

**THE PROSPECTS AND CHALLENGES OF THE
E-CASH SERVICES BY BANK ISLAM AT UNIVERSITI UTARA
MALAYSIA**

**NORHAYATI BAHARUM
2002618955**

**Submitted in Partial Fulfillment of the Requirement for the Bachelor of
Business Administration (Hons) Marketing**

**FACULTY OF BUSINESS MANAGEMENT
MARA UNIVERSITY OF TECHNOLOGY
MALLACA BRANCH**

(2005)



**BACHELOR IN BUSINESS ADMINISTRATION (HONS.)
MARKETING
FACULTY OF BUSINESS AND MANAGEMENT
MARA UNIVERSITY OF TECHNOLOGY
MALLACA BRANCH**

“DECLARATION OF ORIGINAL WORK”

I, Norhayati Baharum, (I/C Number: 830311-14-5956)

Hereby, declare that:

- This work has not previously been accepted in any substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged

Signature: Ynt.

Date: 9/4/2005

ABSTRACT

The study was done to identify the potentials and challenges to introduce and promote the use of electronic payment as an alternative payment in Malaysian society. The study is an attempt to provide greater comprehension to the services of e-Cash as an alternative payment. With Bank Islam as service provider, the e-Cash services was launched at 'Universiti Utara Malaysia' on September 2004 and the application was added to the student's University Multi Purpose Card (UMPC). Questionnaires were distributed conveniently to the students, staffs, and merchant in the campus and cater to 100 respondents. Face to face interview was conducted with the Senior Manager of Electronic Banking Department at Bank Islam to gain more information from the service provider's point of view. Analysis shows that the e-Cash services has a lot of potential as it is available to all Bankcard holders in Malaysia, which now amounted to about 13 million people. The respondents had argued the issue of security of the services, while most of them did not refuse to use the services if they had chances. Accessibility and security appeared to be the most critical factors that influences customer to use the services. It is recommended to the Bank to have full string promotion to convince customer to use the service and maintain the accessibility; the reloaded machineries and numbers of merchants whose offer the e-Cash Payment.

TABLE OF CONTENT

ACKNOWLEDGEMENT	i
ABSTRACT	ii
CHAPTER 1: INTRODUCTION	1
1.1 BACKGROUND OF STUDY	3
1.2 PROBLEM STATEMENT	5
1.3 RESEARCH QUESTION	7
1.4 RESEARCH OBJECTIVE	7
1.5 SCOPE OF STUDY	8
1.6 SIGNIFICANCE OF THE STUDY	9
1.7 LIMITATION OF THE STUDY	11
1.8 DEFINITION OF TERMS	16
CHAPTER 2: LITERATURE REVIEW	
2.1 BANK ISLAM (M) BERHAD ORGANIZATION	17
2.1.1 HISTORY OF BANK ISLAM	20
2.1.2 ISLAMIC BANKING	20
2.2 PRODUCTS & SERVICES BY BANK ISLAM	23
2.2.1 ELECTRONIC BANKING	24
2.2.2 DEPOSIT SERVICES	27
2.2.3 CONSUMER FINANCING	33

2.2.4 CORPORATE FINANCING	36
2.2.5 TRADE FINANCING	38
2.3 LITERATURE ON SMARTCARD, MEPS CASH & E-CASH	41
2.4 POTENTIALS AND CHALLENGES OF SMARTCARD & E-CASH	53
 CHAPTER 3: RESEARCH METHODOLOGY AND FINDINGS	
3.1 INTRODUCTION	63
3.2 RESEARCH DESIGN	64
3.3 POPULATION	64
3.4 SAMPLING	65
3.5 DATA COLLECTION	65
3.5.1 COLLECTING PRIMARY DATA	65
3.5.2 COLLECTING SECONDARY DATA	67
3.6 DATA PROCESSING	68
 CHAPTER 4: DATA ANALYSIS AND INTERPRETATION	
4.0 INTRODUCTION	69
4.1 CASE SUMMARY REPORT	71
4.2 FREQUENCY ANALYSES	72
4.3 CROSS TABULATION ANALYSES	82
4.4 SUMMARY OF FINDINGS	85