

UNIVERSITI TEKNOLOGI MARA

**Identifying Shariah Compliance in Islamic Credit Cards:
Analysing Modes of Operation and Monitoring Structures
at Maybank Bukit Ubi**

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ABSTRACT

This study investigates the Shariah compliance of Islamic credit cards, specifically focusing on their operational modes and monitoring structures at Maybank Bukit Ubi. The research addresses three core objectives: evaluating the compliance of takaful coverage for ujah with Shariah standards, assessing the enhancement of Shariah knowledge among Maybank employees, and examining the alignment of conditional benefits on loans in Islamic credit card agreements with qard principles. A structured questionnaire was used to gather demographic details and insights from the respondents. The data collected was analysed to understand the distribution of gender, marital status, age, level of education, and income among the participants. The thematic analysis integrated these demographic details with the respondents' answers to the research objectives. This research uses a qualitative method, and the findings reveal that the takaful coverage for ujah generally adheres to Shariah standards, although areas need improvement. The study also highlights a significant enhancement in Shariah knowledge among Maybank employees, attributed to targeted training programs. However, the alignment of conditional benefits on loans with qard principles shows variability, indicating a need for more stringent monitoring and clearer guidelines. This study found that the operational and monitoring methods are Shariah compliant, but additions needed to ensure uniformity and parallelism to achieve stricter Shariah compliance.

Keywords: Shariah compliance, Islamic credit cards, Maybank Bukit Ubi, takaful coverage, ujah, qard principles, Shariah knowledge, Islamic finance

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CHAPTER 1: INTRODUCTION

1.0 Research Background

In Malaysia, some credit cards are compliant with Islamic law, which serves as a substitute for regular credit cards. Islamic banks provide these cards and follow Islamic law. The primary obstacle is informing customers about the special qualities of Islamic credit cards, namely tawarruq and ujah structures. The advantages of these cards and how they vary from conventional credit cards are still not well known, even despite campaigns to raise awareness among Muslims and non-Muslims. The market acceptance of Islamic credit cards has been more difficult than ordinary credit cards. Islamic credit cards were first introduced in 2003, however, their performance has lagged behind that of conventional credit cards (Saad,2014). Rather than credit cards, other Islamic financial services including loans have found greater acceptance in the market. In comparison to total assets and loans disbursed, Islamic banks have a smaller market share in credit card transactions; this suggests that additional research is necessary to comprehend the growth challenges associated with Islamic credit cards fully.

Islamic credit cards, such as the Maybank Islamic Credit Card, operate based on the Shariah principle of Ujah, which involves a fee for services provided (Maybank, 2020). These cards are designed to comply with Islamic finance principles and prohibit using non-Sharia-compliant merchants (Caraka et al., 2022). Users must adhere to Shariah-compliant practices when using these cards and are subject to penalties for non-compliance or late payments. The study focuses on analysing the modes of operation and monitoring structures at Maybank's Bukit Ubi Branch to identify Shariah compliance in Islamic credit cards. It delves into the operational processes and monitoring mechanisms in place at the specific branch to ensure adherence to Sharia principles. The research aims to provide insights into how Maybank Bukit Ubi implements Sharia-compliant practices in the context of Islamic credit cards.