



**UNIVERSITI TEKNOLOGI MARA**

**THE ACCEPTANCE OF AL-IJARAH  
THUMMA AL-BAY AMONG  
GOVERNMENT SERVANT IN  
KLUANG, JOHOR**

**FARAH NATASYA BINTI FADZAILAH**

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of the requirements for the degree of  
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## ABSTRACT

Al-Ijarah Thumma Al-Bay (AITAB) is one of the latest innovative products of Islamic hire purchase financing in Islamic banks in Malaysia today. It is designed to meet the hire-purchased concept on current demand of customers that focusing in motor vehicles. Despite this popularity of Islamic hire purchase among the customers as an alternative for conventional hire purchase, the criticism especially on issues pertaining to its legitimacy and validity should not be overlooked. Although there are some issues arise, Islamic banks had implemented great efforts to overcome it and be the leader in Islamic financing. Thus, this research was conducted to study and determine the acceptance of Al-Ijarah Thumma Al-Bay (AITAB) among government servant in Kluang, Johor. A total of 120 government servants were selected as respondents of this study in Kluang, Johor. The data were analysed using 'SPSS' window through Multiple Regression analysis. The objective of this study is to determine the relationship between the acceptance of Al-Ijarah Thumma Al-Bay (AITAB) among government servant with the level of awareness, the religious obligation and the social influence in Kluang, Johor. The finding discovered that customers have generally positive views of acceptance of Al-Ijarah Thumma Al-Bay (AITAB) among government servant. Therefore, the most significant factor was religious obligation that revealed as the vital criteria in acceptance of Al-Ijarah Thumma Al-Bay (AITAB) among government servants in Kluang, Johor.

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# TABLE OF CONTENTS

<b>COVER PAGE</b>	<b>Page</b>
<b>SECOND PAGE</b>	
<b>AUTHOR'S DECLARATION</b>	
<b>ABSTRACT</b>	
<b>ACKNOWLEDGEMENT</b>	
<b>TABLE OF CONTENTS</b>	
<b>LIST OF TABLES</b>	
<b>LIST OF FIGURES</b>	
<b>LIST OF SYMBOLS</b>	
<b>CHAPTER ONE: INTRODUCTION</b>	
1.1 Introduction	1
1.2 Background of Study	2
1.3 Problem Statement	3
1.4 Research Questions	4
1.5 Research Objectives	5
1.6 Significance of Study	5
1.7 Scope of Study	6
1.8 Limitation of Study	6
1.9 Definition of terms	7
1.10 Summary	8
<b>CHAPTER TWO: LITERATURE REVIEW</b>	
2.1 Introduction	9
2.2 Literature Review on Al-Ijarah Thumma Al-Bay (AITAB)	9
2.3 Literature Review on Level Awareness	10
2.4 Literature Review on Religious Obligations	12
2.5 Literature Review on Social Influence	13
2.6 Research Framework	14
2.7 Summary	15

# CHAPTER ONE

## INTRODUCTION

### 1.1 INTRODUCTION

Islamic banking system is playing a main role in Malaysia and having been a pioneer in the beginning and a front-runner in the global arena nowadays. The first Islamic bank in Malaysia was established in the country in 1983. As is widely recognized, Islamic banking operations are driven by the shariah which defines the nature and character of the deposits mobilised and financing provided. Besides that, Islam prohibits interest (riba) and allows trade. Thus, profits in Islamic banking operations are derived from the contract of trade (al-bai'), in contrast to the conventional bank which profits that are derived in large part from interest-bearing loans. Furthermore, in Islam, it is business risk taking and not financial risk taking that forms the basis for profits. The al-bai' principle is obviously by an exchange of money with an underlying asset, while a contract of interest-bearing loan involves an exchange of money for extra money. Seen on this context, there is much more to Islamic banking than the prohibition of riba while other prohibitions include ambiguity (gharar), gambling (maisir), and bribery (rishwa). All transactions should be transparent based on mutual consent with offer and acceptance (ijab and qabul) being free from duress (ikroh).

Conventional banking are the banking system that is mainly based on the debtor-creditor relationship between the borrowers and bank. Besides that, it is where a bank lends money to the company or individual at the circumstance which the money must be paid back sooner or later to the bank. The bank will charge the interest rate to the debtors which taken into consideration as the price of credit. Meanwhile, it is consider that loan to be given must be free from any charge of interest in Islamic law. If charge any interest, the bank will stated to take benefit of the debtor and it may lead to some kind of injustice.

In Malaysia, Islamic finance traces its root back to 1963, with the establishment of the Pilgrims Fund Board or Lembaga Tabung Haji (LTH). This became a financial savings mechanism which Malaysian Muslim set aside regular funds to cover the expenses of performing the annual pilgrimage. These funds had been invested in efficient sectors of the economic system that aimed at yielding return clean by riba'.