



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF CUSTOMER
SATISFACTION TOWARDS
ISLAMIC CREDIT CARD: A CASE
STUDY IN KUALA LUMPUR**

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ABSTRACT

Islamic credit card has been available in the market for some time since the issuance of the first Islamic credit card in Malaysia, the bank Islam card in the early 2000s. The introduction of the new Islamic credit card is increasingly competing to the conventional credit card which is generally accepted by the financial consumers in Malaysia. However, there are still unclear of the satisfaction level of the Islamic credit cardholders and whether does the Islamic credit cardholders reach or exceed the satisfaction level that of conventional credit cardholders. Both types of credit card issuing institutions cannot reach for the actual level of credit cardholders' satisfaction by solely based on their credit card holding data and thus cannot develop appropriate actions that should be taken in order to improve customer adoption and retention rate. This paper aims to analyse the customer satisfaction towards Islamic credit card. The quantitative study was applied for this research. The questionnaire was distributed to 200 Islamic credit card holders in Kuala Lumpur. In the conclusion, the results of analysis show that the customer satisfaction towards Islamic credit card only influenced by service quality and reliability. This research is useful for various parties, including customers, in finding out the benefits and features that Islamic credit card provided. Last but not least, this research also can be taken as guideline or reference for credit card issuing banks in knowing more details about the customers need and want in the future.

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CHAPTER ONE: INTRODUCTION

1.1 INTRODUCTION

This chapter provides an overview of the research study. Section 1.2 explains the background of the study as a basic knowledge in order to proceed with the research. Section 1.3 highlights the problem statement followed by Section 1.4 that sets forth research objective that want to achieve, Section 1.5 outlines the research questions that are needed to answer in order to achieve the research objective. Section 1.6 explains the significance and important of the study meanwhile Section 1.7 briefly describes the scope of the study followed by Section 1.8 explains the limitations of the study and Section 1.9 defines the definitions of terms that involved in this study. Lastly, Section 1.10 provides a summary of chapter 1.

1.2 BACKGROUND OF THE STUDY

According to (Idris, 2012) the existence of credit cards at the beginning of the year 1950s has made it acceptable and widely used in the worldwide especially in developed countries like Malaysia, Thailand, Indonesia and Philippine as a payment system in order to transfer funds. Credit cards has been become a norm to the society especially to the people nowadays because everyone could purchase an item without carrying large money paper, pay good and services through internet which acceptance worldwide. Bank America card is the first credit card and it is issued by Bank of America in 1958 and this led to the start of competition between banks on consumer loaning through credit cards (Mudd, 2007). While In Malaysia, credit card was first introduced in the mid-1970 (Loke, 2007). In 1978, Bank of America has introduced VISA card and about 20,000 credit cards were issued in the late 1970s (Ahmed, 2010). Latest statistics from Bank Negara Malaysia indicate that basic payment indicator by people using credit card has increased to 83.1 unit (transaction volume per capita) in 2015 compared than in 2014 that only 71.3 unit (transaction volume per capita).

Islamic banking started operations in Malaysia in the early 1980s with the establishment of Bank Islam Malaysia Berhad (BIMB) in July 1983 and it is the first Islamic bank in Malaysia (Ahmad Mokhtar, Abdullah, & Al-Habshi, 2006). In 1990s, as an alternative to the conventional banking system, Bank Islam is seen as an institution