



CUSTOMERS' SATISFACTION TOWARDS ISLAMIC BANKING

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TABLE OF CONTENTS

"DECLARATION OF ORIGINAL WORK"	i
LETTER OF SUBMISSION	ii
ACKNOWLEDGEMENT	iii
TABLE OF CONTENTS	iv
ABSTRACT	vii
CHAPTER ONE: INTRODUCTION	1
1.2 BACKGROUND OF THE STUDY	1
1.3 PROBLEM STATEMENT	1
1.4 RESEARCH OBJECTIVES	2
1.4.1 Main Research Objectives	2
1.4.2 Specific Research Objectives.....	2
1.5 RESEARCH QUESTIONS	3
1.5.1 Main Research Question.....	3
1.5.2 Specific Research Question	3
1.6 SIGNIFICANT OF STUDY	4
1.7 LIMITATIONS OF THE STUDY	4
1.7.1 Time constraint	4
1.7.2 Computer expertise	5
1.8 SUMMARY	5
CHAPTER TWO: LITERATURE REVIEW	6
2.1 INTRODUCTION	6
2.2.1 ISLAMIC BANKING.....	6
2.3 SERVICE AND PRODUCT QUALITY	8
2.3.1 Relationship between service & product quality and customer satisfaction on Islamic banking operation.....	8
2.4 FINANCIAL BENEFITS	9
2.4.1 Relationship between financial benefits and customer satisfaction on Islamic banking operation.....	9
2.5 COMPETITIVENESS	10
2.5.1 Relationship between competitiveness between customer satisfactions on Islamic banking operation.....	10
2.6 BANK REPUTATION	10

ABSTRACT

Islamic Banking has become a substantial and fastest growing industry during the last four decades. It is essential for Islamic banks to sound their customers' base through retaining existing customers and attracting new customers in order to prevail in Malaysia in such a competitive market. For this purpose, it is required to identify those factors which are directly related to the satisfaction of customers towards Islamic banking.

The purposes of this study were to identify those factors which are directly linked with the satisfaction of customers towards Islamic banking operations, rank the determined factors to base of Islamic banking customers' responses and examine the relationship of determining factors with Islamic banking customers' satisfaction.

As the result, all analysis that have been done show a positive relationship between independent variables and dependent variables and reject all the H_0 in the hypothesis.

CHAPTER ONE: INTRODUCTION

1.1 INTRODUCTION

In this chapter will be discuss the background of study, problem statement in our study, research question, research objective, significant of study and summary in Chapter 1. This research is focused on the customer satisfaction towards Islamic banking.

1.2 BACKGROUND OF THE STUDY

Malaysia is one of the Muslim countries that are 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 Bank Scheme". Twenty-one Islamic financial products were developed to cater for this scheme with three major banks participated initially. By July of the same year, this scheme was extended to 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. (Ahmad & Haron)

1.3 PROBLEM STATEMENT

Islamic Banking has become a substantial and fastest growing industry during the last four decades. It is essential for Islamic banks to sound their customer base through retaining existing customers and attracting new customers in order to prevail in Malaysia in such a competitive market.