



**UNIVERSITI TEKNOLOGI MARA**

**THE FACTORS OF NON-MUSLIM CONSUMERS SELECTION  
TOWARDS BANK: A CASE STUDY OF BANK ISLAM MALAYSIA  
BERHAD**

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## **ABSTRACT**

The Islamic banking system in Malaysia started in 1983 when the first Islamic bank, Bank Islam Malaysia Berhad (BIMB) commenced its operations. Islamic banking products are available at two full pledged Islamic banks and at all commercial and merchant banks in Malaysia. The conventional banking industry is a well-established rival for the Islamic banking industry (IBI). Now for this competition, IBI must consider their customer's approach, satisfaction and awareness level towards it. Therefore, this paper empirically analyses the factors of non-Muslims consumer selection towards bank. Next, in term to get accurate data about the non-Muslims consumer selection towards bank, Bank Islam will be the subject of analysis. Besides, this study will be used questionnaire to obtain the data and analyzed use regression analysis method to investigate the relationship between dependent variable and independent variable.

In this study, the independent variables are core banking, convenience, cost benefit, confident, corporate efficiency and dependent variable is non-Muslims consumer selection towards bank. The independent variables will show the positive relationship according to the previous study.

# **CHAPTER 1: INTRODUCTION**

## **1.1 Introduction**

This chapter discusses on the introduction of this study. This includes the background of the study, background of the Bank Islam Malaysia Berhad, problem statement, objectives of the study, research questions, and significance of the study. This chapter also discusses on scope and limitations of study and definition of term.

## **1.2 History of Islamic Banking, History of Islamic Banking in Malaysia, History of Bank Islam Malaysia Berhad**

Islamic banking is banking activity which use the basic principles of Shariah. It is can be describes as as interest free banking system as the Shariah disallows the acceptance of “Riba” or interest rate for the accepting and lending of money. Islamic banking offers the same facilities as conventional banking system except that it strictly follows the rules of Shariah or Fiqh al-Muamalat.

The Islamic banking can be said had been developed during Prophet Time when the Prophet himself carried out trading operations for his wife. Then, on 1963 in Egypt, the first model of Islamic banking come into picture. With the key features are profit sharing on the non-interest based philosophy of the Islamic Shariah, it is slightly different from the commercial banks as they pay or charge interest on transaction whereas the Islamic banking systems more than as financial institutions.