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FACTORS AFFECTING DECISIONS TO OPEN DEPOSIT ACCOUNTS WITH ISLAMIC BANKS

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ABSTRACT

The Islamic banking deposits in Malaysia are structured differently than its conventional banking counterpart. Islamic banking provides products and services guided by shariah contracts (e.g. qard, wadiah, murabahah and mudarabah). The shariah concepts hinges on profit sharing, featuring risk and return attributes between customer and bank. Whilst previous literatures have highlighted on shift in customers' behaviour to bank selection, it does not examine the motives behind such behaviour. The identification of factors that affect depositors' decisions are imperative to understand its customers in this highly competitive industry. Hence, the aim of this study is to examine the factors considered by employees of Kolej Universiti Poly-Tech Mara (KUPTM) when opening savings accounts with Islamic banks. Several potential independent variables from past literatures will be adopted in this study, namely (1) religion, (2) cost-benefit, (3) service delivery, (4) size and reputation, (5) staff, (6) convenience, (7) confidentiality, (8) friends and relative influence, (9) mass media advertising, and (10) social responsibility. Hypotheses will be developed based on these variables, including arguments from past literatures. A questionnaire will be prepared and distributed to respondents - employees of KUPTM – to be administered using google forms for ease of data collection. This study will employ multiple regression data analysis. This study expects significant relationship between religious factor and decision to open deposit accounts in Islamic banks.

Keywords: Islamic bank, religion, savings deposits, shariah contracts