



**A CASE STUDY ON THE FACTORS THAT INFLUENCE  
CUSTOMER ACCEPTANCE TOWARDS ISLAMIC BANKING  
SYSTEM IN MALAYSIA**

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KAMPUS BANDARAYA MELAKA**

**APRIL 2011**

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**AHMAD FITTRI BIN AZMI**

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

**FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
KAMPUS BANDARAYA MELAKA**

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# DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
KAMPUS BANDARAYA MELAKA**

## **“DECLARATION OF ORIGINAL WORK”**

**I, AHMAD FITTRI BIN AZMI (I/C Number: 870313-05-5547)**

Hereby, declare that;

- This work has not previously been accepted in substance for any degree, locally or overseas and 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:

Date: April 2011

# LETTER OF SUBMISSION

April 2011

Madam Nor Aizan Mohamed  
The Head of Program  
Bachelor of Business Administration (Hons) Finance  
Faculty of Business Management  
Universiti Teknologi MARA  
Kampus Bandaraya Melaka  
75300 Melaka

Dear Madam,

## **SUBMISSION OF PROJECT PAPER**

Attached is the project paper titled "A CASE STUDY ON THE FACTORS THAT INFLUENCE CUSTOMER ACCEPTANCE TOWARDS ISLAMIC BANKING SYSTEM IN MALAYSIA" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

AHMAD FITTRI BIN AZMI  
2008782583  
Bachelor of Business Administration (Hons) Finance

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 BACKGROUND OF STUDY**

Malaysia is one of the Muslim countries that is committed in not only developing Islamic banking system but also a complete Islamic financial system. The Islamic banking system in Malaysia started in 1983 when the first Islamic bank, Bank Islam Malaysia Berhad (BIMB) commenced its operations. It was the objective of the Malaysian government to develop the Islamic banking system parallel to the conventional system. Instead of establishing many new Islamic banks, the government introduced a concept of 'Islamic window' which allows the existing conventional banks to introduce Islamic banking products of customers. The concept of Islamic window started in March 1993 when the Central Bank of Malaysia or Bank Negara Malaysia (BNM) introduced the "Interest-Free Banking Scheme". Twenty-one Islamic financial products were developed to cater for this scheme with only three major banks participated initially. By July of the same year, this scheme was extended to all financial institutions in Malaysia. As at end of 2000, the Islamic banking system was represented by two Islamic banks, 17 domestic commercial banks, five merchant banks and seven discount houses. There are also four foreign-owned banks providing Islamic banking products and services. participated initially. By July of the same year, this scheme was extended to all financial institutions in Malaysia. As at end of 2000, the Islamic banking system was represented by two Islamic banks, 17 domestic commercial