.24</td>
<td>4.46</td>
</tr>
</tbody>
</table>

R²=60 , Sig.= 0.000

5. DISCUSSION

This study was conducted to identify the factors that influence product knowledge on Islamic banks among UUM Muslim undergraduate students. The study found that all of the independent variable namely perception, underlying principle, awareness and religiosity showed positive and significant relationship with product knowledge among the UUM undergraduate students. Besides that, in this study showed that perception, underlying principle, awareness and religiosity significantly influence with product knowledge.

The finding corresponds to the previous study by (Haron, et al., 1994 ; Bley and Kuehn , 2004) for knowledge ,(Abdullah, Sidek, and Adnan, 2012 ; Rustam, et al., 2011 ; Arshad Aslam, Razi, and Ali, 2011) for perception, (Ayub , 2007 ; Ajija, Annisa, and Hudaifah, 2012) for underlying principle, (Ahmad and Haron, 2002 ; Hamid and Nordin, 2001; Kamal Naser, Ahmed Jamal and Khalid Al-Khatib, 1999) for awareness and (Naser and Moutinho, 1997 ; Kishada and Wahab, 2013) for religiosity who also found that all the variables mention are having positive correlation with product knowledge.
6. CONCLUSION AND SUGGESTIONS
The intention of this study was to examine the level of knowledge among UUM Muslim undergraduate students under COB towards the Islamic banking products which involved several factors that might affect the level of knowledge, that are perception, underlying principles, awareness and religiosity factors in the Islamic banks. The findings revealed that all the independent variables have a positive correlation with knowledge as well as all of the factors give influence towards the level of knowledge towards Islamic banking products based on the test conducted in this research. However the Beta value for perception is quite low even it is significant influence the level of knowledge thus the findings also recommend that the factor of perception do not give a greater impact towards the knowledge due to the different perception among the individual students.

Based on these results, it is recommended to the management of higher education providers should take a more initiatives to produce well-prepared and well-equipped students by providing more exposures on the current standards of Islamic banking industry through conducting relevant courses at their institutions. Furthermore, it will help the students to perform their duties well in the banking industry if they were choose as the pioneer and also to equip them in facing the future challenges in order to be parallel with the objectives of the government to develop Malaysia as one of the Islamic financial hubs in the region.

In a nutshell, the research findings reported have been discussed at a great length in the context of the study objectives and also referring to the previous literatures. The theoretical contribution and managerial implication of the study were planned to give a clear picture that this study gives a significant to the academic field as well as researchers’ perspectives. The theoretical model that has been established in this study can be used as an explanatory model for future researchers to measure the knowledge in another field. Therefore, the current study had provided some beneficial implications for both academic as well as practitioners based on the review on the work done by the researcher.
REFERENCES


