

DETERMINANTS OF ISLAMIC CREDIT CARD ADOPTION IN MALAYSIA: A STRUCTURAL EQUATION MODELING APPROACH

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Abstract

The main objective of this study is to explore the determinants of Islamic credit card adoption in Malaysia. The study examines five main factors, namely, Perceived usefulness, perceived ease of use, knowledge of Islamic credit card, financial cost and Sharia'a compliance that may explain Malaysian consumers' attitude towards the adoption of Islamic credit cards. This study was conducted using a questionnaires survey distributed randomly to a sample of 220 Islamic credit card users. The study uses structural equation modeling. The finding revealed that Sharia'a compliance is the key factor that influences Malaysian to adopt Islamic credit cards. The findings also find that knowledge of Islamic credit cards is a significant factor that explains the adoption of Islamic credit cards among Malaysian banking consumers.

Keyword: Islamic credit card, Adoption, Financial Cost, Structural Equation Modeling.

1.INTRODUCTION

A credit card, also known as plastic money, is a financial instrument popularly used to purchase goods and services at present while postponing the payment later (Amin, 2012). It makes use of multiple intermediaries to facilitate spot transactions of consumers financed by financial institutions. This is owing to a myriad of factors such as convenience, ease of mobility, relieving the hassle of carrying cash, identity protection, facilitation of electronic commerce and online transaction, deposit booking benefits, etc. The concoction of these factors has propelled the popularity of credit cards to ever-

soaring heights all around the world. This is so prevalent that it is hard pressed to find a bank in the world that does not have a credit card of one sort or another in its portfolio of financial instruments.

Prior literature review suggests that due to competition and availability of a huge market, it is not surprising therefore, that Islamic financial institutions that are usually very fond of replicating conventional products (Jobst, 2007) are under pressure to offer an Islamic alternative to such credit cards (Noor & Azli, 2009). Although the basic structure of a credit card is very simple, Islamically speaking, it is difficult to replicate the provision of credit card facilities. This is due to an impermissible element of Riba (Usury) invoked in the deferment of payment. That is, such deferred payment of a credit card based transaction is almost universally subject to interest, which is further compounded in the event of non-payment. Nonetheless, Islamic finance experts, after consultation with contemporary Islamic jurists, have scrutinized the corpus of Islamic Law and devised ways of structuring credit cards in an Islamically acceptable way thus leading to what Islamic banks now offer as Islamic Credit Card.

Consumers of Islamic credit cards will not receive a product that shown non-halal transactions, remains Sharia'a compliant in its framework and operational parameters, completely free of even traces of interest, and adopts a zero balance feature, etc. However, the real world situation is markedly different. Researchers and finance experts have observed that only a handful of banks offer Islamic credit cards, much less meticulously follow the requirements mentioned above. This is surprisingly true even for a Muslim dominated country like Malaysia, which is unarguably a hub of Islamic

banking and finance. It is thus envisaged that notwithstanding its benefits from a purely mechanical point of view, it is likely that low level of acceptance of Islamic credit card in Malaysia as mentioned by Amin (2012) who linked it to lack of awareness may also be linked to spiritual consideration vis-à-vis Islamic credit card issuers' compliance with the principle of Islam. Accordingly, the study will try to answer the question that what are the factors that influence the Malaysian consumers to adopt Islamic Credit Cards. While the main objective of this study is to explore the determinants of Islamic credit card adoption in Malaysia.

Notwithstanding being pioneer studies on Islamic credit cards in Malaysia (E.G., Amin, 2013; Idris, 2012; Jamshidi & Hussin, 2013) all have some form of recommendations. These pioneer studies thus unanimously suggested that a richer set of variables that include both religious and awareness factors should be included in future empirical researches to expound further on the determinants of Islamic credit card adoption in Malaysia. Since Islamic credit card is considered a relatively new product to consumers and many of them may not have any knowledge on the advantages of adopting Islamic credit card, this study will provide awareness about the advantages and benefits they may gain by adopting Islamic credit card. From the Sharia'a perspective, this study will provide alternative products to assist Muslims community to protect their religion through those advice and awareness in adopting Islamic credit card rather than going for conventional credit card, which deal against Islamic Sharia'a principles.

In order to fill this lacuna noted in the extant literature, this study aims to empirically investigate the determinants of the adoption of Islamic credit cards in Malaysia. The remaining section of this paper focuses on a brief literature review, Methodology, discussion of findings, Contributions and Implications and conclusion.

2.LITERATURE REVIEW

The innovation of Islamic credit card in Malaysia was first initiated in 2002 by Arab Malaysian Bank (AmBank), named as Al- Taslif Card. However, the Malaysian audience's response was tepid as the consumers displayed little to no interest in this novelty until Bank Islam Malaysia Berhad provided the Islamic credit card

facility. Due to the massive promotion that was done by BIMB, it became the first Islamic credit card provider in Malaysia. By the end of 2006, a new card was issued, named Al-Aimaan card for the purpose of catering to the demands and to be the new substitute for Muslim customers. The new card was introduced by Bank Simpanan Nasional, which was consistent with the previous two mentioned cards in terms of Sharia'a principles and objectives (Rosly & Sanusi, 2001).

Currently, the credit cards that are available in Malaysia can be categorized into two groups (Ferdian et al., 2008). The first group of credit cards is the conventional one, which is extensively issued by the biggest banks in Malaysia such as Maybank, CIMB, Public Bank, Hong Leong Bank and Utama Bank. The second type of Islamic credit card is that offered by several banks in Malaysia such as Bank Islam Malaysia Ber had (BIMB) and AmBank (Amin, 2012). The adoption of Islamic credit cards among the masses, however, has not been so widespread. Aggressive competition among credit card issuers, ambiguity of nature of contracts and terms of payments, confusion regarding carry-over balance, compounding interests, etc. impeded the issuers of Islamic credit cards as they suffered lag in emulating the swift success of their conventional counterparts.

According to a study done by Jamshidi and Rezaei (2012), the innovation of the Islamic credit card helps to enlarge operations portfolio of banks and directs them to cushion their revenue sources. Even though Islamic credit cards' introduction and issuance are carried out by several Malaysian banks, the possibility of its obscurity is observed: the Islamic credit card may remain unknown or unused by bank consumers in Malaysia (Amin, 2012). Islamic credit card holders are only allowed to carry out lawful (halal) transactions, which exclude transactions of several categories that do not fulfill Islamic law (Sharia'a) requirements, for example, paying for visits or service at night clubs, discos, and bars, purchase of beers, escort, and massage services and gambling (Ferdian at al., 2008). Two primary operational models apply to Islamic credit card transactions and operating system in Malaysia. These models (contracts) are bay'ul 'inah model and Bay Al-Tawarruq model.

2.1. Bay Bay'ul 'Inah Model

This is typically employed to facilitate access to cash, akin to conventional personal loans. The Sharia'a experts of Malaysia usually allow bay'ul 'inah, being adherents of the Shafii School of Islamic jurisprudence, which rules such transaction as permissible as a valid sale-based act (Rosly & Sanusi, 2001). This concept of bay'ul 'inah, upon which the validity of Islamic credit cards largely hinges, is not generally accepted by Middle Eastern scholars. The Majority of Islamic jurists, both classical and contemporary, have ruled on its impermissibility because it is a Heelah (legal trick) to circumvent Riba (usury), a position adopted by Hanafi, Maliki and Hanbal jurists.

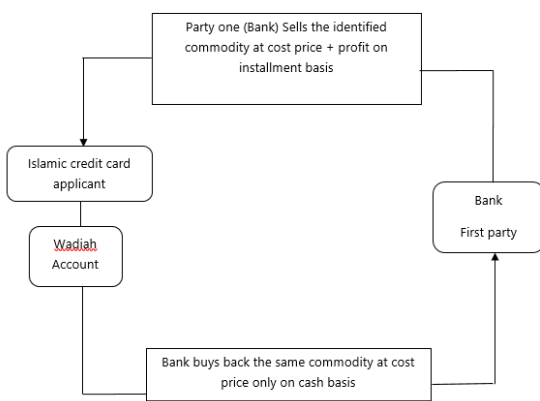


Figure 1. Bay'ul 'inah Model

- Party One (bank) will sell an asset to the Party 2 (Islamic credit card seeker) at a higher price (consisting of primary price and profit) to be paid by credit card seeker (customer) on installments.
- Subsequently, Party 1 the (bank) will immediately buy back the same assets from Party 2 (Islamic credit card seeker) at principle price, only on cash basis. Next, this cash will be deposited into Party 2 (customer) bank account named as Al-wadiah account, which is designed mainly for this purpose. Al-wadiah account has limited financing which depends on the type of the credit card.

2.2. Bay Al-Tawarruq Model

Tawarruq, on the other hand, is a less controversial vehicle for financing Islamic credit card. It, by definition, is the buying of an asset on credit by the seeker of

liquidity (Mutawarriq) who sells it to a third party i.e., any person other than the original seller of the commodity for a lower price (Hassan, 2011).

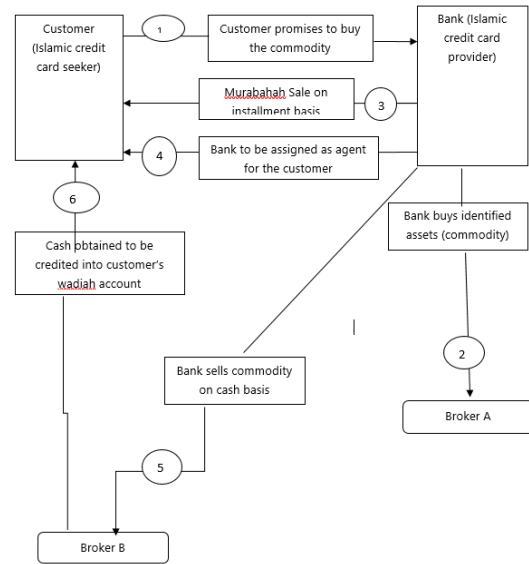


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Bay Al-Tawarruq Model

The first party (Islamic credit card seeker) will promise to buy identified assets (commodity) from Party 2 (Bank). In this case, the credit card seeker will act as the promiser to buy the identified assets that are determined by the second party (bank).

- When the Wa'ad or promise by the first party has been done, the second party (bank) will buy the identified commodity from the third party called Broker A.
- The second party (bank) as the beneficial owner of the commodity and as the promisee agrees to sell the assets to Party 1 (Islamic credit card seeker) by applying the Murabahah contract sale, which is known as cost price plus profit. At the same time, the first party (Islamic credit card seeker) agrees to buy the same commodity on installment basis throughout the whole period of the contract of the Islamic credit card financing facility.
- The first party (customer) will assign the second party (bank) as his wa'akil (agent) based on the contact of waklaah to sell the commodity to a third party determined by the second party (bank) on cash basis at cost price only which is

actually the same amount financing by the bank (second party).

- The second party (bank) will sell the identified commodity to the third party known as Broker B on cash basis at cost price only.
- The cash obtained from the sale of the commodity will be credited into the Islamic credit card seeker's account.

2.3. Determinants of Islamic Credit Cards Adoption

Islamic credit card introduction seems to be one of the varied services offered by Islamic institutions to expand their portfolio and enhance their competitiveness in the banking industry. However, despite issuance of Islamic credit cards by different banks in Malaysia, there is high probability that this Islamic banking service remains unused or unnoticed by bank customers (Jamshidi & Hussin, 2013). Therefore, this study based on the extant literature presumes perceived usefulness, perceived ease of use, financial cost, Sharia'a compliance and customer's knowledge of Islamic credit card as five important constructs in numerous banking as well as adoption studies in the area of Islamic banking services adoption, particularly Islamic credit cards.

Perceived usefulness denotes the degree to which a user believes using a certain phenomenon will be effective, and ease of use quantifies that ease. Based on literature, perceived usefulness is a variable, which quantifies the task-value and the extent to which its exponents (Davis, 1986) deem a certain phenomenon user-friendly. Davis (1989) found a significant relationship between perceived usefulness, perceived ease of use and the acceptance of system. In addition, Wu and Wang (2005) found that perceived usefulness significantly affects users' behavioral intention to use a system.

Financial costs have also been mentioned in the literature as having significant influence on the adoption of a financial instrument. Financial cost in the context of Islamic credit card system means all costs that customers have to bear when using the facility of Islamic credit card. Specifically, the financial cost associated with Islamic credit card includes all types of costs such as penalty, service charges, fee and monthly installments (Raza and Ali, 2015).

According to Amin (2013), perceived financial cost significantly influences the intention to choose Islamic

credit card. Moreover, Mathieson et al., (2001) conclude that financial costs are pivotal in deciding behavioral intentions of prospective customers. In addition, Ali and Raza (2015) concluded that financial cost is a major indicator to play significant role in the selection of Islamic credit card.

The relative importance of Sharia'a compliance cannot be overemphasized when it comes to Islamic financial transactions. From a literal dictionary definition, Sharia'a compliance denotes the precise adherence to the letter of law as prescribed by divine ordinance according to Islamic scriptures. The notion of Sharia'a compliance in Islamic credit card encompasses three essential prohibitions in Islamic finance, which are Riba, Gharar and Maysir (Hanif et al., 2010). According to Noor and Azli (2009), the Sharia'a Advisory Council of the Bank Negara Malaysia (BNM) considers Islamic credit card as a Sharia'a compliant product. Based on study done by Amin (2013), Islamic credit card Sharia'a compliance can be attributed to two Sharia'a contracts that are bay'ul 'inah contract and the Tawaarruq contract. Besides that, several studies have pointed out that bay'ul 'inah is lawful (halal) in the context of Islamic banking products (Rosly & Sanusi, 2001). According to Amin (2013), Sharia'a compliance may significantly influence Malaysian consumers to accept the product of Islamic credit card. Furthermore, Dali et al., (2012) state that, religion plays an important role in Islamic credit card satisfaction.

Even when a financial transaction is denoted as being Islamic, it may amount to overstretching assumptions to think that the users thereof of the financial transaction have the requisite knowledge of the workings. Knowledge of Islamic credit cards refers to the level of awareness and understanding of Islamic credit card system by the users (Choo et al., 2005). Customers' knowledge of Islamic credit cards includes several types of knowledge among which is knowledge on the usage of an Islamic credit card i.e whether customers are capable to conduct their transaction through Islamic credit card or not. It includes also the awareness of the consumers on the financial costs that they might incur by using Islamic credit cards. Moreover, customer knowledge of Islamic credit cards, also comprises the knowledge of the Islamic credit card operational system by its users i.e whether the Islamic credit card is

operated based on Sharia'a compliance or not. Dali et al. (2008) observed that most customers in the shopping complexes do not have adequate understanding of the concepts applied in Islamic credit card. These facts influence the usage pattern of Islamic credit cards. According to Amin (2013), knowledge of Islamic credit cards may also significantly affect Islamic credit card usage.

Sequel to the brief literature review, this study examines the factors that determine the Islamic credit card acceptance among Malaysian consumers. This is through quantifying at what degree the users believe using the cards are easy i.e how effective they believe the Islamic credit cards is towards achieving their financial goals, their existing knowledge of the features of Islamic credit cards, the costs associated with using those cards including membership fee, annual renewal fee, possible penalty fee, delay fee, as well as the Sharia'a compliance factor.

3.METHODOLOGY

The purpose of this study is to explore the determinants of Islamic credit card adoption among Malaysian consumers. This study utilized the quantitative research design to draw empirical research inferences as suggested in the pioneering work of Amin (2013) on the adoption of Islamic credit cards in Malaysia. Exactly 220 respondents who are currently using Islamic credit cards in Malaysia participated in the survey. These participants include staff, students, bankers, academicians etc residing and working in Kuala Lumpur and the state of Selangor Malaysia

In this study, there are five independent variables that were identified from previous studies namely: perceived usefulness, perceived ease of use, financial cost, knowledge of Islamic credit card and Sharia'a compliance. Each independent variable was measured by six items and those items were measured by a five-point Likert scale (Brooke, 1996) ranging from one (strongly disagree) to five (strongly agree). Finally, a covariance-based structural equation model software was employed to analyze the data and results obtained thereof. In this study, data were collected using a survey instrument by employing open-ended questions distributed to the participants selected.

The survey questionnaire adopted in this research was divided into seven parts. The first part was designed to obtain the demographic information of the respondents, whereas part two referred to perceived usefulness. Part three addressed questions on perceived ease of use. Additionally, part four concentrated on knowledge of Islamic credit cards and part five related to financial cost. Moreover, while part six was related to Sharia'a compliance, the last part of the questionnaire required respondents to answer questions to get information about their Islamic credit card adoption. Most of the items in the questionnaire were either adopted or adapted from previous studies. In most instances, the questionnaire items were modified to suit the objectives of this study as well as the idiosyncrasies of the Islamic credit cards whose adoption is the main research interest in this study.

The data so obtained were subjected to a number of analysis phases. These include data cleaning; reliability analysis, descriptive analysis and finally, the paper also conducted exploratory and confirmatory factor analyses commonly referred to as EFA and CFA in the extant literature.

4. DATA ANALYSIS AND RESULTS

4.1. The Measurements of Reliability and Validity

For this study, it employed two methods to measure the reliability for the constructs. Those methods namely are: Cronbach's Alpha through SPSS software and composite reliability AMOS as proposed by (Hair, Black, Babin, & Anderson, 2010). From table 1 below; it revealed that all the constructs of this study obtained Cronbach's Alpha greater than 0.70. On the other hand, the constructs achieved vale of composite reliability (CR) more than 0.70. From these results, it can be conclude that, the variance caused by the constructs is greater than the variance in the structural model produced by measurement error in this study. Hence, all constructs for this study considered reliable.

Table 1. Measurement of Reliability and Validity

Indicators	Factor Loading	Cronbach's Alpha	Composite reliability
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FC1	.776	.866	0.866
FC2	.766		
FC3	.722		
FC4	.707		
FC5	.685		
PU1	.808	.850	0.855
PU2	.775		
PU3	.711		
PU4	.697		
PU5	.588		
CK1	.798	.789	0.819
CK2	.798		
CK3	.625		
CK4	.623		
SC1	.883		
SC2	.863	.837	0.865
SC3	.593		
SC4	.456		
PE1	.754		
PE2	.695	.772	0.774
PE3	.658		
PE4	.626		
ICCA1	.837		
ICCA2	.826	0.774	0.940
ICCA3	.440		

4.2. Discriminant Validity

The validity of the constructs for this study was assessed through the calculation of four components which are; composite reliability (CR), Average variance extracted (AVE), Maximum shared squared variance (MSV) and finally average shared squared variance (ASV). According to Hair et al. (2010), for the constructs to have adequate convergent validity it must obtained Average variance extracted (AVE) more than 0.5, and composite reliability (CR) higher than Average Variance Extracted (AVE), and at the meanwhile must obtain composite reliability (CR) more than 0.7. Moreover, (Hair, Black, Babin, & Anderson, 2010) stated that, the discriminate validity considered achieved if the Maximum shared squared variance (MSV) and Average shared squared variance (AVE) attained value less than AVE. Hence, it can be concluded that the discriminate validity for the constructs of this study is achieved.

In addition, from table 2 below; have revealed that, perceived ease of use with AVE a value of (0.534), followed by financial cost with value AVE equal to 0.565. Perceived usefulness with AVE equal to 0.543, customer knowledge of Islamic credit card with AVE value of 0.602. Finally, shariaiah compliance and adoption of Islamic credit card with AVE score of 0.689 and 0.887 respectively. Overall, all the constructs AVE value greater than 0.50 that means the convergent validity among all constructs is approved.

Constructs	CR	AVE	MSV	ASV
Perceived Ease of Use	0.774	0.534	0.373	0.266
Financial Cost	0.866	0.565	0.486	0.279
Perceived Usefulness	0.850	0.543	0.486	0.252
Customer Knowledge of Islamic Credit Card	0.819	0.602	0.304	0.238
Sharia'a Compliance	0.887	0.689	0.404	0.213
Adoption	0.940	0.887	0.284	0.215

4.3. Measurement Model Results

The purpose of developing the measurement model was to test the validity of both endogenous and exogenous variables that were used to examine the fitness of the model. Figure 3 below illustrates that the measurement model that fit the data at CFI value of 0.922. RMSEA value obtained was 0.073 which satisfied as an acceptable value as it was less than the cut-off value of 0.08 (pallant, 2007; Byrne, 2013). Additionally, the Chi-square obtained 375.629; the degree of freedom 174 and Chi-square / DF equal to 2.159 which seems within the acceptable range of between 2 and 5 (Kline, 2011). As for the correlation between endogenous and exogenous constructs, both variables attained the value of less than the cut-off value of .85, which confirmed the discriminant validity among constructs (Hair, Black, Babin, & Anderson, 2010; Zikmund & Babin, 2015). To sum up, the discriminant validity had been achieved in this measurement model.

Figure 4.1 indicates that financial cost and perceived usefulness variables obtained the highest correlation at

the value of 0.70 while variables of perceived usefulness and Sharia'a compliance obtained the lowest correlation value of 0.36. Figure 3 below reveals the summary of the confirmatory factor analysis (CFA) of all constructs.

Chi-Square = 375.623
DF = 174
CFI = 922
RMSEA = 0.073

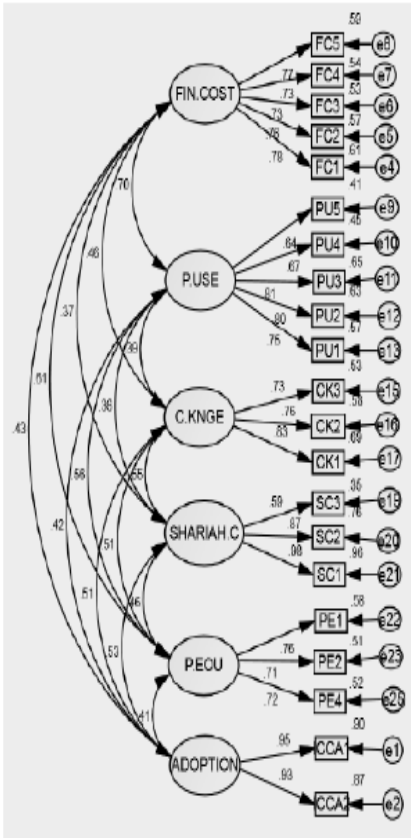


Figure 3. Baseline Measurement Model

4.4. Structural Model

Figure 4 presents the structural model used in this study where the hypotheses of this research were tested for the purpose of investigating the causal paths. Figure 4 indicates the structural model for this study fit the data where CFI value was 0.922, which is above the cut-off value of 0.90. Moreover, RMSEA achieved the value of 0.073, which is considered less than the cut-off point of 0.08. Additionally, chi-square/df obtained the value of 2.159, which seems to fall within acceptable range of between 2 and 5. Finally, the chi-square obtained a value of 375.623 and degree of freedom of 174. Hence, we

conclude that the structural model for this study fit the data

Chi-Square = 375.623
DF = 174
CFI = 922
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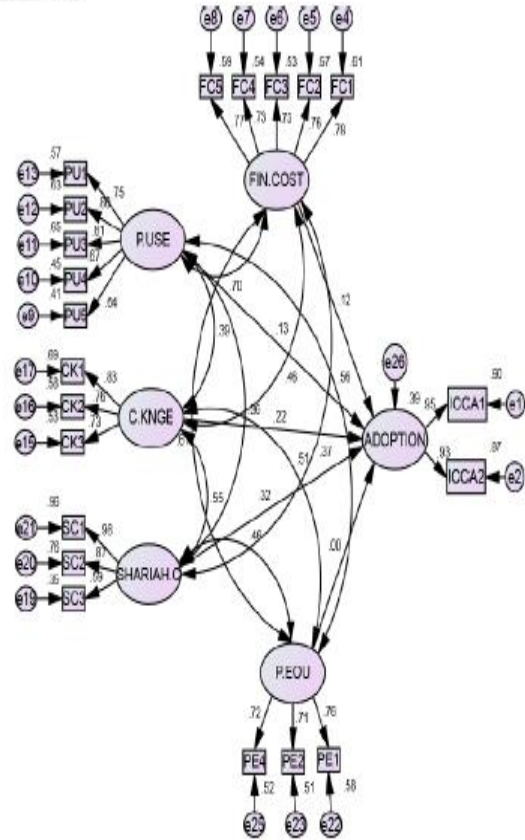


Figure 4 Full-Fledged Structural Model

4.5. Hypothesis Testing

Table 3 below reveals the findings of testing relationships between the, perceived usefulness, perceived ease of use, financial cost, Sharia'a compliance, customer knowledge of Islamic credit card and Islamic credit card adoption. In addition, table 3 shows the (Estimate), Std. Reg. weight, which refers to the standardized regression weight. Moreover, S.E. refers to the standard error of regression weight, while C.R symbolizes the critical ratio of regression weight and finally P, which describe the degree of significance of regression weight.

Table 3. Estimates of the Hypothesis Testing

Structural path		Estimate	S.E.	C.R.	P
Adoption of Islamic Credit Card	<--- Perceived usefulness	.173	.127	1.360	.174
Adoption of Islamic Credit Card	<--- Customer knowledge of Islamic credit card	.286	.112	2.545	.011
Adoption of Islamic Credit Card	<--- Sharia'a Compliance	.300	.072	4.156	***
Adoption of Islamic Credit Card	<--- Perceived ease of use	.000	.112	-.001	.999
Adoption of Islamic Credit Card	<--- Financial cost	.148	.127	1.165	.244

5. DISCUSSION OF FINDINGS

This research has been conducted in order to explore the determinants of Islamic credit card adoption in Malaysia. Firstly, among all the independent variables employed in this study, only Shariah compliance and knowledge of Islamic credit card have significant effect on Malaysians to adopt Islamic credit cards. Moreover, the results of this study show that financial cost has no significant influence on Malaysians toward the adoption of Islamic credit cards. The results of this research are consistent with those of prior research (e.g., Mohd-Dali N., Abdul-Hamid, Shahimi & Wahid, 2008; Amin (2012). The most likely explanation for this finding is that the majority of Malaysian populations are Muslims; therefore, they are more likely concerned about the Sharia'a compliance of Islamic credit cards. Besides that, financial services charges for obtaining Islamic credit card has no significance differences with the conventional credit card.

Additionally, one of the findings of this study indicates that perceived usefulness and perceived ease of use have no significant effect

On Malaysian consumers to adopt Islamic credit cards. From previous studies, majority of the researchers found out that, perceived usefulness have significance relationship to particular system (Venkatesh et al., 2003) and (Karahanna & Straubb, 1999). Moreover, Wu and Wang (2004) found that perceived usefulness significantly affect users to behavioral intention to use specific system. However, in this presents study, perceived usefulness has insignificance relationship to the adoption of Islamic credit card. These differences in the findings compare to the previous studies, probably because of the differences contents as this study discussed about Malaysia as the previous studies

discussed in different environments with different sample size perceptions. Moreover, this finding is actually unsurprising because to obtain Islamic credit cards, customers have to go through several procedures and contracts that can be perceived as complicated or difficult by the customers. Obviously, the findings of this study indicate that, Sharia'a compliance is the strongest factor that influences Malaysian to adopt Islamic credit cards. Customers' knowledge of Islamic credit cards is the second strongest factor that has significant effect on Malaysians in adopting Islamic credit cards. On the other hand, perceived usefulness, perceived ease of use and financial cost has no significant effect on Malaysian consumers to adopt Islamic credit cards.

6. CONTRIBUTIONS AND IMPLICATIONS

This study is considered important for Islamic banking, researchers and academicians, since there is lack of studies conducted in the area of Islamic credit card. Moreover, this research definitely will provide significant contributions to the industry of Islamic banking specifically in Malaysia to ensure that the Islamic banking system stays competitive especially when there are many alternative products that users and consumers can choose from provided by the conventional banking system. Additionally, this research provides significant contributions on Islamic credit card for both managerial and academic purposes. From the academic point of view, this study contributes to the literature, provides guidance to future researchers who are willing to conduct researches in the area of Islamic credit card and increase the body of knowledge on Islamic credit card. On the other hand, speaking from the managerial perspective, this study helps the managers of Islamic banks specifically those banks providing Islamic credit card product to understand and be aware about the factors that can influence and motivate consumers to adopt Islamic credit card.

From a managerial perspective, the findings of this study propose a number of important implications for Islamic institutions that offer Islamic credit cards. For example, managers of these institutions will now have a clear understanding of what motivates consumers to accept Islamic credit cards. Therefore, managers should pay more attention to the Sharia'a compliance and knowledge of Islamic credit card factors, which significantly influence consumers' adoption of the

Islamic credit cards. In other words, this study has provided an insight on the factors that have positive effects on consumers to adopt Islamic credit cards and factors that have no effect on consumers to accept Islamic credit cards. Once managers clearly understand about what motivates consumers to accept Islamic credit card, they will be able to provide proper marketing strategies to influence new consumers.

This study will assist in providing more knowledge and awareness to the public in Malaysia. Once consumers know more about Islamic credit cards, definitely more of them will adopt them. In other words, as the majority of Malaysian is Muslims, it will provide an alternative to them to use Islamic products rather than conventional credit cards that operate against Sharia'a principles.

7. CONCLUSION

Overall, this research has investigated the determinants of Islamic credit card adoption in Malaysia, as well as the significance of relationships between perceived usefulness, perceived ease of use, financial cost, Sharia'a compliance, knowledge of Islamic credit card and adoption of Islamic credit card. This research adds to the body of existing evidence and supplants some previously sparse evidence that perceived usefulness, perceived ease of use and financial cost possess no significant relationship with the adoption of Islamic credit cards. However, Sharia'a compliance and customer knowledge of Islamic credit cards have significance relationship with the adoption of Islamic credit cards among Malaysians. In addition, among all the variables that were employed to investigate the determinants of Islamic credit card adoption, Sharia'a compliance was the strongest and most influential factor on the adoption of Islamic credit cards followed by customers' knowledge of Islamic credit cards.

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