

## **CHAPTER 4**

### **DATA ANALYSIS AND FINDINGS**

#### **4.1 INTRODUCTION**

This chapter presents the research findings of the data collected from the case study samples. The main source of data is the interview and is also supplemented by library research. The findings will be presented in relation to the research objectives stated in the study. The method used to analyse the data is already discussed in the methodology chapter.

#### **4.2 DEMOGRAPHICS OF THE INTERVIEWEES**

##### **4.2.1 Categories of Interviewees**

Out of 20 respondents, 12 were women while 8 other were men. Approaching women respondent was easier as they are willing to be interviewed in a short notice compared to men respondents.

Table 4.1 Category of Informants

Informants	Numbers	Age
Male	8	17-55
Female	12	17-55

Table 4.1 provides data on the categories of informant interviewed according to gender and age. Normally at the indicated age range, many of individuals have at least one bank account hence the researcher chose that particular age range.

The researcher discovered that with 20 respondents, the data gathered is saturated. This means, the researcher sees a similar pattern in the interviewees' responses. Further collection of new data won't necessarily contribute to a new discovery of the issue. According to Ritchie et al., it is best to simply to gather data until theoretical saturation is reached.<sup>1</sup> There is a point of diminishing return to a qualitative sample—as the study goes on more data does not necessarily lead to more information.<sup>2</sup>

These individuals are the individuals involved during the field work interviews and their opinions were extracted and explained accordingly.

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<sup>1</sup> Ritchie J. and Lewis J., *Qualitative Research Practice: A Guide for Social Science Students and Researchers* (California: Sage, 2003) 77-108.

<sup>2</sup> *Ibid.*

## **4.3 RESEARCH FINDINGS**

### **4.3.1 Introduction**

This part of the chapter presents the finding and analyses the data obtained from the individual interviewees on the awareness and acceptance of Islamic banking in Singapore. The data were extracted and analysed according to the objective of the study.

### **4.3.2 Awareness of Singaporean Muslims towards Islamic Banking Products and Services**

#### **Awareness of the existence of Islamic Banking in Singapore**

Islamic banking has been operating in Singapore since 2006 when OCBC pioneered the operation.<sup>3</sup> Up until the current year, Islamic banking has been operating about 8 years. Trough media like television and newspaper (including electronic newspaper), Islamic banking services has gained an exposure among the masses. In the interview with a respondent working at United Overseas Bank (UOB) as a Customer Service Representative (CSR), she stated:

“I have heard of Islamic Banking since my schooling days. I can’t really remember where I’ve heard it from but I think it’s from the media.. Internet, I think.”<sup>4</sup>

Media has been the important platform as to channel awareness of the existence of Islamic banking to the masses, especially the Muslims. However, it is

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<sup>3</sup> OCBC, “About Us”, website *OCBC*, retrieved 12 June 2013 <http://www.ocbc.com.sg/group/who-we-are/heritage-malaysia.html>.

<sup>4</sup> Raihanah Abdul Samad ( CSR, UOB), in an interview with the researcher, 1<sup>st</sup> February 2014.

debatable to conclude that media has successfully spread the awareness among the masses. When it comes to questioning the respondent about the services or products that they know of, most of them have no clue of what products are being offered like Miss Raihanah confessed:

“I don’t know any of the products... But I know the services are without interest.”<sup>5</sup>

Moreover some of the respondents guessed that Islamic banking serves products which are similar to conventional bank except that there is no interest rewarded. In one of the interview session, a respondent said:

“I don’t any of the products but I’m pretty sure it’s similar to the conventional bank. But no interest *lah* of course!”<sup>6</sup>

It can be concluded that the awareness of the Muslims community is still lacking in terms of what Islamic banking products and services are. The community is also not aware Islamic banking services are different from the conventional.

### **Awareness of the Basic *Mu’āmalāt* terms used**

*Mu’āmalāt* terms are the fundamental items on Islamic banking system.<sup>7</sup> Terms used are derived from conventional *fiqh* books and also contemporary ones. Terms

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<sup>5</sup> *Ibid.*

<sup>6</sup> Nurulhuda Zulkifli (Shariah Student, Islamic University College Malaysia), in an interview with the researcher, 2<sup>nd</sup> February 2013.

<sup>7</sup> Muhammad Fizar (Head of Education and Training, Safina Institute), in an interview with the researcher 5<sup>th</sup> February 2014.

like Shariah, *ribā*, *hibah* and *Mudhārabah* are of frequently used in Islamic banking services.

Shariah fundamentally means the principles and laws which governed the way of Muslims' life. This similarly mentioned in an interview with a respondent working as Head of Education and Training at Safina Institute:

“Shariah is actually a compliance of a Muslims ways of life in accordance to how they live and what they do on their daily life. Basically it's a way of life.”<sup>8</sup>

However, when asked about how Shariah is incorporated inside Islamic banking operations, he added:

“Shariah is a way of life and banking is a need for you to ensure that your life can be materialized.”<sup>9</sup>

Most of the respondents have no knowledge on how Shariah is being exercised in the Islamic Banking services. In reality, Shariah is the basis and reference of the whole system on which rules and law are implemented on. Most of the respondents do not really understand the concept of Shariah in Islamic Banking.

Among others, the researcher also looked into the term *ribā*. A Singaporean student from Kolej Universiti Islam Malaysia (KUIM) who is currently taking a Diploma in Shariah generally described *ribā*:

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<sup>8</sup> *Ibid.*

<sup>9</sup> *Ibid.*

“*Ribā tu die something additional ah*”<sup>10</sup>

Another generalization given by a student at Nanyang Polytechnic about *ribā*:

“*Ribā* is something that being given by the bank for account holders... I think..”<sup>11</sup>

The researcher continued with a question about the similarity or difference between *ribā*, interest and usury. Only after giving the link between the three terms, respondents clarified that *ribā* is actually interest. According to Wahbah Zuhaili, *ribā*, interest and usury mean the same.<sup>12</sup>

The other two popular terms used in Islamic banking products and services are *hibah*, *Wadī’ah*, *Muḍhārabah* and *Murābaḥah*. Most of the respondents showed lack of awareness about the four terms. This is according to an excerpt from an interview with Miss Raihanah:

“ *Wadī’ah ? Wadī’ah ape eh?* ”

Similarly when asked about *Murābaḥah* and *Muḍhārabah*, respondent has no idea.

It can be concluded that Muslims community have little knowledge on the technical terms used in the Islamic banking services. However, usual terms like *riba* could have been known to the masses.

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<sup>10</sup> Nurulhuda Zulkifli (Shariah Student, Islamic University College Malaysia), in an interview with the researcher, 2<sup>nd</sup> February 2013.

<sup>11</sup> Sharifah Shazuani (Nanyang Polytechnic), in a phone interview with the researcher on 3<sup>rd</sup> February 2014.

<sup>12</sup> Wahbah Zuhaili. *Al-Mu’āmalāt Al-Māliyah Al-Mu’āsirah*. Damsyik: Dar Al-Fikr, 2002.

## **Awareness of Islamic Banking Products and Services**

Islamic banking products and services are catered for both Muslims and non-Muslims. This is agreed by Miss Amalina in an excerpt from an interview:

“I think Islamic banking is for all lah.. Muslims and non-Muslims.”<sup>13</sup>

This suggests that everybody can enjoy the service of interest-free banking. As ruled, the main foundation of Islamic banking operation is prohibition of interest. Moreover, any elements of abuse such as *gharar* and *maysir* are also prohibited from the services. This awareness is clearly shown by one of the respondent in an interview:

“The prohibitions are interest, gambling, uncertainty and..... just like being discussed in *kitab* fiqh.”<sup>14</sup>

Apart from the prohibition which marks a distinct features comparing to conventional banking, how profit is determined and distributed is also different form conventional banking. Islamic banking also offers a loan service but in a business agreement between the bank and the borrower. The profit of that business will be shared between the bank and the borrower in a prefixed rate documented earlier in the agreement. Islamic bank also provide services and charge money.<sup>15</sup> As this

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<sup>13</sup> Nur Amalina (Fine Arts Student, Nanyang Academy of Fine Arts), in an interview with the researcher on 28<sup>th</sup> January 2014.

<sup>14</sup> Muhammad Shariffuddin (Mass Media, Temasek Polytechnic), in a phone interview with the researcher on 15<sup>th</sup> February 2014

<sup>15</sup> Yahia Abdul-Rahman. *The Art of Islamic Banking and Finance*. Canada: John Wiley & Sons Inc., 2010.

knowledge is textbook based, none of the respondents interviewed is aware of the profit is dealt with. This is depicted in an interview with Miss Zarifah:

“I’m not aware of how it is being determines or distributed..”<sup>16</sup>

This is also agreed by another respondent Miss Zubaidah who said:

“I’m not sure but must not have *ribā lah kan..*”<sup>17</sup>

Awareness of the masses about what the returns on Islamic banking are based on is also lacking. Similar to the distribution of profit, all of the respondents did not response quite well. Mr Rayyan’s response:

“Wah the question is so hard. I really don’t know. I trust this Islamic banking lah. So maybe the returns are based on something lawful.”<sup>18</sup>

However, Mr Rayyan is aware that there should be someone who needs to supervise the activities of Islamic Banking. He specifically mentioned that an authority with Shariah background should be in-charge in guiding all the necessary activities. This response is also supported by Miss Raihanah when she mentioned:

“A certified person.. A Muslim with a very good knowledge in Islam like Shariah and Hadith...”<sup>19</sup>

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<sup>16</sup> Nur Zarifah Effendi (Accountant Student, University of London in Singapore Institute of Management), in an interview with the researcher on 14<sup>th</sup> February 2014.

<sup>17</sup> Zubaidah Abdul Rahman (Admin Officer, Jamiyah ar-Rabitah Mosque), in an interview with the researcher on 2nd February 2014.

<sup>18</sup> Muhammad Rayyan Sidek ( National Service), in an interview with the researcher on 1<sup>st</sup> March 2014.

<sup>19</sup> Raihanah Abdul Samad ( CSR, UOB), in an interview with the researcher, 1<sup>st</sup> February 2014



It can be concluded that Muslims community is aware that Islamic banking services are for both Muslims and non-Muslims. However services should be supervised by a Muslim who has a formal background. Apart from that, they are not aware of how Islamic banking generates profit and how the return is being distributed.

### **4.3.3 Acceptance of Singaporean Muslims towards Islamic Banking System**

On an average note, Singaporean Muslims welcome and accept Islamic banking services in Singapore. Quoting a positive opinion from a respondent:

“Definitely, surely Islamic banking must operate in Singapore or in any countries *yang ada* Muslims.”<sup>20</sup>

This opinion is also supported by other respondent who said:

“Ya I believe Islamic banking is important in Singapore. Singapore needs to have many more banks which offer this service”<sup>21</sup>

Inspite of a large number of conventional banks exist in Singapore, Islamic banking still has its place among Singaporean Muslims. In an interview with Mr Tamlikhaa who confessed:

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<sup>20</sup> Muhammad Shariffuddin (Mass Media, Temasek Polytechnic), in a phone interview with the researcher on 15<sup>th</sup> February 2014

<sup>21</sup> Zaiton Harun Ar-Rashid (Teacher, Madrasah Wak Tanjong), in a phone interview with the researcher on 9<sup>th</sup> February 2014.

“I have an Islamic savings account myself. Despite of having a conventional bank right in front of my house, I still opt for Islamic banking.”<sup>22</sup>

Singaporean Muslims’ support towards Islamic banking operation go far to the extent of in case a bank announced that if it had no profit to distribute on investment and savings deposits for any year, they will still support Islamic banking.

Quoted by Miss Zubaidah:

“I don’t really care about the profit or return. All I want to know is my money is safe from *ribā*.”<sup>23</sup>

Miss Zubaidah also said that she only wanted to save some amount of money for the future. Following to that, she does not mind that Maybank is now increasing the amount that need to be maintained in a Islamic savings account from \$200 monthly to \$1000. Miss Zubaidah further told that she will not withdraw her money to transfer to conventional bank savings.

In supporting Miss Zubaidah decision, Miss Zarifah is also agreeing to not withdraw her money from her Maybank Islamic savings by quoting:

“Hmmm it’s ok. I will add another \$800 to fulfil the minimum amount required to maintain monthly.”<sup>24</sup>

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<sup>22</sup> Tamliikha Khamsani (Undergraduate, University of Malaya), in an interview with the researcher on 11<sup>th</sup> March 2014.

<sup>23</sup> Zubaidah Abdul Rahman (Admin Officer, Jamiyah ar-Rabitah Mosque), in an interview with the researcher on 2nd February 2014.

<sup>24</sup> Nur Zarifah Effendi (Accountant Student, University of London in Singapore Institute of Management), in an interview with the researcher on 14<sup>th</sup> February 2014.

Only three out of twenty respondents that were interviewed have an Islamic savings account. When asking the remaining about their consideration in opening Islamic banking accounts, most of them gave an overwhelming response.

“Hmmm I would just open an account from an Islamic bank? Cause it’s Islamic?? *Macam* better??.”<sup>25</sup>

However there were also some who showed a negative response quoting an excerpt from one of the interviews:

“I don’t think so lah. I think all banks are the same: Islamic or conventional.. It’s pretty similar.”<sup>26</sup>

While some of Singaporean Muslims responding well to the establishment of Islamic banking services in Singapore, others remain sceptic. The idea of Islamic banking is similar to conventional banking has not been shaken off from their belief. During an informal interview with some of the al-Azhar University Graduates, all of them believe that Islamic banking serves no difference from conventional banking. Quoting from one of the respondents who wants to remain anonymous:

“*Pada aku, sama je lah. Islamic banking cakap no interest tapi die kasi profit juga macam conventional (banks) punye.. You tell me lah where’s the difference?*”<sup>27</sup>

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<sup>25</sup> Muhammad Nabil Abdul Malek (Diploma Student, Nanyang Polytechnic), in an interview with the researcher on 16<sup>th</sup> March 2014.

<sup>26</sup> Muhammad Nabil A (Diploma Student, Nanyang Polytechnic), in an interview with the researcher on 16<sup>th</sup> March 2014.

<sup>27</sup> Anonymous (Graduate, Al-Azhar University), in a phone interview with the researcher on 22<sup>nd</sup> March 2014.

Apart from that, many still will consider setting up and an Islamic banking account even though the facilities, for example Auto-Teller Machine (ATM), are not really convenient. In an interview with a respondent, she said:

“It’s good also. At least I can save money if the ATM is so hard to find. Anyways, I always shop using cards!”<sup>28</sup>

It can be concluded that most of Singaporean Muslims accept Islamic banking as they realized that Muslims should opt for a Shariah compliant products and services. Religious factor drives them to choose Islamic banking even though conventional banking is more convenient. Moreover, Singaporean Muslims who have not yet open an account with Islamic banking have the inclination to open an account in the near future. There are only a few of the respondents who have no desire to open an Islamic banking account due to lack of awareness that Islamic banking is different from conventional banking.

#### **4.3.4 Factors of Determining the Islamic Banking Selection:**

There are in fact many factors which influence the public to choose Islamic banking. In an interview with Mr Abdul Razak, he will choose Islamic banking because he’s a Muslim.<sup>29</sup> In fact, all respondents responded similarly. From an excerpt of an interview with Shariff:

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<sup>28</sup> Salbiah Manaf (Housewife, Tampines), in an interview with the researcher on 23<sup>rd</sup> March 2014.

<sup>29</sup> Abdul Razak (Mover, Rodex Movers Singapore), in an interview with the researcher on 24<sup>th</sup> March 2014.

“I choose Islamic banking because it’s Islamic. It’s what a Muslim should choose I guess?”<sup>30</sup>

Hence, the first factor that influences the public selection is that it is an obligation from the religion. The other factors follow such convenience and good financial benefits. In an interview with Mr Syafiq, he thinks that financial benefits are an important key to attract customer. Quoting his opinion:

“Rebates *ah* important. Most banks are giving out rebates. Like POSB.”<sup>31</sup>

Another interviewee responded that convenience is very important factor coming after religion. Quoting from the interview:

“ATM must be easy to find lah. Maybank ATM so hard to find. How to open an Islamic account? Troublesome..”<sup>32</sup>

Apart from religion requirement, convenience and financial benefits, it is also being emphasized that the bank personnel should be well-knowledge on all Islamic banking products and service. During an interview with Miss Maya:

“Bank teller or whoever is concerned should be friendly and kindly assist us. Also they must have

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<sup>30</sup> Muhammad Shariffuddin (School of Design, Nanyang Academy of Fine Arts), in a phone interview with the researcher on 15<sup>th</sup> February 2014

<sup>31</sup> Maya Karim (Assistant Nurse, Changi General Hospital), in an interview with the researcher on 16<sup>th</sup> March 2014

<sup>32</sup> Nurhayati Abdul Aziz (Undergraduate, International Islamic University of Malaysia), in an interview with the researcher on 18<sup>th</sup> March 2014.

enough knowledge about Islamic banking products and services.”<sup>33</sup>

Miss Maya also added that the availability of internet banking mobile application solely on Islamic banking products and services also will do a great help to the community.

“I think it’s better also *kalau ada* apps educating the public on Islamic banking products and services *yang* the current banks offer.”<sup>34</sup>

The Muslims community in Singapore is no doubt wanted to be educated more on Islamic banking system especially in Singapore. Many of them are still unaware of the existence of many products and services which are offered in certain banks in Singapore. For them, interest free banking is really important to them as it has a connection to their religion. Quoting from one of the interview:

“Yes of course interest-free banking is important. As a Muslim, I think it’s *wajib* to choose the halal way of living.”<sup>35</sup>

It can be concluded that the factors which influence Singaporean Muslims are obligation from the religion, convenience, financial benefits and availability of internet banking mobile application.

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<sup>33</sup> Maya Karim (Assistant Nurse, Changi General Hospital), in an interview with the researcher on 16<sup>th</sup> March 2014

<sup>34</sup> *Ibid.*

<sup>35</sup> Rahayu Pagi (Housewife), in an interview with the researcher on 26<sup>th</sup> March 2014.

## **4.4 RESEARCH ANALYSIS**

### **4.4.1 Introduction**

Research analysis section will analyse the findings of the research as discussed earlier. The research will analyse the cause of problems in detail and will suggest probable reasons in reference to other studies conducted on other countries as discussed in the literature review. The suggestions will be mention in chapter five.

### **4.4.2 Analysis on Awareness of Islamic Banking Operation among Singaporean Muslims**

#### **Awareness of the existence of Islamic Banking in Singapore**

From the interview conducted, Singaporean Muslims are aware of Islamic banking operation in Singapore. As mentioned in an interview with a respondent working at United Overseas Bank (UOB) as a Customer Service Representative (CSR), she stated:

“I have heard of Islamic Banking since my schooling days. I can’t really remember where I’ve heard it from but I think it’s from the media.. Internet, I think.”<sup>36</sup>

However the exposure received is not really enough for the public. They are only aware of the existence of Islamic banking but not the operation. Just like being stated by a respondent when being asked what products or services which she know of:

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<sup>36</sup> Raihanah Abdul Samad ( CSR, UOB), in an interview with the researcher, 1<sup>st</sup> February 2014

“I don’t know any of the products... But I know the services are without interest.”<sup>37</sup>

Islamic banking has been operating eight years now in Singapore. Singaporean Muslims could have at least aware the simple form of service such as Islamic deposit account offered by Maybank.<sup>38</sup> This is also probably because Maybank and CIMB (both offering personal Islamic banking savings accounts) are not the primary banks in Singapore that local Muslims always visited. This is proved by the minimal number of branches available in Singapore compared to the domestic banks such as DBS and POSB.<sup>39</sup>

Moreover Singaporean Muslims are not aware of the fact that Islamic banking is different with conventional banking it is show in one of the interview session, a respondent said:

“I don’t any of the products but I’m pretty sure it’s similar to the conventional bank. But no interest *lah* of course!”<sup>40</sup>

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<sup>37</sup> Nurulhuda Zulkifli (Shariah Student, Islamic University College Malaysia), in an interview with the researcher, 2<sup>nd</sup> February 2013.

<sup>38</sup> Maybank Singapore, retrieved 17 April 2013, <http://info.maybank2u.com.sg/about-us/news/2011/29jun11.aspx>.

<sup>39</sup> Maybank has only 22 branches, CIMB has 5 branches while DBS/POSB has 83 branches in Singapore.

<sup>40</sup> Nurulhuda Zulkifli (Shariah Student, Islamic University College Malaysia), in an interview with the researcher, 2<sup>nd</sup> February 2013.



It all comes back to lack of proper exposure to the masses while Islamic banking is clearly different to conventional banking. The lack of proper exposure is happening in most of the Muslims minority country.<sup>41</sup>

### **Awareness of the Basic *Mu'āmalāt* terms used**

Deducing from all of the interviews conducted with the respondents, Singaporean Muslims are not aware of the basic *mu'āmalāt* terms used in Islamic banking. The only term that everyone has the same idea on is *ribā*. In an interview with one of the respondent when asked about *Wadī'ah* :

“ *Wadī'ah ? Wadī'ah ape eh?* ”<sup>42</sup>

Similarly when asked about *Murābahah* and *Muḍhārabah*, respondent has no comment about it.

Singaporean Muslims also cannot relate the *mua'amalat* terms used with the Islamic banking. When asked about how Shariah is incorporated inside Islamic banking operations, a responded said:

“Shariah is a way of life and banking is a need for you to ensure that your life can be materialized.”<sup>43</sup>

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<sup>41</sup>The lack of proper exposure like educating the public is depicted in the research by Hussain Gulzar Rammal “Awareness of Islamic Banking Products Among Muslims: The Case of Australia”, *Journal of Financial Services Marketing* 12,1 (2006) and Balasundram Maniam, , Bexley J.B. and James J.F. “Perception of Islamic Financial System: Its Obstacles in Application, and Its Market”, *Academy of Accounting and Financial Studies Journal* 4, 2 (2000).

<sup>42</sup> Raihanah Abdul Samad ( CSR, UOB), in an interview with the researcher, 1<sup>st</sup> February 2014.

<sup>43</sup> Muhammad Fizar (Head of Education and Training, Safina Institute), in an interview with the researcher 5<sup>th</sup> February 2014.

The lack of awareness in knowing basic knowledge in *mu'āmalāt* terms perhaps stemmed from the thought that it is not important. Quoting from an interview with Miss Huda:

“Do we really have to know the terms? I think’s it’s enough if we just know *ribā* right?”<sup>44</sup>

The trend has not changed since the last research conducted in 1997.<sup>45</sup> In the research, it was surprisingly found that even the Muslims were not aware of the basic *mu'āmalāt* terms used in Islamic banking while they are perceived to know because they are derived from the religion of Islam. This suggests the absence of awareness that it is important to know the basic *mu'āmalāt* terms used. The public has not being approached to make them aware of the basic terms used.

#### **4.4.3 Analysis on Acceptance of Singaporean Muslims towards Islamic Banking**

On an average note, Singaporean Muslims welcome and accept Islamic banking operations in Singapore even though most of them have not yet owned any Islamic deposit accounts. Quoting a positive opinion from a respondent:

“Definitely, surely Islamic banking must operate in Singapore or in any countries *yang ada* Muslims.”<sup>46</sup>

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<sup>44</sup> Nurulhuda Zulkifli (Shariah Student, Islamic University College Malaysia), in an interview with the researcher, 2<sup>nd</sup> February 2013.

<sup>45</sup> Gerrard P. et al. “Islamic Banking: A Study in Singapore”, *International Journal of Bank Marketing*, 15,6 (1997).

<sup>46</sup> Muhammad Shariffuddin (Diploma Student, Nanyang Academy of Fine Arts), in a phone interview with the researcher on 15<sup>th</sup> February 2014

Her opinion is also supported by other respondent who said:

“Of course I will support Islamic Banking.. I think Singapore should have Islamic banking.”<sup>47</sup>

Even though Singaporean Muslims, on average, are not really aware of the whole operation, they accept Islamic Banking operation especially in Singapore. They also find it a need for Singapore to have more Islamic banking services. This shows that not having awareness does not necessarily mean not accepting. The trend is similarly to a minority Muslims country, Australia. In that particular study, the relation between awareness and acceptance is inversely related.<sup>48</sup>

Apart from accepting Islamic banking operation in Singapore, to some Singaporean Muslims, they are choosing Islamic banking even though conventional banking is more convenient for them. This is just a small case basis as only three of the respondents who are having Islamic savings account. However, the intention to set up an Islamic account is relevant. Just like in an interview with Mr Hafiz who confessed:

“I don’t have any Islamic savings account but InsyAllah one day I will open an account.. But need to know how the bank runs Islamic banking services.”<sup>49</sup>

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<sup>47</sup> Khairuddin Ansar (Community Care Officer, Yayasan Mendaki), in a phone interview with the researcher on 9<sup>th</sup> February 2014.

<sup>48</sup> Hussain Gulzar Rammal “Awareness of Islamic Banking Products Among Muslims: The Case of Australia”, *Journal of Financial Services Marketing* 12,1 (2006)

<sup>49</sup> Abu Hudzaifah Abdul Rahim (Undergraduate, University of Yarmouk), in a phone interview with the researcher on 17<sup>th</sup> February 2014.

Singaporean Muslims' support towards Islamic banking operation go far to the extent of in case a bank announced that if it had no profit to distribute on investment and savings deposits for any year, they will still support the operation. Quoted by Miss Zubaidah:

“I don't really care about the profit or return. All I want to know is my money is safe from *ribā*.”<sup>50</sup>

This shows that Singaporean Muslims accept the prohibition of *ribā* and the reason they welcome Islamic banking because they do not have to be worried about interest. The emphasizing of the prohibition of *ribā* in our daily activities has been received well by the local Muslims especially on banking preferences.

Miss Zubaidah also said that she only wanted to save some amount of money for the future. Following to that, she does not mind that Maybank is now increasing the amount that need to be maintained in an Islamic savings account from \$200 monthly to \$1000.<sup>51</sup> Miss Zubaidah further told that she will not withdraw her money to transfer to conventional bank savings.

In supporting Miss Zubaidah decision, Miss Zarifah is also agreeing to not withdraw her money from her Maybank Islamic savings by quoting:

“Hmmm it's ok. I will add another \$800 to fulfil the minimum amount required to maintain monthly.”<sup>52</sup>

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<sup>50</sup> Zubaidah Abdul Rahman (Admin Officer, Jamiyah ar-Rabitah Mosque), in an interview with the researcher on 2nd February 2014.

<sup>51</sup> Maybank Singapore, retrieved 17 April 2013, <http://info.maybank2u.com.sg/about-us/news/2011/29jun11.aspx>.

<sup>52</sup> Nur Zarifah Effendi (Accountant Student, University of London in Singapore Institute of Management), in an interview with the researcher on 14<sup>th</sup> February 2014.

The strong support shown must be because they know the importance of interest-free banking and to choose alternative if there is any.

While some of Singaporean Muslims responding well to the establishment of Islamic banking operation in Singapore, others remain sceptic. The idea of Islamic banking is similar to conventional banking has not been shaken off from their belief. During an informal interview with some of the al-Azhar University Graduates, all of them believe that Islamic banking serves no difference from conventional banking. Quoting from one of the respondents who want to remain anonymous:

*“Pada aku, sama je lah. Islamic banking cakap no interest tapi die kasi profit juga macam conventional (banks) punye.. You tell me lah where’s the difference?”*<sup>53</sup>

This is due to lack of knowledge on Islamic banking system itself. Islamic banking authorities should be more actively promote Islamic banking services and provide the public with better understanding of the difference between Islamic and conventional banking. This is true based on a study by Mohamed Sharif Bashir<sup>54</sup> in Brunei. He suggested that Islamic banks have not done enough in marketing their products and services. They have also not done enough to educate the difference between conventional and Islamic banking services.

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<sup>53</sup> Anonymous (Graduate, Al-Azhar University), in a phone interview with the researcher on 22<sup>nd</sup> March 2014.

<sup>54</sup> Mohamed Sharif Bashir “Awareness, Service Quality and Product Effects on Satisfaction of Islamic Banking in Brunei Darussalam” (Proceeding, 2<sup>nd</sup> International Conference on Management, Malaysia, 11<sup>th</sup>-12<sup>th</sup> June 2012) 12.

Apart from that, many still will consider setting up and an Islamic banking account even though the facilities, for example Auto-Teller Machine (ATM), are not really convenient. In an interview with a respondent, she said:

“It’s good also. At least I can save money if the ATM is so hard to find. Anyways, I always shop using cards!”<sup>55</sup>

This is based on the finding that the number one factor in making people choose Islamic banking is religion, the adherence to Islamic principle. This is true based on findings from Kamal Naser et al.<sup>56</sup>, Hussain Gulzar et al.<sup>57</sup> and Yvonne Saini et al.<sup>58</sup> that in choosing to subscribe to Islamic banking services, customers uphold the belief that they should opt for Shariah compliant products and services as it is being taught in Islam.

It can be concluded that Singaporean Muslims accept and support Islamic banking services due to the following reasons:

- 1) Singaporean Muslims accept the existence of Islamic banking in Singapore
- 2) Singaporean Muslims support the growth of Islamic banking in Singapore

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<sup>55</sup> Salbiah Manaf (Housewife, Tampines), in an interview with the researcher on 23<sup>rd</sup> March 2014.

<sup>56</sup> <sup>56</sup> Kamal Naser, Ahmad Jamal and Khalis al-Khatib “Islamic Banking: A Study of Customer Satisfaction and Preferences in Jordan”, *International Journal of Bank Marketing* 17, no.3 (1999) 143.

<sup>57</sup> Hussain Gulzar Rammal “Awareness of Islamic Banking Products Among Muslims: The Case of Australia”, *Journal of Financial Services Marketing* 12, no.1 (2006) 69.

<sup>58</sup> Yvonne Saini, Bick G. and Loonat Abdulla “Consumer Awareness and Usage of Islamic Banking Products in South Africa”, *South African Journal of Economic and Management Sciences*, 14, no.3 (2011).

- 3) Singaporean Muslims are willing to open an Islamic banking account in near future
- 4) Singaporean Muslims already have Islamic banking account.

However, exposure should be channeled properly to the masses.

#### **4.4.4 Analysis on Factors Influencing the Selection of Islamic Banking**

From the findings, it is strongly depicted that the main factor influencing the selection of Islamic banking is the religion of Islam. As Islamic banking is derived from Islam, many Muslims feel obliged to opt to a more halal option. This is supported by a study conducted in Australia by Hussain<sup>59</sup>, the first factor in selecting Islamic banking is the religion itself. Australia and Singapore both share a similarity of having minority Muslims.

Like it has been said by Mr Shariff:

“I choose Islamic banking because it’s Islamic. It’s what a Muslim should choose I guess? Something halal?”<sup>60</sup>

The statement from Mr Shariff shows that Muslims feel obliged to consume and serve halal things as connoted in the Quran:

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<sup>59</sup> Hussain Gulzar Rammal “Awareness of Islamic Banking Products Among Muslims: The Case of Australia”, *Journal of Financial Services Marketing* 12,1 (2006)

<sup>60</sup> Muhammad Shariffuddin (School of Design, Nanyang Academy of Fine Arts), in a phone interview with the researcher on 15<sup>th</sup> February 2014

يٰۤاَيُّهَا الَّذِيْنَ ءَامَنُوْا كُلُوْا مِنْ طَيِّبٰتِ مَا رَزَقْنٰكُمْ  
وَاشْكُرُوْا لِلّٰهِ اِنْ كُنْتُمْ اِيَّاهُ تَعْبُدُوْنَ ﴿١٧٢﴾

Al-Baqarah 2:172

Translation: O ye who believe! Eat of the good things that we have provided for you, and be grateful to Allah, if it is Him ye worship.

The verse above mentions on the obligation to opt for halal food and lifestyle. Hence, the main factor that influences the public selection for Islamic banking is the religion of Islam. Besides that, there are other factors too which show great significance for the community when making bank selection. These factors are convenience and good financial benefits just like an interview with Mr Syafiq where he thinks that financial benefits are an important key to attract customer. Quoting his opinion:

“Rebates *ah* important. Most banks are giving out rebates. Like POSB.”

Miss Yati mentioned in an interview:

“ATM must be easy to find lah. Maybank ATM so hard to find. How to open an Islamic account. Troublesome..”<sup>61</sup>

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<sup>61</sup> Nurhayati Abdul Aziz (Undergraduate, International Islamic University of Malaysia), in an interview with the researcher on 18<sup>th</sup> March 2014.



Many shared the same concern. In a research conducted in Singapore before the establishment of Islamic Banking, convenience and financial benefits contributed a high significance on the data analysis. This indicates that the Singaporean Muslims are very particular with how easily an ATM can be found, the location of the bank branch. With nearer ATM and having in on many different locations will be convenient for the users. Maybank ATM is hard to find in Singapore while Maybank is one of the banks which offer Islamic Banking services.

Apart from the factor of religion, convenience and financial benefits, it is also being emphasized that the bank personnel should be well acknowledged on all Islamic banking products and service. During an interview with Miss Yati:

“Bank teller or whoever is concerned should be friendly and kindly assist us. Also they must have enough knowledge about Islamic banking products and services.”<sup>62</sup>

It is important for the bank teller or bank officers to have ample knowledge on what products Islamic banking is offering. From the interview conducted, many of Singaporean Muslims are still ignorant about Islamic banking products and services. This is perhaps due to lack of personally expose or encourage the Muslims to use Islamic banking products and service. This is evidenced by a study conducted in the United State.<sup>63</sup>

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<sup>62</sup> *Ibid.*

<sup>63</sup> Balasundram Maniam, , Bexley J.B. and James J.F. “Perception of Islamic Financial System: Its Obstacles in Application, and Its Market”, *Academy of Accounting and Financial Studies Journal* 4, 2 (2000).

The Muslims community in Singapore is no doubt wanted to be educated more on Islamic banking system especially in Singapore. Many of them are still unaware of the existence of many products and services which are offered in certain banks in Singapore. For them, interest free banking is really important to them as it has a connection to their religion. Quoting from one of the interview:

“Yes of course interest-free banking is important. As a Muslim, I think it’s an obligation to choose the halal way of living.”<sup>64</sup>

As Muslims is a minority group in Singapore, many of a religious activity is conducted in small-scale and less aggressively. It is probable that the supports and education on the Islamic banking operation is not being channeled properly to the masses. Having a religious study background also does not necessarily help in creating awareness in the operation. This is being depicted in an interview with several Islamic university students who majored in Shariah and Usuluddin (Islamic Theology) and one of them confessed:

“Hmmm I’m not really sure about the whole operation even though *kita belajar* Shariah.. *malunya!* But I know Islamic banking is there *lah* in Singapore.”<sup>65</sup>

This is also probable that there are less scholars and experts on Islamic banking in Singapore when compared to its neighbouring countries such as Malaysia.

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<sup>64</sup> Rahayu Pagi (Housewife), in a phone interview with the researcher on 26<sup>th</sup> March 2014.

<sup>65</sup> Puteri Atikah (Diploma Student, MDIS), in a phone interview with the researcher on 5<sup>th</sup> March 2014

## **4.5 CONCLUSION**

This chapter has included all findings and thoroughly analyses the findings. The results show that there is a lack of awareness in Singaporean Muslims towards Islamic banking products and services in Singapore. However, Singaporean Muslims, on average still accept the operation and believe that it is crucial to have more Islamic banking in Singapore in the future. Factors of bank selection also are as indicators to gauge which services needed to be improved so that local Muslims are attracted to set up an Islamic banking account.