

UNIVERSITI TEKNOLOGI MARA

**MOBILE BANKING (M-RINGGIT)
USAGE TO STREAMLINE
LOAN REPAYMENT SYSTEM
OF ISLAMIC MICROFINANCING
IN UNDERSTANDING FINANCIAL
AND SOCIAL PERFORMANCES.
A CASE STUDY OF
AMANAH IKHTIAR MALAYSIA**

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ABSTRACT

Mobile banking usage has become a significant research area and many researchers have studied and proposed theories and models in studying mobile banking acceptance. Mobile banking has the ability to offer diverse sets of delivery channels inclusive of providing financial services to the poor in remote areas. An Islamic Microfinance Institution like Amanah Ikhtiar Malaysia (AIM) is a government backed organization where their establishment is to reduce the challenge of poverty. Large amount of soft loans received from the government for the purpose of financing small-scale business system of the poor, is expected to be distributed to the poor households all throughout Malaysia with justice and fairness. Therefore, this research aims to study the application of technology called mobile banking in streamlining the AIM loan repayment system in safeguarding and managing the fund allocated, and at the same time to prevent fraud and negligence. AIM is using the TAP Mobile Banking-i by Bank Islam Malaysia Berhad, which has been named as M-Ringgit in monitoring its Islamic microfinance loan using the group lending method. The thesis uses the qualitative case study research methods to understand M-Ringgit system to streamline the AIM loan repayment system. Hence the Marketspace Component Theory has been applied in explaining AIM M-Ringgit usage. This study also intends to prove that solely depending on M-Ringgit usage has yet to promise AIM the success of understanding its financial and social performances. These performances may be achieved with the application of *Shari'ah* Foundation for Accountants in improving the efficiency of AIM's financial services.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF STUDY

Islam teaches humankind to be responsible so that others can rely upon their words and work. The concept of divine accountability to God, Allah SWT, requires mankind to be responsible and accountable in all transactions performed. This fact has been emphasized in the Holy Quran in the following verse:

“Surely Allah SWT takes careful account of everything.” (An-Nisa'/
The Women 4:86)

This is particularly true in businesses where a business organization has a duty to be responsible and accountable to its stakeholders in all its business transactions. Hence, accounting plays a significant role in assisting the organization to provide the stakeholders and other interested parties with information on the business transactions. Such information is communicated generally through the organization's financial statements.

Many parties use these financial statements in their decision making processes. Among the users of financial statements are the organization's management, investors, lenders, suppliers, tax authorities, and other stakeholders. For example, the organization's management rely on the financial statements as a vital source of information for the preparation of a budget, which is an internal tool for analysis, decision-making, and control (Faure, Brummans, Giroux, & Taylor, 2010). To meet the need of the users, accounting information systems are designed to support the accounting function in the preparation of the financial statements (Romney & Steinbart, 2012). Therefore, reliable accounting systems are a prerequisite for producing reliable financial statements.

With the computerization of the accounting systems, accounting has broadened its horizon; it is no longer focusing solely on the preparation of financial statements. Computerization of the accounting systems provides value-added services that are conversant and able to engage with the latest information and communication