

Attitudes of Non-Muslims on Islamic Financial Institutions: A Study based on Sungawila Area in Sri Lanka

S. Safrin¹ & Mohamed Haniffa Mohamed Nairoos²

¹BA (Hons) in Islamic Banking & Finance, South Eastern University of Sri Lanka

²Senior Lecturer, Department of Islamic Studies, FIA, South Eastern University of Sri Lanka

Abstract: - Islamic financial institutions initially established to full-filled for the needs of not only Muslims but also non-Muslims. The number of non-Muslims involved in Islamic financial institutions is increasing. The institutions desirous of entering into this nascent field in Sri Lanka are required to know the aspirations and motivations of non-Muslims with respect to interest-free Financial Services. The main objective of this research is to identify the attitudes of non-Muslims on Islamic Financial Institutions a study based on Sungawila area. For this purpose, a representative sample of 150 respondents is surveyed with the help of a structured questionnaire developed for this purpose. The data for this study was analyzed using SPSS 20.0 multiple statistical adapted to confirm the theoretical evidence. We also attempt to measures the knowledge, intention to use and demographic factors regarding Islamic financial institutions as well as the factors which influence non-Muslims of Sungawila area in Islamic financing. The finding of the research shows majority of the non-Muslims are not expected to view Islamic Financial Institutions are only for Muslims' obligations on other hand they are less aware about Islamic financial concept, product, services and features. Further most of the non-Muslims are expected to see should open up more branches and facilities of Islamic Financial Institutions. It is recommended that Islamic financial institutions should open up more branches and facilities and Lack of understanding about Islamic financial institutions products and services thus they should advertise among non-Muslims.

Key words: Attitudes, Islamic financial institutions, Non-Muslims, Sungawila Area.

I. INTRODUCTION

Islamic finance has distinctive characteristics because its foundation is based on Shariah principles and rules of Islamic law. Islamic banking system is an important element of Islamic finance.

Sri Lanka is one of the non-Islamic countries to have legislated for Islamic banking. Islamic banking introduced within a shorter period than the conventional banks in Sri Lanka. Conventional banks which have a longer history than Islamic banks. For this competition, Islamic banks have to know the awareness, understanding and perception of Sri Lankans towards it. Islamic banks not only available for Muslims, but it also available for non-Muslims as well. In Sri Lanka, 90.3% of the population is non-Muslims as Buddhist,

Hindus, Christians and others. The main purpose of this study is to understand the Attitudes of non-Muslims in Sri Lanka regarding Islamic financial institutions in Sungawila area.

There is a need to aware and illustrate about Islamic finance to make it equally attractive to Muslims and non-Muslims. The Islamic finance institutions are positive and possible option for Sri Lanka. Thereby, according to above reasonable evidences; researcher may take a suggest as not only the non-Muslims needs an aware and proper knowledge about Islamic finance institutions but Muslims also do not have 100% awareness about it. Some Muslims are also asking questions about Islamic finance and its processes doubtfully. Normally in Sri Lanka, almost banks have designed as conventional financial institutions although no one to say that there are no Islamic finance institutions each and every district.

Generally, in Polannaruwa, around 92% of the people are non-Muslims. There are few Islamic Financial Institution have located in Polannaruwa. This study will help to collect the data about the non-Muslims' attitudes on the Islamic Financial Institution. The topic of the research mentions to identify and collect the data (information) from the non-Muslims of the Sungawila and surrounding areas. Through this research, we want to identify and disclose the issues from the non-Muslims and their Attitudes about the Islamic banking industry in that particular area.

Problem Statement

Countries where there is a high proportion of non-Muslims, possibly due to misconceptions, lack of knowledge, awareness, and understanding of the key concepts of Islamic financial institutions can result in limited participation in the system even for Muslims. Non-Muslims may perceive Islamic financial institutions negatively and think Islamic financial institutions are only for Muslims. There might be objections and criticisms from some non-Muslim individuals and their religious organizations which may hinder participation of non-Muslims in the Islamic financial institutions system.

Some problems are arising from non-Muslim's refusal to accept the system as an alternative or at least as an additional mode of banking. Islamic banks in Sungawila area have a limited number of customers probably because of misperceptions of both Muslim and non-Muslim with respect to Islamic banking. Lack of awareness and knowledge are the key concepts of Islamic Banking which may cause non-Muslims to refrain from becoming Islamic banking customers. Based on these issues, this study intends to examine Attitudes as well as level of Awareness and knowledge of non-Muslims concerning Islamic financial institutions in Sungawila area.

Objectives of the Research

General Objective

The general objective of this study is to assess the Attitudes of non-Muslims on Islamic financial institutions; a study based on Sungawila area.

Specific Objectives

Specifically, this study intends to achieve the following objectives:

- To understanding the Islamic financial institutions product and service knowledge of non-Muslims.
- To identify the Demographic factors how influence on awareness, understanding and perceptions of Islamic financial institutions.

Research Questions

There is a need to address the research questions on which this whole study is going to be based is as follows,

RQ1: What are the Attitudes of non-Muslims regarding Islamic financial institutions?

RQ2: Is there any possibilities to Established an Islamic financial institution in Sungawila and surrounding areas?

II. LITERATURE REVIEW

Examined the perceptions of non-Muslim customers towards Islamic banking in Malaysia, the outcome of the study presented that Islamic banking services are making progress among non-Muslims in Kuala Lumpur. Most of the customers have both Islamic and conventional banking accounts, showing that non-Muslims really supported Islamic banking system in that area (Abdullah, A. A., Sidek, R., & Adnan, A. A. (2012).

Majority of customers in Islamic banks are Muslims. Therefore, they prefer the Islamic product and service but most of the product offered by the Islamic are identical to the products offered by Non Islamic banks and this put a very negative effect on the customer behavior. Moreover, the primary objective of Islamic bank (Tehseen Ahmad, 2015).

This outcome shows that IB specifically those are operating some countries must assure to their client that services and products they are offering Islamic and Islamic rules and

regulation are followed in true spirit and based on the goal summarized by Islamic Shari'ah (Abbasi, 2012).

Examined the perception of individual consumers towards Islamic banking products and services in Pakistan, the study revealed that most of respondents are not aware about Islamic banking system, and they just believe that Islamic banks and conventional banks offers the same thing with the same products and services. (Sohail, A., Hamza, M., Ilyas, F., & Azeem, M. (2014).

Explored the perception of non-Muslims towards Islamic banking, specifically the study looked on the factors which influence non-Muslims to accept Islamic banking in Malaysia. The result of his hypotheses has exposed that there is a substantial relationship between perception among non-Muslims which is indicated by confidence and bank selection criteria, towards acceptance of Islamic banking system in Malaysia. (Omar W. A. W. & Rahim H. A. 2016)

Another definition that this work mentions that attitude toward Halal (lawful) Islamic banking captures a person's opinion and perception of Islamic banks (Aftab, 2013). Another similar definition of attitude is "a learned predisposition to behave in a consistently favorable or unfavorable way with respect to a given object". "Object," as used here, is a very broad term encompassing anything that could be purchased and consumed. Objects include products, product categories, brands, services, possessions, product uses, causes or issues, people, and advertisements (Schiffman & Kanuk, 2000).

It has been found that there are differences in the attitude of Muslims and non-Muslims towards Islamic banking. Surprisingly both groups have a similar perception about the institutions of Islamic banking. Findings of the study reveal that the attitude of Indian customers can be classified into factors like awareness, ideology, implementation, features and institutions. Therefore, such factors should be considered seriously by the Islamic banks in designing their marketing strategies (Mohammed Faisal et al, 2014).

Should not be to earn profit its primary objective must be welfare of the society and the promotion of Islamic law and regulations. Therefore, several researchers in this field have conducted a number of researches along with all these still many reaches can be done in this particular area to obtain certain precious outcomes for the growth of Islamic banking system in this competitive market because the sole objective of IB is welfare of society through producing and preservative real Islamic environment (Jumani Siddiqui, 2012).

Customer attitude towards the Islamic banking of Bangladesh's an important suggestion in the view of Bangladesh customer's is that obeying the Islamic rules and regulations are determined as more essential goal than commercial factors (Faziro, 1986).

Argues from his study that due of service quality and professional good attitude customer satisfaction increase and

it becomes a cause to decrease in the erosion of customer. There are 40 % of customers who turn to another bank due to of bad services. The dealing of personnel with the customers is also includes in quality services. In consumer behavior research it's found out that when the quality of services is delivered to customers its automatically creates a good relationship (Mark Loo, 2010).

Furthermore, the cognitive and emotional evaluation will directly influence the purchase decision of customer in Islamic banking as the emotional and cognitive evaluation has form a picture in their mind. Customer will not evaluate single factors when they decide to consume Islamic banking but they will consider many factors which will make the purpose of consuming Islamic Banking meaningful to customers. Hence, in order to fully develop the potential of Islamic banking, business owners and stakeholders need to consider perception of consumer not only the tangible part of Islamic bank (Ching Wing Lo, & Chee Seng Leow, 2015).

Purchase intention is concept on how a customer plans to purchase a particular brand with a considerable attention. The purchase intention concept has been applied to predict the purchase behavior. Marketers should also give priority to predict customer's purchasing behavior to conduct market forecasts, make strategic decisions and others for both existing products and new products. Predicted purchases are based on the actual purchase behavior, which is defined as "intention to purchase" (Ching Wing Lo, & Chee Seng Leow, 2015).

While the literature is still developing, existing different literature review shows most of the Islamic banking studies in dominantly Muslim countries have focused on patronage factors, while studies in countries with a large non-Muslim population, such as Malaysia and Singapore, considered the banking needs of non-Muslims, especially when non-Muslims hold the lion's share of economic wealth. This study seeks to add to the rare literature related to Islamic banking in the south Asia. The journey of the Islamic Banking initiative in Sri Lanka so far, has not been an easy one. The label "Islamic" has led many Muslims and Non-Muslims to think that Islamic Banking is part of the revealed body of the religion of Islam which should concern only the devout Muslims (A.L. Marikar. 2015).

Found a significant relationship between race and perception toward Islamic banking, signaling a need to understand Non-Muslims ethics groups (Ahasanul, Jamil & Ahamad. 2009). Study reinforces this need when their study showed that adoption of Islamic banking influenced by two major factors: perceived innovation attributes and consumer characteristics. There are three other studies related to perceived innovation attributes and consumer characteristics (Faizal. 2003). Found profit motivation and social desirability as key factor impacting consumer adoption of Islamic banking Singapore, where Non - Muslims are from 85 % of the population and Muslims are 15 % (Yusof. 2013).

Significance of the Study

This research tries out to evaluate understand and attitude about Islamic Financial Institutions among non-Muslims. Almost, various authors and previous researches are carried out by many researches in related to the consumer attitude of conventional bank in Sri Lanka. And also tries to find out the non-Muslims in their attitudes regarding Islamic Financial Institutions by operations of Sungawila area.

When researchers measure the level of non-Muslims attitudes it will be benefits to the Institutions and societies. It will help in the Institutions' planning and their future business activities effectively. It would help to increase the size of the finance industry various and prove to be a foundation for many more innovations to be introduced in future. Institution understands the level of customer attitudes and perception in their marketing strategies in Islamic Financial Institutions. The way of attract the customers in order to achieve their goals. Owing the highly competitive environment, Islamic Financial Institutions needs to study consumer's perception to help term market their products effectively (Haron, & Ahmad, 1994). Furthermore, the number of Islamic financial institutions in non-Muslim countries is growing and the demand for non-Muslim will also increase in future. So, The Islamic banks can consider several criteria such as bank's image, perception, performance; speed transaction and product diversify to attract non- Muslims to continuously do banking business with them (Mark Loo, 2010).

As shown in the previous researches the religion in the main factor which attracts the non-Muslims towards and Islamic bank (Abdul Gafoor Awa, 2014). But this study is intended to look for ways to improve the areas additionally. Islamic Financial Institutions must bring service quality attractive factors as well as customer behavior which affect day by day under consideration in order to enhance growth of Islamic Financial Institutions and awareness of non-Muslims as ribah (Interest based) factor will not sustain its strong position in the long run.

III. RESEARCH DESIGN AND METHODOLOGY

Sampling area

The researchers have selected sample area at Sungawila, Pulastigama and Tambala.

Data Collection Method

The relevant and related data for this study will be collected mainly from two sources as follows, and this research based on quantitative data method.

Primary data

The primary data will be collected through questionnaire methods.

Questionnaire

A total of 150 set of questionnaires will be prepared and distributed to among non-Muslims. For the purpose of this study, the sampling technique used is probability sampling based on simple random sampling. A simple random sample is a subset of individuals (a sample) chosen from a larger set (a population). Research will be targeted non-Muslims of different demographics (educational, gender and age).

Secondary data

- Relevant articles
- related text books
- Websites and journals are referred to gain information.

Method of Measurement

Data descriptive analytical techniques such as column chart, line chart will be used. For the statistical data will be analysis through MS-excel 2016 and statistical package for social sciences (SPSS) 20.0. Computer software packages to analyze the primary data. Primary data was obtained from the questionnaire.

IV. RESULTS AND DISCUSSION

Demographic Profile

The background of respondent based on religion, race, gender, age, occupations, level of education, monthly income and type of banking institution used are as follows

Table: 1.1 Demographic Profile (Sources: Survey Data)

Descriptions	Frequency N=150	Percent
Gender:		
Male	67	45%
Female	83	55%
Religion:		
Buddhist	132	88%
Hindus	0	0%
Christianity	18	12%
Other	0	0%
Age:		
Under 20	72	48%
21-30	36	24%
31-40	39	26%
41-50	3	2%
50 Above	0	0%
Marital status:		
Married	48	32%
Single	102	68%

Education level:		
O/I	33	22%
A/L	72	48%
Diploma	17	11%
Graduate	28	1%
Post graduate	0	0%
Other	0	0%
Sector employment:		
Government	24	16%
Private	30	23%
Self-employment	35	23%
Student	61	41%
Period of years use any institutions:		
Less than 1 years	25	17%
1-3	39	26%
3-5	27	18%
5 above years	59	39%

Out of the 150 survey questionnaires distributed. 45 percent were male and 55 percent were female. On religion, from 132 respondents, Buddhist made up 88%, Christians 12% and Hindus 0%.the majority of the respondents were young, between the ages of under 20 years old. They represent 48 percent of the sample. The result also showed that 68 percent of the respondents are single, 32 percent married. Most of the responders being young and educated, most of the respondents were experience above 5 years (39 percent).

The responses were marked in Five- point liker scale. The responses for each question were provided scores ranging from one to five (1-Strongly Agree, 2- Agree, 3-Neutral, 4- Disagree, 5-Strongly agree).

Measurement of knowledge level about Islamic Financial Institutions

Table: 1.2 Descriptive about measurement of knowledge level (Sources: Survey Data)

Questions Numbers	Number of responders	Mean	Std. Deviation
Concept of Islamic financial institutions are Understandable.	150	3.49	1.264
Islamic financial institutions attract by their Product and service.	150	3.51	0.719
Majority of the consumers does not have sufficient knowledge of Islamic bank.	150	1.19	0.395
Public have lack of understanding about Islamic financial institutions.	150	1.25	0.431
There is enough information regarding the Islamic bank in the form of marketing.	150	4.49	0.526
Islamic financial institutions systems are different from the conventional financial institutions.	150	2.44	0.668

Islamic financial institutions offer more benefits than conventional financial institutions.	150	3.67	0.585
Islamic Financial Institutions manage profit and loss sharing Principle.	150	1.98	0.860
Islamic financial institutions were created only for Muslims.	150	3.16	1.880

That depends on the knowledge level of consumers. The focus of this study is to gain insight into the Attitudes of non-Muslims towards Islamic Financial Institutions in Sungawila area.

The result of the study revealed knowledge and present understanding about Islamic Financial Institutions. Knowledge about the Institutions of Islamic Financing is relatively low across all sections of respondents. There exists a low level of knowledge in non-Muslims about Islamic Financial Institutions. But at the same time they are less aware about Islamic financial concept, product, services and features. Anyway, the finding of research found that there are differences of level of knowledge and understanding towards Islamic Financial Institutions among Non-Muslims.

The degree result of the study showed that non-Muslim have less level understanding of Shari'ah principles and profit-loss sharing concept (PLS). Further Non-Muslims majorities aren't expected to view Islamic Financial Institutions are only for Muslims' obligations. There are some challenges and suggestion for improvement that need to be address to prevail the popularity of Islamic Financial Services' products implementation among Non-Muslims.

In addition, the research evaluates according to questionnaire based on nine questions related to the knowledge level of consumers about Islamic Financial Institutions. It examines the impact of consumer attitudes through knowledge level toward Islamic Financial Institutions.

Measurement of Attitudes Level of Consumers

Table: 1.3 Descriptive about measurement of Attitudes level (Sources: Survey Data)

Questions Numbers	Number of responders	Mean	Std. Deviation
Islamic financial institutions have some Disadvantages.	150	3.07	0.340
There are possibilities for Islamic financial institutions to remain strong in Sri Lanka.	150	2.09	0.415
Islamic financial institutions receive more charges than conventional financial institutions.	150	3.16	0.543
Many procedures/regulations need to be followed in Islamic bank.	150	3.03	0.269
Islamic bank should open up more branches and facilities.	150	1.10	0.321

The Non-Muslims consumer haven't think disadvantage in Islamic Financial Institutions. Further, this data explore the

conventional financial institutions receive more charges then Islamic financial institutions.

Non-Muslims concern themselves with whether Islamic Financial Institutions will succeed. Majority of respondents haven't selected either agree or disagree about Islamic financial regulations and procedures so most of respondents stay in neutral. Further, the poor performance of Islamic financial institutions affects non-Muslims. Because most of non-Muslims are expected to see should open up more branches and facilities of Islamic Financial Institutions.

In addition, the research evaluates according to questionnaire based on ten questions related to the attitude level of consumers about Islamic Financial Institutions. It examines the impact of consumer attitudes through attitudes level toward Islamic Financial Institutions.

Measurement of the Intention to use of Consumers

Table: 1.4 Descriptive about measurement of intention to use level (Sources: Survey Data)

Questions Numbers	Number of responders	Mean	Std. Deviation
You are Willing to do business with Islamic financial institutions.	150	2.43	0.996
The products and services of Islamic bank are simple and easier to use.	150	2.97	0.399
Consumer has no desire to move to Islamic financial institutions from conventional financial institutions for their financial needs.	150	3.43	0.647
Islamic financial institutions transactions make good relationship with their customer.	150	1.71	0.572
There is no need to consume products and services when there is no Islamic branding.	150	4.53	0.619
Complete protection is provided even in Islamic financial institutions.	150	1.90	0.640

However, Non-Muslims consumers are more willing to do business with Islamic Financial Institutions. In addition, the research evaluates according to questionnaire based on five questions related to the Intention to use level of consumers about Islamic Financial Institutions. It examines the impact of consumer's attitudes through Intention to use level toward Islamic Financial Institutions.

Measurement of the demographic factors how influence on awareness and understanding about Islamic financial institutions.

Table: 1.5 Descriptive about measurement of demographic factors influence level (Sources: Survey Data)

Questions Numbers	Number of responders	Mean	Std. Deviation
Islamic financial institutions attract with Religions factors.	150	3.76	0.964
Is it hard to get its services because Islamic financial institutions are so far away.	150	1.21	0.405
Will your services get higher when Islamic financial institutions come close.	150	1.67	0.745
Is your religion a barrier to getting Islamic services and products?	150	4.83	0.396
Are the conventional financial institutions hindering the services of Islamic financial institutions.	150	4.08	0.935
Islamic financial institutions systems Conflict with religious belief.	150	3.05	0.429

Since independence, the Scholars have been providing the product and services with Shari'ah compliant. But non-Muslims not attract with religious factors and the own religious not barrier to getting Islamic financial services. However, non-Muslims consumers are more willing to do business with Islamic Financial Institutions. Because they are saying about Islamic finance services get higher when Islamic financial institutions come close. But main problem of non-Muslims respondents' Islamic financial institutions is so far away. Further the conventional financial institutions not hindering the services of Islamic financial institutions.

In addition, the research evaluates according to questionnaire based on questions related to the Demographic factors level of consumers about Islamic Financial Institutions. It examines the impact of consumer's Attitudes through Demographic factors level toward Islamic Financial Institutions.

V. CONCLUSION AND RECOMMENDATION

Based on this analyzed, the researcher has recommended the following recommendation as suggestions to the consideration of readers.

If the Islamic Financial Institutions aim to target non-Muslims, they need to exploit two key findings from this survey:

- ✓ Islamic financial institutions should open up more branches and facilities.
- ✓ Lack of understanding about Islamic financial institutions products and services so should be advertised prevalent especially among Non-Muslims.

Non-Muslims consumers and public should be provided awareness programs and the need of Islamic Financial Services activities regarding Islamic banks, through universities, technical colleges and media. Therefore, that wrong view should be removed by providing awareness

programmers regarding the financial transaction and necessity of them among the non- Muslims community.

Islamic Financial Institutions have to expand its branches as other than Financial Institutions. It would lead to the expansion of Financial Institutions' services efficiently. A chance of providing these services to the people of all the areas will be made through this. Further, consumer attitudes also could be made through it.

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