



**FACTORS ACCEPTANCE ISLAMIC CREDIT CARD IN BANK ISLAM MALAYSIA
A CASE STUDY IN JOHOR BAHRU**

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**Submitted in Partial Fulfillment of the Requirement for the
Bachelor of Business Administration (Hons) Islamic Banking**

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27 June 2012

Acknowledgement

All my praises and gratitude to Allah, the Merciful, for His kindness and for meeting me with many wonderful people who, with His Grace, have had helped me tremendously in the successful completion of this research.

This research would not have been possible without the constructive comments, suggestion and encouragement received from my advisor. In particular, I would like to acknowledge En Shafiee bin Md. Tarmudi, for holding the responsible as my advisor in this research.

I would like to thank Bank Islam Malaysia in Johor Bahru branch for their help and for giving me the permission to distribute my questionnaires. Besides that, I would like to thank Bank Islam's customers that give their cooperation in responding to my questionnaires.

In addition, I would like to thank my parents who have been a continuous source of inspiration and encouragement. Thanks for giving a great help throughout the duration of my studies and unceasing prayers for my success.

Last but not least thanks to all my friends that helped, support and provided insight and useful ideas, constructive comments, criticism and suggestion throughout the duration of completing this research.

TABLE OF CONTENT

ABSTRACT	i
1.0 INTRODUCTION	
1.1 INTRODUCTION.....	1
1.2 BACKGROUND OF STUDY.....	4
1.3 PROBLEM STATEMENT.....	6
1.4 RESEARCH OBJECTIVES.....	7
1.5 RESEARCH QUESTIONS.....	7
1.6 SCOPE OF RESEARCH.....	8
1.7 LIMITATION OF RESEARCH.....	8
1.8 SIGNIFICANCE OF RESEARCH.....	9
2.0 LITERATURE REVIEW	10-20
3.0 RESEARCH METHODOLOGY	
3.1 INTRODUCTION.....	21
3.2 RESEARCH DESIGN.....	22
3.3 SAMPLING AND POPULATION.....	22
3.4 SCALE OF MEASUREMENT.....	23
3.5 DATA COLLECTION.....	24
3.6 DATA ANALYSIS.....	25
3.7 HYPOTHESIS.....	26
3.8 PRE-TEST.....	28
3.9 CONCLUSION.....	29

ABSTRACT

Islamic Banking in Malaysia began in September 1963 and the first established Islamic Bank in Malaysia in 1983 which is Bank Islam Malaysia (BIMB). Malaysia offered full-fledged Islamic Financial system operating parallel to conventional system (dual banking system). The purpose of this study is to identify the level of awareness of Islamic Credit card and to identify factors that influenced the acceptance of people to use Islamic Credit Card especially in Bank Islam Malaysia. Credit card are based on issuer lends money to the consumer by having interest charged. Islamic credit card is offered in order to avoid interest based (riba) and give banking services that is based on Syariah. Can Islamic bank attract customer to accept Islamic credit card and offer greater benefit than conventional credit card. Primary data as in the form of questionnaire is used in this study. There were 375 questionnaire distributed to the user of Bank Islam Malaysia in Johor Bahru. The selection of samples was based on convenience and randomly picked. The data is analyzed using correlation and regression method in Statistic Package for Social Sciences (SPSS). This study show the customer acceptance towards Islamic banks in the dual banking system that been applied in Malaysia.

CHAPTER 1

INTRODUCTION

1.1 Introduction

The establishment of Islamic banking has the same purpose as those conventional banking to act as financial intermediaries between depositors and the borrowers relationship. However in Islamic banking it was more than depositors and borrowers relationship. It was more of partners' relationship. Islamic bank was also established based on fardhu kifayah (religious obligation) of the Muslim Leader in providing banking system in accordance with syariah law (Bunchuan, 2006).

There are many products and services offered by banks and one of it is credit card. A credit card is in form of a small plastic card that being issued to users by banks. It applied the concept of 'buying first and paying later'. The credit card, which is known as 'plastic money', is essential mode of payments in today's society. (Niringjuerae). It is often associated with prestige and luxurious lifestyle with bankers offering a range of cards such as silver, gold and platinum. Credit card give advantage for its holder as it