

UNIVERSITI TEKNOLOGI MARA

**IMPLEMENTATION OF FINTECH
TECHNOLOGY IN ISLAMIC BANKING:
CHALLENGES AND OPPORTUNITIES IN
MAYBANK WAKAF SIKU**

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Thesis submitted in fulfillment
of the requirements for the degree of
Degree of Muamalat (Hons.)

Faculty of Academy Contemporary Islamic Studies

July 2024

ABSTRACT

This study aims to explore the issue of customer acceptance of FinTech technology in the context of Islamic banking and challenges related to the implementation of FinTech technology in Islamic banking at Maybank Wakaf Siku. The background of this study starts from the challenges faced by Islamic banking institutions in adapting to the rapidly developing financial technology, while ensuring compliance with Shariah principles. The main objective of this study is to investigate customer perceptions, barriers to adoption of FinTech-enabled banking services, identify challenges and opportunities offered by the integration of FinTech in the Islamic banking domain, as well as propose appropriate strategies to overcome these challenges and take advantage of the opportunities available. This qualitative study involves in-depth interviews with 5 respondents who are Maybank Wakaf Siku customers. The findings of this study show some key challenges such as security concerns and Shariah compliance, but there are also great opportunities to improve customer satisfaction and trust through more efficient use of FinTech. Through this study, it is hoped to contribute in strengthening the integration of FinTech in Islamic banking by complying with Shariah principles.

Keywords: Financial Technology, FinTech, Islamic Banking, Maybank Waqf Siku, Challenges, Opportunities, Shariah Compliance, Security, Customers.

ACKNOWLEDGEMENT

First, I feel very grateful and thankful to God for giving me the opportunity in every effort made to complete the responsibilities as a final year student of Degree level and also complete all the challenges and twists in my study path successfully. The highest appreciation and gratitude and thanks to my supervisor in completing the final year project, Dr Noraini Binti Junoh. Thank you to her for her willingness in providing guidance, support and ideas, her patience in helping me to complete this final year project.

I would also like to thank and appreciate the other advisors in providing assistance and providing workshops to students according to orderly scheduling and knowledge sharing and guidelines are very helpful and useful for this project.

My very high appreciation is also both my parents who also helped in providing their support without feeling tired, in addition to other students or my classmates where they had helped me in various ways and methods, teaching what which needs to be improved in this project in order to both give their best towards this final year project.

Finally, this project that has been prepared is dedicated to all sections of society in the beloved country of Malaysia so that the life to come gives high meaning to all. In shaa Allah. Alhamdulillah

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CHAPTER ONE

INTRODUCTION

1.1 Research Background

Islamic banking, grounded in the principles of Sharia, has witnessed significant growth and global recognition in recent years, emerging as a viable alternative to conventional banking systems. This growth trajectory is attributed to the inherent ethical principles embedded within Islamic finance, which resonate with a diverse clientele seeking financial solutions that align with their religious and ethical beliefs (Ariff, 2012). Islamic banking's ethical framework prohibits activities such as charging interest (riba), investing in businesses that deal with alcohol, pork, or gambling, and engaging in speculative transactions. These principles ensure that financial transactions are conducted in a fair and transparent manner, fostering trust and loyalty among customers.

Concomitant with the rise of Islamic banking, the advent of Financial Technology (FinTech) has ushered in a new era of innovation and disruption in the financial services industry. FinTech encompasses a wide array of technological innovations, ranging from mobile banking applications and peer-to-peer lending platforms to blockchain-based solutions, all aimed at enhancing efficiency, accessibility, and inclusivity in financial transactions (Lee, 2019). FinTech solutions offer unparalleled convenience, allowing customers to perform banking transactions anytime and anywhere through their smartphones or computers. These technologies also facilitate faster and more secure transactions, reducing the need for physical banking infrastructure and lowering operational costs.