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EMPIRICAL STUDY ON THE CHALLENGES OF CONVENTIONAL BANKING PRACTICES AND PROSPECTS OF INTRODUCING ISLAMIC BANKING IN TAJIKISTAN

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Abstract

Tajikistan is a Muslim majority country located in Central Asia where Islamic finance has yet to be established. However, given the challenges of current banking practices in the country and the on-going adverse effects of the financial crisis, the authorities are looking for solutions to rectify the unproductive banking and financial system in the country. Accordingly, the purpose of this research is to investigate the prospects of introducing an Islamic banking system in Tajikistan through analysing adoption of Islamic banking using a quantitative approach. Besides that, this study also examines the mediating effect of perceived trust in the relationship between the relative advantages, awareness, product knowledge, social norm, and study are collected through a questionnaire administered to 408 respondents in Dushanbe, Khujand, and Qurghonteppa in Tajikistan. A measurement and structural model was formulated by adopting the structural equation modelling approach (using AMOS version 22.00). One of the major implications of this thesis is that the people in Tajikistan know generally about adoption an Islamic bank, but do not have much specific product knowledge, relative advantage towards adoption of Islamic banking. However, there is a lack of indirect relation between awareness and social norms via perceived trust. Therefore, there is a need for Islamic banking awareness campaigns and social norms to increase the level of trust in establishing an Islamic bank in the country. Another implication of this study is that the perceived trust can be a mediator variable between awareness, product knowledge, relative advantage, social norm, and adoption of Islamic banking.

Abstrak

Tajikistan, sebuah negarah bermajoritikan Muslim, terletak di Asia Tengah di mana kewangan Islam masih belum ditubuhkan. Namun begitu, dengan cabaran sistem perbankan kini dan kesan sampingan krisis kewangan yang berterusan, pihak berkuasa sedang mencari jalan penyelesaian untuk memperbetulkan sistem kewangan dan perbankan yang tidak berkesan di negara ini. Sewajarnya, tujuan kajian ini adalah untuk mengkaji prospek dengan memperkenalkan satu sistem perbankan Islam di Tajikistan dengan menganalisis penggunaan perbankan Islam menggunakan pendekatan kuantitatif. . Selain itu, kajian ini juga mengkaji kesan pengantara penearimaan kepercayaan dalam perhubungan antara kelebihan relatif, kesedaran, produk pengetahuan, normal sosial. Data ini dikumpul melalui soal selidik dan 408 responden di Dushanbe, Khujand, dan Qurghonteppa di Tajikistan. Satu model struktur dan penanda aras telah dirumuskan dengan menggunakan pendekatan persamaan struktur (menggunakan AMOS versi 22.00). Salah satu implikasi terbesar tesis ini adalah rakyat Tajikistan secara umumnya mengetahui tentang penggunaan perbankan Islam, tetapi tidak mempunyai produk pengetahun yang spesifik, kelebihan relatif ke arah penggunaan perbankan Islam. Namun begitu, terdapat kekurangan hubungan secara tidak langsung antara kesedaran dan normal sosial melalui penerimaan kepercayaan. Oleh itu, kempen kesedaran perbankan Islam dan normal sosial adalah diperlukan untuk meningkatkan tahap kepercayaan dalam menubuhkan sebuah bank Islam di negara ini. Implikasi lain kajian ini adalah penerimaan kepercayan boleh menjadi pengantaraan pembolehubah antara kesedaran, produk pengetahuan, kelebihan reltif, normal sosial, dan penggunaan perbankan Islam.

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