

Islamic bank perception essay

[Economics](#), [Budget](#)



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BIBLIOGRAPHY46 INTRODUCTION This report contains a comprehensive record of our work performed on the research project. It includes detail of all the tasks that we performed in the course of this project.

These tasks are presented in this report in a sequence to make it easy for the reader to understand and comprehend the results. Problem Statement: “ What are the perceptions of people about Islamic Banking? ” Research Objectives: Our research aims to fulfill many purposes. They are listed below:

1.

To explore the perception of people regarding Islamic Banking. 2. To find out which Islamic Banks do people know of. 3. To see how many people use Islamic Banking and why. 4. To whether Islamic Banks are working strictly in accordance with Shariah compliances. Hypothesis: H1: Islamic Banks are working strictly according to the Shariah Compliances.

H2: Islamic banking is banking without Riba only. H3: Islamic banking is conventional banking with a different name only. H4: People are aware of the basic concepts of Islamic Banking The above stated hypotheses were developed in order to be tested by survey. Background: Although, Islamic Banking at very small scale was present in Pakistan at the time of her inception in 1947, but due to having a very small volume of capital, limited

areas of operations these banks were vanished from the page of history. According to Wilson RJ, the first attempt to establish an Islamic financial institution was took place in Pakistan in late 1950s with the establishment of a local Islamic bank in rural area. This banking organization was known as “Rural Cooperative West Pakistan”. Some pious landlords who deposited their extra money (funds) at no interest, and then loaned to small landowners for agricultural advanced, but a small charge was levied to cover the bank’s operational costs.

The charge was far lower than the rate of interest. Although the experience was encouraging, two main actors were responsible for its failure. First, the limited funds available to loan could not cover the gap between deposits and credit. Secondly, the bank staff did not have complete autonomy over its operation. The serious steps towards Islamization of the principles and constitution were took place in 1962 when the Council of Islamic Ideology (CII) was established. The third constitution of Pakistan was passed in 1973, which allowed comprehensive legislation on Islamic Principles and establishment of Federal Shariah Court (FSC). In 1980, the Council of Islamic Ideology (CII) presented its report on the elimination of interest, genuinely considered to be the first major work in the world undertaken towards the establishment of Islamic Banking and Finance.

In 1985, all commercial banks were bound by legislation to write-off all interest bearing transactions and transform their nomenclature stating all Rupee saving accounts as interest-free within next five years. However, foreign currency deposits in Pakistan and lending of foreign loans continued

as those were done before. In 1991, the Federal Shariat Court declared procedures adopted by the commercial banks non-Islamic. The government made appeals to the Shariat Appellate Bench of the Supreme Court of the Pakistan against the FSC's declaration. Until today, the dispute between government and FSC is still in progress, and details of the news in print and other media revealed that government aimed to sabotage the historic decision of FSC. The Islamization process of all state owned banks in Pakistan seems to take very long time, because of very complex network of branches, misconduct of authorities, absence of firm determination from government. Perhaps, the root-cause of this failure was that the government and all the institutions having jurisdiction, not only did not felt their own responsibility on this important issue, but also with ample dexterity tossed the responsibility of Islamization process to the Federal Shariat Court to review its earlier decision that declared all interest bearing transaction non-Islamic. So, it is the duty of government to devise policies, acquire proper resources and take necessary steps to solve the challenges and problems confronting the country on this dilemma. Similarly it is the primary task of government to ombat with the riba dilemma and establish a full-fledged Islamic banking system in state owned banks. Developing a successful, practicable and complete model of Islamic banking was a complex and difficult task for government and it should be not wise to underestimate this task, especially in a developing country. Therefore, it was decided to promote Islamic banking on parallel basis with conventional banking system. State Bank of Pakistan issued the criteria for establishment of Islamic banks in private sector and subsidiaries branches by existing conventional banks to conduct

Islamic banking in the country. It was private sector that took the initial and pioneering step to establish a full-fledged Islamic Bank in Pakistan. In 2002 with the name of Meezan Islamic Bank the Islamic Banking in its real form started in Pakistan.

At present there are four full-fledged Islamic commercial banks and many Islamic banking windows or branches are offering Islamic banking services by conventional banks. **METHODOLOGY Sampling Design:** We chose to survey 120 people based on our budget and time availability. The criteria that was set for the people to be surveyed was that they should be 18 and above who use and understand the services of banks and who may be mature enough to think critically about Islamic Banking and its principles. However, the sampling technique that we used in this survey was non-probability sampling, to be more specific convenience sampling due to limited budget and ease of use. We surveyed the working class on I. I. Chundrigar road for the majority of the sample and remaining sample consisted of university students. The questionnaire can be reviewed in the appendix A of this report.

Research Design: To further comprehend the research study, we conducted some exploratory research before going on to the final conclusive study. The findings from the exploratory research are presented below: **Exploratory Research:** For exploratory research we searched online and came across several articles regarding Islamic banking which is included in this section of report. **Secondary Data** We analyzed the following articles as a part of our secondary research. • Islamic economies in the world • Interest free

commercial banking by A. L. M Abdul Gafoor • Islamic finance by Mark Andrews • Perceptions about Islamic Banking by Institute of Islamic Banking and Insurance • Building an alternative financial system • A comparative analysis of perceptions about Islamic Banking The main points discussed in these articles were:

- In the last decade Islamic banking has attracted great attention
- In most countries the establishments of interest-free banking had been by private initiative and were confined to that bank. In Iran and Pakistan, however, it was by government initiative and covered all the banks. The positive trends in Islamic banking are much stronger than the problems
- Banking and Islam cannot go hand in hand
- May be it is not completely in accordance with the teachings of Islam but Islamic Banking is a very good alternative for conventional banking
- The employees in Islamic Banks who basically deal in Islamic products and services, are not completely aware of the Islamic rules and regulations

Conclusive Research: After the exploratory research, we conducted the conclusive study using the sample previously chosen.

Data Collection Method: For our conclusive research, the data collection method used was survey research. The survey was conducted by method of communication using self-administered questionnaires. Data Analysis: For analyzing the data collected, we used software called Statistical Package for Social Sciences (SPSS). Limitations: Besides the significance of this kind of study, there were several limitations of the application of the study which are as follows:

- Limited period of time and small sample size. Results may not be indicative for the target respondents at large. Some respondents, who have limited knowledge about the principles of Islamic banking, also

answered the questions; hence the replies of some questions may be based on their own imagination or thoughts.

FINDING Question No 1 [pic] For what purpose do you use bank. | | |
 Frequency | Percent | Valid Percent | Cumulative | | | | | Percent | | | Valid |
 Investment/saving | 45 | 37. 5 | 37. 5 | 37. 5 | | | Borrowings | 17 | 14.
 2 | 14. 2 | 51. 7 | | | | Others | 58 | 48. 3 | 48. 3 | 100. 0 | | | | Total | 120 | 100.

0 | 100. 0 | | | Rationale: The very first objective of our report was to find why people use banks.

We provided our sample all the possible options that a bank gives to it consumers. Outcome: According to our results, 37. 5 % use the bank for investment and saving purposes. 14. % use it for borrowing purposes while 48.

3% uses for consumer purposes like consumer financing which is pretty obvious like car and house financing. Question No 2 [pic] What type of account do you have | | | Frequency | Percent | Valid Percent | Cumulative Percent | | | Valid | Current Account | 49 | 40. 8 | 40. 8 | 40. 8 | | | | Savings Account | 24 | 20.

0 | 20. 0 | 60. 8 | | | | Fixed deposit Account | 16 | 13. | 13. 3 | 74. 2 | | | | Others | 9 | 7. 5 | 7.

5 | 81. 7 | | | | Current/Saving | 22 | 18. 3 | 18. 3 | 100. 0 | | | | Total | 120 | 100.

0 | 100.0 | | | Rationale: The second thing which is line with this question is, what kind of accounts do the samples have in the banks. Outcome: According to the results, 40. % have current account because of business transactions. 20 % have saving accounts.

13 % have fixed deposit accounts while 18.3 % of our sample size has current and saving account both. 7.5 % had other accounts. Question No 3

[pic] Which bank you use | | | Frequency | Percent | Valid Percent |

Cumulative | | | | | Percent | | | Valid | Conventional Banking | 74 | 61.

7 | 61.7 | 61.7 | | | Islamic Banking | 46 | 38.3 | 38.

3 | 100.0 | | | Total | 120 | 100.0 | 100.0 | | | Rationale: This question highlighted the main objective of our research. It clearly gave us the picture of the user of Conventional and Islamic banks. Outcome: The results were not surprising for us. 61.7 % of the people use Conventional banking system while 38.

3 % use Islamic banking system. We only have 5 Islamic banks while approximately 26 Conventional banks are being operated in Pakistan.

Further analysis will be discussed later in the report Question No 4 [pic] What are the reasons of conventional bank | | | Frequency | Percent | Valid Percent | Cumulative Percent | | | Valid | | 46 | 38.3 | 38.3 | 38.3 | | | interest | 23 | 19.2 | 19.

2 | 57.5 | | | | interest/service | 7 | 5. | 5.8 | 63.3 | | | | interest/service/othel | 6 | 5.0 | 5.0 | 68.3 | | | r | | | | | | | products | 14 | 11.

7 | 11. 7 | 80. 0 | | | | service | 9 | 7.

5 | 7. 5 | 87. 5 | | | | service/other | 3 | 2. 5 | 2. 5 | 90. 0 | | | | service/products |
5 | 4. 2 | 4. 2 | 94.

2 | | | | service/products/othe| 7 | 5. 8 | 5. 8 | 100. 0 | | | | rs | | | | | | Total |
120 | 100.

| 100. 0 | | | Rationale: We were accepting a large number of consumers of Conventional Banks. Therefore we phrased this question. Outcome: 19. 2 % of our sample size uses it to earn interest . 5. 8 % use it for interest and the service provided.

5 % had other options as well to it. 11. 7 % are satisfied with the products, 7. 5 % are with service and 2. 5 % had other options as well.

4. 2 % use it for service and product purpose while 5. 8 % use it for service product and other purpose. Question No 5 [pic] How satisfied are you with your bank | | Frequency | Percent | Valid Percent | Cumulative | | | | | |
Percent | | Valid | strongly | 5 | 4. 2 | 7. 4 | 7.

4 | | | satisfied | | | | | | | satisfied | 29 | 24. 2 | 42. 6 | 50. 0 | | | | partially | 34
| 28. 3 | 50. 0 | 100.

| | | satisfied | | | | | | Total | 68 | 56. 7 | 100. 0 | | | | no | 52 | 43. 3 | | | |
Total | | 120 | 100.

0 | | | | Rationale: Now answer of this question was very surprising for us. The user of Conventional banking is actually satisfied with the service and the

result we got is as follows. Outcome: 4. 2% are strongly satisfied. 24. 2 % are just satisfied.

28. 3 % are partially satisfied while 43. 3 are not satisfied. Question No 6 [pic] At later date would you be willing to open an account with an Islamic bank

	Frequency	Percent	Valid Percent	Cumulative	Percent
Didn't answer	46	38.3	38.3	38.3	

3 |||| ease of | 1 |. 8 |. 8 | 39.

||| location ||||| no | 27 | 22. 5 | 22. 5 | 61.

7 |||| religious | 3 | 2. 5 | 2. 5 | 64.

2 |||| religious and | 2 | 1. 7 | 1. 7 | 65. 8 ||| ease of ||||| location ||| |||| yes | 41 | 34.

| 34. 2 | 100. 0 |||| Total | 120 | 100. 0 | 100. 0 ||| Rationale: Though we had a large number of consumers who were not satisfied with the service of Conventional banks, but still 38. 3 % people didn't answer. The other result is as follows. Outcome: 22.

5 % said no. 2. 5 % said that they will open it for religious purpose while 1. 7 % said that religious purpose and ease of location can be a reason. While other 34. 2 % did agree but didn't give us reasons . Question No 7 [pic] What are the reasons of using Islamic Banking?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid interest free banking	40	33.3	71	

4 | 71.4 | | | Islamic consumer financing | 1 | 8 | 1.8 | 73.2 | | | |
 interest/service/branch | 6 | 5.0 | 10.7 | 83.

9 | | | | interest free/high | 4 | 3.3 | 7.1 | 91. | | | return/service/branch | | | | |
 | | | interest/branch | 5 | 4.2 | 8.9 | 100.0 | | | | Total | 56 | 46.7 | 100.

0 | | | | Missing | System | 64 | 53.3 | | | | Total | | 120 | 100. | | | | Rationale:
 Since this question was only for people who are using Islamic banking
 therefore we half of the people didn't replied to us. The other results are as
 follow Outcome: 33.3 % use it because it's a interest free banking.

1 person of our sample even use it because of Islamic consumer financing. 5
 % use it because of interest free, service and branch network. 3.3 % had all
 the reasons i. e. service, interest free and branch network while 4.2 % use if
 for interest and branch. Question No 8 [pic] Do you understand the key
 concept of Islamic banking | | Frequency | Percent | Valid Percent |
 Cumulative | | | | | Percent | | Valid | yes | 47 | 39.

2 | 39.2 | 39.2 | | | | no | 73 | 60.8 | 60.

8 | 100.0 | | | | Total | 120 | 100.0 | 100.0 | | | Rationale: This question was
 phrased to know how much people are aware of key concepts of Islamic
 banking. Outcome: 39.2 % are aware of it while 60. % are not aware of it.
 Question No 9 [pic] How far do you understand the term Riba as far as
 Islamic banking operations are concerned | | Frequency | Percent | Valid
 Percent | Cumulative Percent | | Valid | fully understand | 10 | 8.

3 | 10. 3 | 10. 3 | | | understand | 16 | 13. 3 | 16. 5 | 26. 8 | | | little understand | 7 | 5.

8 | 7. 2 | 34. 0 | | | little confuse | 8 | 6. 7 | 8. 2 | 42. 3 | | | partial confuse | 8 | 6.

7 | 8. 2 | 50. 5 | | | confuse | 2 | 1. 7 | 2. 1 | 52.

6 | | | perplex | 18 | 15. 0 | 18. 6 | 71. 1 | | | do not understand | 28 | 23.

3 | 28. 9 | 100. 0 | | | Total | 97 | 80. 8 | 100. 0 | | | Missing | partial understand | 16 | 13. 3 | | | System | 7 | 5.

8 | | | | Total | 23 | 19. 2 | | | Total | | 120 | 100. 0 | | | Rationale: Riba is the key term of Islamic banking. The question was phrased to find out are people actually aware of this term? Outcome: 8. 3 % fully understand the term riba.

13. 3 % understand means they are still not slightly clear. 5. 8 % do not understand much. 6.

7 % are partially confused while 2. 7 % are confused. 15 % still faces this ambiguity situation while 23. 3 % do not understand at all. 16 people didn't reply. Question No 10 [pic] What do you understand the payment the bank is paying you on your long term investments/fixed term deposits | | Frequency | Percent | Valid Percent | Cumulative | | | Percent | | Valid | profit on | 51 | 42. 5 | 100. 0 | 100.

0 ||| investment ||||| interest on | 67 | 55.8 ||||| savings |||||
 System | 2 | 1.7 ||||| Total | 69 | 57.5 ||||| Total || 120 | 100.

0 ||||| Rationale: The answer to this question will help us in analyzing what people perceive bank is actually paying them Outcome: 55.8 % of people know that they are earning interest though it's not allowed in Islam. While 42.5 % thinks that they are earning profit.

Question No 11 [pic]Islamic banking is a socially acceptable and fair banking system ||| Frequency | Percent | Valid Percent | Cumulative ||||| Percent
 ||| Valid | strongly agree| 39 | 32.5 | 32.5 | 32.5 ||| tend to agree | 27 | 22.5 | 22.5 | 55.

0 |||| hard to decide| 33 | 27.5 | 27.5 | 82.5 |||| tend to | 21 | 17.5 | 17.5 | 100.0 ||| disagree ||||| Total | 120 | 100.0 | 100.0 |||

Rationale: This question helped us in analyzing the perception of Islamic Banking system towards people. Outcome: 32.

5 % people strongly agree that it is a fair and socially banking system. 22.5 % tend to agree. For 27.5 % people, it's hard to decide. 17.5 % tend disagree. Question No 12 [pic]Islamic banking can contribute to societal

balance, human prosperity and welfare ||| Frequency | Percent | Valid Percent | Cumulative ||||| Percent ||| Valid | strongly agree | 28 | 23.3 | 23.3 | 23.3 |||| tend to agree | 28 | 23.3 | 23.3 | 46.7 |||| hard to decide | 32 | 26.7 | 26.7

3 | 23.3 | 23.3 |||| tend to agree | 28 | 23.3 | 23.3 | 46.7 |||| hard to decide | 32 | 26.7 | 26.7

7 | 73.3 | || tend to disagree | 25 | 20.8 | 20.8 | 94.2 | ||| strongly | 7 | 5.8 | 5.

8 | 100.0 | ||| disagree | ||||| Total | 120 | 100.0 | 100.0 | ||| Rationale: This question was phrase to know whether Islamic banking can contribute to societal balance, human prosperity and welfare. Outcome: 23.3 % strongly agree. Other 23. % tend to agree.

For 26.7 % people it's hard to decide. 20.8 % tend to disagree. While 5.8 % strongly disagree Question No 13 [pic] Islamic banks distribute higher returns on investment as compared to conventional banks | ||| Frequency | Percent | Valid Percent | Cumulative | ||||| Percent | || Valid | strongly agree | 6 | 5.0 | 5.

1 | 5.1 | |||| tend to agree | 13 | 10.8 | 11.1 | 16. | ||| hard to decide | 32 | 26.

7 | 27.4 | 43.6 | |||| tend to | 30 | 25.0 | 25.6 | 69.2 | ||| disagree | ||||| strongly | 36 | 30.

0 | 30.8 | 100.0 | ||| disagree | ||||| Total | 117 | 97.

5 | 100.0 | ||| Missing | System | 3 | 2.5 | |||| Total | 120 | 100.0 | |||

Rationale: This question was phrased to find out whether Islamic banks distribute higher returns on investment as compared to conventional banks? Outcome: 5 % strongly agree.

10.8 % tend to disagree. For 26.7 % people it's hard to decide. 25 % people tend to disagree. While 30 % people strongly disagree.

3 people didn't answer this question. Question No 14 [pic] Which Islamic banks do you know | | Frequency | Percent | Valid Percent | Cumulative | | | | |
| | Percent | | | Valid | all | 24 | 20. 0 | 20. 0 | 20.

0 | | | | Dawood | 3 | 2. 5 | 2. 5 | 22. 5 | | | | Dawood/Meezan/Islami | 5 | 4. | 4.

2 | 26. 7 | | | | Dawood_Dubai_Islami | 2 | 1. 7 | 1. 7 | 28.

3 | | | | Dawood_Dubai_Meezan | 8 | 6. 7 | 6. 7 | 35. 0 | | | |

Dawood_Dubai_Meezan_Emirates | 9 | 7.

5 | 7. 5 | 42. 5 | | | | Dawood_Meezan | 6 | 5. 0 | 5.

0 | 47. 5 | | | | Dawood_Meezan_Emirates | 1 | . 8 |.

8 | 48. 3 | | | | Dawood_Meezan_Islami | 1 | . 8 | . 8 | 49. 2 | | | |

Dubai_Dawood_Islami | 1 | . 8 | . 8 | 50.

0 | | | | Dubai_Meezan | 12 | 10. 0 | 10. 0 | 60. 0 | | | | Dubai_Meezan_Emirates
| 1 | . |.

8 | 60. 8 | | | | Dubai_Meezan_Islami | 8 | 6. 7 | 6. 7 | 67.

5 | | | | Dubai_Meezan_Islami_Emirates | 2 | 1. 7 | 1. 7 | 69. 2 | | | | Meezan |
18 | 15. 0 | 15.

0 | 84. 2 | | | | Meezan_Dubai | 7 | 5. 8 | 5. 8 | 90. | | | | Meezan_Emirates | 1 | .
8 | . 8 | 90.

8 | | | | Meezan_Islami | 11 | 9. 2 | 9. 2 | 100. 0 | | | | Total | 120 | 100. 0 | 100.

0 ||||| Rationale: This question was to find out how many people are aware of the Islamic Banks Operational in Pakistan Outcome: It can be seen only 20% of the respondents were aware of all the banks working in Pakistan. 15% were only aware of Meezan bank, 2. 5% were aware of Dawood. Question No 15 [pic] Is Islamic banking, banking without Riba ||| Frequency | Percent | Valid Percent | Cumulative ||||| Percent ||| Valid | yes | 63 | 52. 5 | 100.

0 | 100. 0 ||| no | 46 | 38. 3 ||||| System | 11 | 9.

2 ||||| Total | 57 | 47. 5 ||||| Total || 120 | 100. 0 |||||

Rationale: Previously we have asked whether people are aware of Riba. Now this question was for those who were aware of the term Outcome: 52. 5 % agree that its without Riba.

While 38. 3 % disagree to it. Question No 16 [pic] Islamic banking is conventional banking with a different name only ||| Frequency | Percent | Valid Percent | Cumulative ||||| Percent ||| Valid | agree | 46 | 38. 3 | 38.

3 | 38. 3 |||| disagree | 74 | 61. 7 | 61. 7 | 100. 0 ||| Total | 120 | 100. 0 | 100.

0 ||| Rationale: Islamic banking is even a part of Commercial banking system. So to inquire whether people think that it’s just the same as Conventional banking system we phrased the question. Outcome: 38.

3 % people agree to this while 61. 7 % disagree to the fact. Question No 17

[pic] Islamic bank operates under strict shariah law | | | Frequency | Percent | Valid Percent | Cumulative | | | | | Percent | | Valid | agree | 67 | 55.

8 | 55. 8 | 55. 8 | | | | disagree | 53 | 44. 2 | 44. 2 | 100.

0 | | | | Total | 120 | 100. 0 | 100. 0 | | | Rationale: To further know about people’s Islamic banking knowledge, we phrased this question Outcome: The result tells us that 55. 8 % people agree to the fact that Islamic banks operate under strict shariah laws while 44. 2 % people disagree.

Question No 18 [pic]To what extent are you aware how your investment is being utilized by the bank | | | Frequency | Percent | Valid Percent | Cumulative | | | | | Percent | | | Valid | greatly aware | 3 | 2. 5 | 3. 2 | 3. 2 | | | partial aware | 14 | 11. 7 | 14. 9 | 18.

1 | | | | little aware | 3 | 2. 5 | 3. 2 | 21. 3 | | | hard to say | 2 | 1. 7 | 2. 1 | 23.

4 | | | | perplex | 40 | 33. 3 | 42. 6 | 66. 0 | | | | not aware | 32 | 26. 7 | 34.

0 | 100. 0 | | | | Total | 94 | 78. 3 | 100. 0 | | | | aware | 20 | 16. 7 | | | | System | 6 | 5. 0 | | | | Total | 26 | 21.

7 | | | | | Total | | 120 | 100. 0 | | | | Rationale: The question was phrase to inquire whether people actually know how their investment is being utilized. Outcome: 2. 5 % of our sample are greatly aware.

11. 7 % are partially aware. 2.

5 % are little aware. For 1. 7 % people, it was hard to say. 33. 3 % are perplexed while 26. 7 % are not aware.

16. 7 are in the middle situation as in they are only aware. Question No 19 [pic]How would you rate your level of satisfaction with your bank during transactions | | | Frequency | Percent | Valid Percent | Cumulative | | | | | | Percent | | | Valid | exceptionally | 23 | 19. 2 | 19.

2 | 19. 2 | | | high | | | | | | high | 60 | 50. 0 | 50.

0 | 69. 2 | | | medium | 29 | 24. 2 | 24.

2 | 93. 3 | | | low | 7 | 5. 8 | 5. 8 | 99. 2 | | | exceptionally low| 1 |.

8 |. 8 | 100. 0 | | | Total | 120 | 100. 0 | 100. 0 | | | Rationale: This question depends on the service the bank is providing them. What we concluded is as follows Outcome: For 19. 2 % people satisfaction level is exceptionally high. For 50 % it’s high. For 24. 2 % its medium. For 5. 8 % its low, while for one person it was exceptionally low probably he must had some personally grudges. Now the further questions analyze our target group. We have chosen a sample of 120 people. The profile of this sample is as follow Outcome: 13 people out of our sample size belong to age group 18-30. 48 people belong to age group 31-40. 40 belong to age group 41-50, while 19 belong to age group 51-60 8 people were just Matric qualified. 33 were inter/a-levels. 74 were graduates since we were targeting more of service people while 5 were PhD. 96 were males while 24 were femalesQuestion No 20 [pic] Which age group do you belong | | | Frequency | Percent | Valid Percent | Cumulative | | | | | | Percent | | | Valid | 18-30 | 13 | 10. 8 | 10. 8 |

10. 8 | | | | 31-40 | 48 | 40. 0 | 40. 0 | 50. 8 | | | | 41-50 | 40 | 33. 3 | 33. 3 | 84. 2 | | | | 51-60 | 19 | 15. 8 | 15. 8 | 100. 0 | | | | Total | 120 | 100. 0 | 100. 0 | | |

Question No 21 [pic] Educational qualifications | | | Frequency | Percent |

Valid Percent | Cumulative | | | | | Percent | | | Valid | Matric/O level | 8 | 6. 7 | 6. 7 | 6. 7 | | | | Inter/A-level | 33 | 27. 5 | 27. 5 | 34. 2 | | | | Graduate | 74 | 61. 7 | 61. 7 | 95. 8 | | | | PhD | 5 | 4. 2 | 4. 2 | 100. 0 | | | | Total | 120 | 100. 0

| 100. 0 | | | Question No 22 [pic] Profession | | | Frequency | Percent | Valid

Percent | Cumulative | | | | | Percent | | Valid | student | 9 | 7. 5 | 7. 5 | 7. 5

| | | | government | 12 | 10. 0 | 10. 0 | 17. 5 | | | | employee | | | | | | private |

60 | 50. 0 | 50. 0 | 67. 5 | | | | employee | | | | | | self employed | 39 | 32. 5 |

32. 5 | 100. 0 | | | | Total | 120 | 100. 0 | 100. 0 | | | Question No 23 [pic]

Monthly income | | | Frequency | Percent | Valid Percent | Cumulative | | | | |

| Percent | | | Valid | 5000-15000 | 6 | 5. 0 | 5. 0 | 5. 0 | | | | 15001-25000 | 5 |

4. 2 | 4. 2 | 9. 2 | | | | 25001-40000 | 45 | 37. 5 | 37. 8 | 47. 1 | | | | 40001-

60000 | 30 | 25. 0 | 25. 2 | 72. 3 | | | | more than 60000 | 33 | 27. 5 | 27. 7 |

100. 0 | | | | Total | 119 | 99. 2 | 100. 0 | | | | Missing | System | 1 | . 8 | | | |

Total | | 120 | 100. 0 | | | | Question No 24 [pic] Gender | | | Frequency | Percent

| Valid Percent | Cumulative | | | | | Percent | | | Valid | male | 96 | 80. 0 |

80. 0 | 80. 0 | | | | female | 24 | 20. 0 | 20. 0 | 100. 0 | | | | Total | 120 | 100. 0

| 100. 0 | | | CONCLUSION We hereby conclude all our research and findings.

It's been a long journey from analyzing theory to making up of problem

statement, from problem statement to generating research purposes, from

exploratory research to questionnaires to hypotheses testing and finally

analyzing them all to have the following results: • Majority of the people we

surveyed did not completely know about the basic principles of Islamic

Banking. • The results of our analysis show that the number of people using Conventional Banks is far more than the number of people using Islamic Banks. The reasons for these variations are the lack of knowledge about Islamic Banking principles and the high interest rates provided by the Conventional Banks

RECOMMENDATION On the basis of our conclusions we recommend the following:

1. People are still perplexed about what Islamic Banking actually is. There is a need to create more awareness among the masses about its key concepts.
2. Even universities can play a role by offering a major in Islamic banking.

APPENDEX A QUESTIONNAIRE

1. For what purposes do you use bank: ? Investment/Savings ? Borrowings ? Others
2. What type of account do you have? Current Account ? Savings account ? Fixed Deposit account ? Other
3. Which Bank you use? A Conventional Bank B Islamic Bank If your answer is A then answer next question otherwise go to question 7.
4. What are the reasons of Conventional Bank? ? Interest ? Service ? Products ? Other
5. How satisfied are you with your Bank? Strongly _____ Strongly Satisfied Dissatisfied
6. At a later date would you be willing to open an account with an Islamic Bank? ? Yes ? No If yes, can you please specify your reasons: _____
7. What are the reasons of using Islamic Banking ? Interest Free Banking ? Higher Returns ? Service Quality ? Branch Network ? Islamic Consumer Financing ? Other _____
8. Do you understand the key concepts of Islamic Banking? ? Yes ? No
9. How far do you understand the term ‘ Riba’ as far as Islamic Banking operations are concerned ? --- --- --- --- --- ---
10. What do you consider the payment the bank is paying you on your long term

investments/Fixed Term Deposits? ? Interest on Savings ? Profit on Investments

11. How strongly do you agree or disagree with the following statements: | Strongly | Tend to | Hard to | Tend to | Strongly | | | Agree | Agree | Decide | Disagree | Disagree | | Islamic Banking is a socially acceptable | | | | | and fair banking system | | | | | Islamic Banking can contribute to | | | | | societal balance, human prosperity and welfare | | | | | | Islamic banks distribute higher returns on investment as compared to | | | | | conventional banks | | | | |

2. Which Islamic Bank do you know of? (Check all you know of) ? Dawood Islamic Bank ? Dubai Islamic Bank ? Meezan Bank ? Albaraka Islamic Bank ? Bank Islami Pakistan ? Emirates Global Islamic Bank

13. Is Islamic Banking, Banking without RIBA? ? Yes ? No

14. Islamic Banking is conventional banking with a different name only. ? Agree ? Disagree

15. Islamic bank operates under strict shariah laws ? Agree ? Disagree

16. To what extent are you aware how your investment is being utilized by this bank? -1- -2- -3- -4- -5-

17. How would you rate your level of satisfaction with your bank during your transactions? ? Exceptionally High High ? Medium ? Low ? Exceptionally Low

18. Which age group do you belong to? ? 18-30 years ? 31-40 years ? 41-50 years ? 51-60 years ? 61 and above

19. Educational Qualification: ? Middle School ? Matric/ O Levels ? Intermediate / A-levels ? Graduate ? Ph. D

20. Profession: a. Student b. Government Employee c. Private Employee d. Self Employed

21. Monthly Income: a. Rs. 5, 000-15, 000 b. Rs. 15, 001-25, 000 c. Rs. 25, 001-40000 d. Rs. 40, 001-60, 000 e. More than 60, 000

22. Gender: a. Male b. Female

BIBLIOGRAPHY 1) Wikipedia. com 2) Google. com 3) Pakistaneconomist. com

————— Greatly Aware Not Aware Fully understand Do not understand