

CHAPTER III

RESEARCH METHODS

3.1 Research Approach

This study employs a Systematic Literature Review (SLR) as its primary research methodology to comprehensively synthesize existing knowledge on consumer behavior and the adoption of Islamic finance in the United Kingdom, Malaysia, and Indonesia. The choice of SLR is deliberate and well-suited to the research objectives, which aim to compare and analyze diverse regulatory, cultural, and socio-economic contexts. While empirical methods, such as surveys, interviews, or case studies, can provide valuable primary data, they present several limitations for this study. Conducting empirical research across multiple countries would require extensive resources, time, and access to varied consumer populations, which may not be feasible within the scope of this thesis.

Moreover, empirical studies often focus on specific segments or localized contexts, limiting the generalizability of their findings.

In contrast, the SLR approach enables the aggregation and critical evaluation of a wide range of peer-reviewed studies, reports, and theoretical frameworks published over the last decade. This method allows for a systematic comparison of findings from different countries and disciplines, thereby offering a broader and more nuanced understanding of the factors influencing Islamic finance adoption. Furthermore, SLR facilitates the identification of research gaps, trends, and inconsistencies, which are essential for informing future empirical investigations and policy development. By synthesizing existing literature, this study overcomes the constraints of primary data collection and provides a robust foundation for understanding consumer adoption behaviour in Islamic finance across varied regulatory and cultural landscapes.

3.2 Type of data

This study takes a qualitative approach, relying on secondary data to conduct a Systematic Literature Review (SLR). By analyzing existing research, it aims to provide a comprehensive understanding of consumer behavior and the

adoption of Islamic finance, particularly in the UK, Malaysia, and Indonesia. Synthesizing findings from previous studies will help identify key patterns and factors driving the success of Islamic finance in these diverse markets.

3.3 Sources of Data

The research will draw from a range of credible sources, including academic journals indexed in Scopus, Web of Science, and Google Scholar. Additionally, industry reports from organizations like the World Bank, IMF, IFSB, and AAOIFI will offer insights into market trends and regulatory developments. Government publications from the UK, Malaysia, and Indonesia will provide policy perspectives, while reports from leading Islamic financial institutions such as HSBC Amanah, Al Rayan Bank, Bank Negara Malaysia, and OJK Indonesia will shed light on industry practices. A structured search strategy with carefully selected keywords and clear inclusion/exclusion criteria will ensure the data collected is relevant and high-quality.

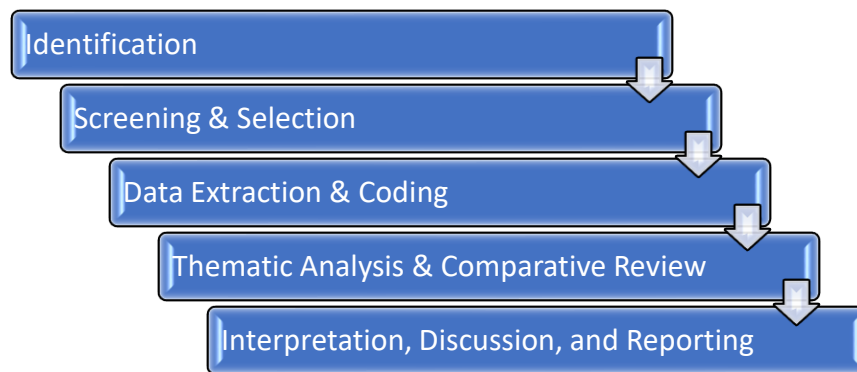


Diagram 3. 1 SLR Research Process: Step-by-step Approach

The SLR research Process consists of five steps, as illustrated in the diagram:

3.3.1 Step 1: Identification

Databases used in this research, such as Scopus, Web of Science, Google Scholar, or Industry Reports such as the World Bank, IMF, IFSB, AAOIFI, and Central banks of Malaysia and Indonesia. The search terms will be designed using Boolean operators to ensure comprehensive coverage. Example of the search string, “Islamic finance” OR “Sharia-compliant banking” AND “Consumer behavior OR

“adoption factors” And *“United Kingdom”* OR *“Malaysia”* OR *“Indonesia”*. To ensure the review remains relevant and focused, specific criteria were used in selecting the studies. There are two criteria used in this research, 1) Inclusion criteria and 2) Exclusion criteria.

Inclusion Criteria:

- a) Published between 2014 to 2024 to ensure relevance to recent Islamic finance developments.
- b) Peer-reviewed journal articles, conference proceedings, and official reports.
- c) Studies focused on consumer adoption of Islamic finance.
- d) Empirical and theoretical studies related to socio-economic, psychological, or regulatory influences.

Exclusion Criteria:

- a) Article not written in English
- b) Studies focusing only on conventional finance without reference to Islamic finance.
- c) Papers without full-text access or lacking clear research methodology.



Source: NVIVO system

Diagram 3.2 Word Cloud

3.3.2 Step 2: Screening and Selection

The screening process begins with the removal of duplicate studies, which may appear across multiple databases. Tools like Zotero or EndNote are used to manage this step efficiently. Next, titles and abstracts are reviewed to determine whether the studies are relevant to the research questions. After this initial screening, a full-text review is conducted, and only those studies that fully meet the inclusion criteria are selected for further analysis.

3.3.3 Step 3: Data Extraction and Coding

To maintain consistency and accuracy during the analysis, each selected study will be examined using a structured data extraction template. This template is designed to systematically capture key information from each study, such as research objectives, methodology, sample characteristics, main findings, and any identified influencing factors related to Islamic finance adoption. By following a standardized format, the extraction process helps ensure that all relevant details are consistently recorded, making it easier to compare studies and identify common themes across the literature. The diagram for this step as below:

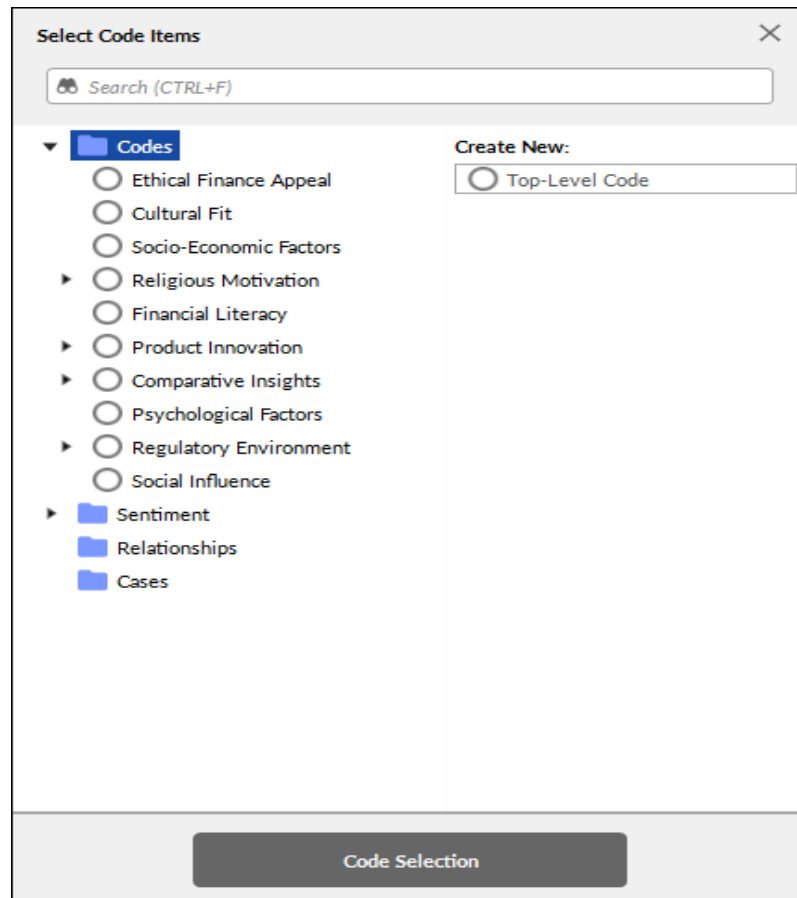


Diagram 3. 3 Coding Items

3.3.4 Step 4: Thematic Analysis

To explore key patterns in the literature, thematic coding will be carried out using NVIVO. The process starts with open coding, where recurring ideas such as religious motivation, financial literacy, or trust in banks are identified throughout the studies. These initial codes are then organized through axial coding by grouping similar concepts into broader themes, like internal versus external factors influencing adoption. In the final step, selective coding helps refine these themes further, highlighting the main factors that drive the adoption of Islamic finance.

To ensure a comprehensive and systematic analysis of the literature, each selected article was coded according to major themes relevant to consumer behavior in Islamic finance. The diagram below visualizes the relationship between the reviewed articles and the key codes/themes identified during the analysis.

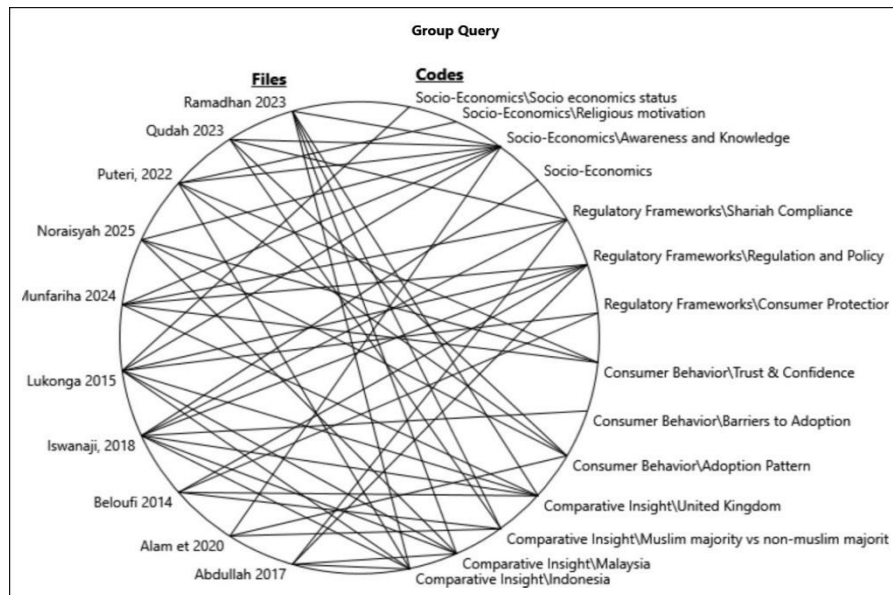


Diagram 3. 4 Mapping reviewed articles to main thematic codes in the systematic literature review.

As shown in the diagram, each line represents the association between a specific article and the themes it addresses, such as socio-economic factors, regulatory frameworks, consumer behavior, and comparative insights. This mapping demonstrates the breadth and depth of the literature reviewed and highlights the diversity of factors influencing the adoption of Islamic finance in different contexts.

3.3.5 Step 5: Interpretation, Discussion, and Reporting

The screenshot shows the NVivo software interface. On the left is a sidebar with navigation options like 'Quick Access', 'IMPORT', 'Data', 'Files', 'File Classifications', 'Externals', 'ORGANIZE', 'Coding', 'Codes', 'Sentiment', 'Relationships', 'Relationship Types', 'Cases', 'Notes', 'Sets', and 'EXPLORE'. The main window is divided into two panes. The left pane displays a 'Coding reference Matrix' table with columns 'Name', 'Codes', and 'Reference'. The right pane shows a text document titled 'ISLAMIC FINANCE.nvp (Edited)' with sections for 'CONCLUDING REMARK' and 'REFERENCES'.

Name	Codes	Reference
Abdullah	4	6
Alam et 2	8	13
Beloufi 20	10	10
Iswanaji, 2	1	1
Lukonga	4	5
Munfariha	5	8
Noraisyah	3	3
Puteri, 20	3	3
Qudah 20	2	2
Ramadha	2	2

Diagram 3. 5 Coding reference Matrix

The diagram is included in the interpretation, discussion, and reporting section to visually demonstrate how qualitative data was coded and analyzed. The final stage of the review involves summarizing the key findings from the existing literature, providing a clear overview of the main insights related to Islamic finance adoption. This includes comparing and contrasting the factors that influence adoption across different countries, helping to highlight both common trends and unique regional differences. In addition, the analysis aims to identify gaps in the current research and suggest potential directions for future studies that could further enrich understanding in this area.

3.4 Data Analysis

The data collection process will follow a Systematic Literature Review (SLR) framework, guided by PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-analyses) guidelines. This structured approach ensures transparency and replicability in identifying, screening, and selecting studies. A targeted keyword search will focus on Islamic finance adoption, consumer behavior, and country-specific contexts. Inclusion and exclusion criteria will be applied based on factors like publication date, journal quality, and relevance to the research questions, ensuring the final dataset is both comprehensive and reliable.

3.5 Data Validity

Several validation strategies will be used to ensure the findings' accuracy and reliability. Source triangulation will be applied by gathering data from various sources, including academic journals, industry reports, and government publications, reducing the risk of bias. Additionally, the selected literature will be peer-reviewed, with feedback from colleagues or academic supervisors helping to assess the relevance and quality of the studies. Where possible, insights from Islamic finance experts will be sought through interviews to further validate key findings from the literature review.