

**THE DIFFERENT FEATURES BETWEEN BANK ISLAM MALAYSIA
BERHAD WITH INTEREST-FREE BANKING SCHEME FROM
OTHER FINANCIAL INSTITUTIONS.**

ROSLINA BT MUSLIMAN

**BACHELOR IN BUSINESS ADMINISTRATION (FINANCE)
INSTITUTE TECHNOLOGY MARA
SHAH ALAM, SELANGOR
NOVEMBER 1996**

**THE DIFFERENT FEATURES BETWEEN BANK ISLAM MALAYSIA
BERHAD WITH INTEREST-FREE BANKING SCHEME FROM
OTHER FINANCIAL INSTITUTIONS.**

**THIS PROJECT PAPER IS SUBMITTED TO SCHOOL OF
BUSINESS OF MANAGEMENT (ITM) IN PARTIAL FULFILLMENT
OF THE REQUIREMENT FOR BACHELOR IN BUSINESS
ADMINISTRATION (FINANCE)**

ADVISOR :

PROF. MADYA MOHD. KAMAL B. ABD. RAHMAN

ROSLINA BT MUSLIMAN

NOVEMBER 1996

Acknowledgement

Alhamdulillah, my gratitude to Allah swt for giving me His guidance and strength in finishing this report.

It would be difficult if not impossible to recognise all those persons whose efforts on my behalf have facilitated the writing of this report.

First of all, I would like to convey my gratitude to my advisor , **Prof. Madya Mohd. Kamal b. Abd. Rahman** for his encouragement and guidance towards the preparation of this report.

I would also like to express my sincere gratitude to En. Ismail Taib (Marketing Officer of Bank Islam Malaysia Bhd), Tuan Hj. Sabar bin Abd Rahman (Bank Bumiputera Malaysia Bhd), En. Wan Muhamad (United Malayan Banking Corporation) and Tuan Hj Md. Ali bin Md. Sarif (Malayan Banking Berhad)for giving me very helpful informations.

Executive Summary

Islamic banking became a reality in Malaysia in March 1983, with the inception of Bank Islam Malaysia Bhd. (BIMB). Because of its success, many conventional banks are interested to implement IBS product at their counters. The first launched was on March 1993 with the participation of the 3 largest commercial banks namely Maybank, UMBC and BBMB.

The main objective is to determine whether there is a different features of interest-free banking scheme used by BIMB with the interest-free banking scheme used by other financial institutions. It will focus on the retail banking product which is on deposits and financing site.

Introduction of the IBS has raised several questions about the legitimacy and security of such banking operations. The wrong perception and misunderstand of customers regarding the operations of IBS would base a major challenge to the wide acceptance of the product offered.

Table Of Content

	Page
Acknowledgement	i
List of Abbreviation	iii
List of Tables	iv
Executive Summary	v
CHAPTER 1 INTRODUCTION	
1.1 Background Of The Study	1
1.2 Issues And Problems	3
1.3 Objectives Of The Study	6
1.4 Scopes And Limitations	8
1.5 Methodology	10
CHAPTER 2 LITERATURE REVIEW	12
CHAPTER 3 INTEREST - FREE BANKING SCHEME	
3.1 Background of Bank Islam Malaysia Bhd	22
3.2 Development of IBS	26
3.3 Islamic Products Under IBS	32
3.4 Banking Operation	34
3.5 Impact Of IBS On BIMB	38