
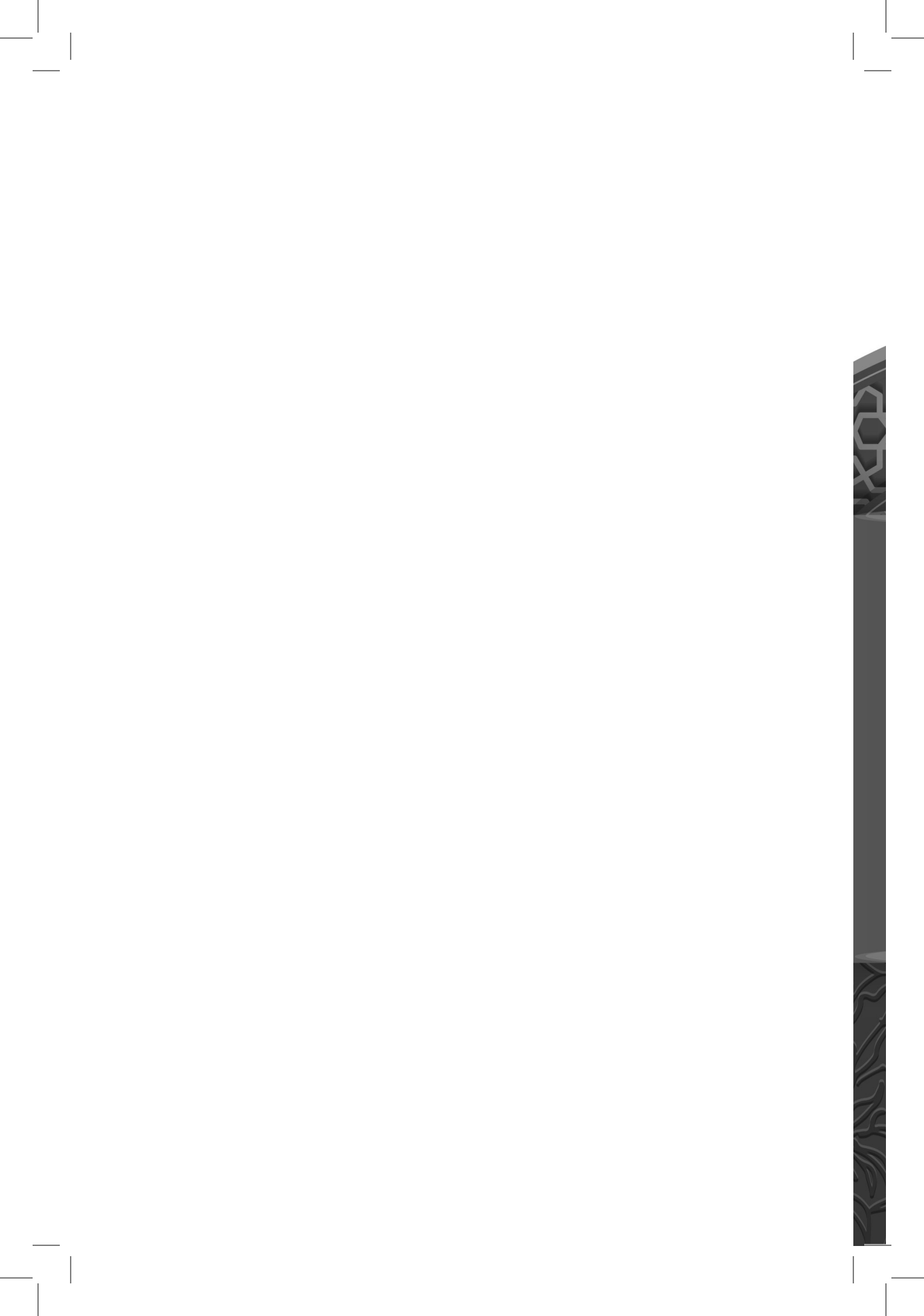


Readings in
**ISLAMIC
BANKING**







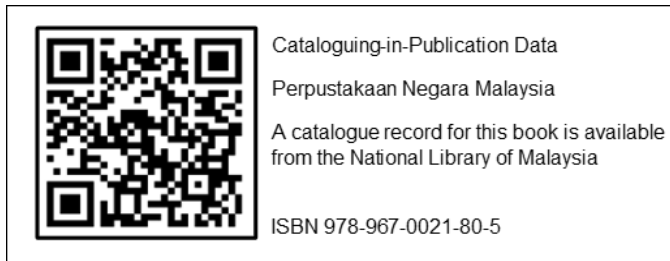
Readings in
**ISLAMIC
BANKING**



Editors
Mohd Zulkifli Muhammad
Noormariana Mohd Din
Siti Rohana Mohamad

Copyright UMK PRESS, 2023

All rights reserved. No part of this publication may be reproduced, stored in production transmitted in any form, whether electronic, mechanical, photocopying, recording or otherwise, without having permission from the UMK Press.



Executive Producer: Azman Hashim. Copy Editor: Amirul Firdaus Zilah,
Raihana Sulaiman. Acquisition Editor: Nur Fatimah Pahazri.
Concept & Typesetting: Fatinah Ilias. Proof Reader: Zaliha Noor
Technical Assistant: Mohd Suhairi Mohamad.

Published by:
UMK Press
Universiti Malaysia Kelantan
Office of Library and Knowledge Management
16300 Bachok, Kelantan
(Member of Malaysian Scholarly Publishing Council (MAPIM))
(Member of Malaysian Book Publishers Association (MABOPA)
Membership Number : 201903)

Printed by:
Visual Print Sdn Bhd
No.47, 47-1, Jalan Damai Raya 1,
Alam Damai, Cheras 56000
Kuala Lumpur

TABLE OF CONTENTS

List of Contributors	ix
List of Tables	xi
List of Figures	xiii
Preface	xv
CHAPTER 1	
INTRODUCTION TO ISLAMIC BANKING	1
<i>Mohd Zulkifli Muhammad, Noormariana Mohd Din and Siti Rohana Mohamad</i>	
CHAPTER 2	
CUSTOMER’S ACCEPTANCE TOWARDS ISLAMIC BANKING PRODUCT AMONG UNIVERSITY MALAYSIA KELANTAN STUDENT IN CITY CAMPUS, PENKALAN CHEPA	7
<i>Nor Aini Najla Musa, Nor Anis Farihin Ramli, Nor Asmiza Wahab, Nor Athirah Syafiqah Abdul Razak and Nurhaiza Nordin</i>	
CHAPTER 3	
FACTORS INFLUENCING THE USE OF E-BANKING AMONG THIRD YEAR STUDENTS AT UNIVERSITI MALAYSIA KELANTAN (UMK) KAMPUS KOTA	23
<i>Nurhidayati Satarudin, Nurhidayah Md Yaacob, Nurul Jamilah Razali, Nurul Ain Mokhtar and Hasannuddiin Hasan</i>	
CHAPTER 4	
MUSLIMS LECTURERS’ ADOPTION OF ISLAMIC BANKING PRODUCTS AND SERVICES	43
<i>Nur Hafizah Mohamad Redzuan, Nur Ismaniza Misman, Nur Najihah Ismail Nur, Najihah Kamaruddin and Mohd Zulkifli Muhammad</i>	

CHAPTER 5 CUSTOMER SATISFACTION TOWARDS ONLINE BANKING SYSTEM AMONG ISLAMIC BANKING CUSTOMER	61
<i>Syed Amirul Syed Ali, Unaizah Ahmad Johari, Wafuuddin Wahab and Wan Haziqah Mardhiah Wan Abdullah</i>	
CHAPTER 6 PERCEPTION OF CREDIT CARD ON MAQASID SHARIAH (PROTECTION ON WEALTH)	79
<i>Azrul Hisyam Zulkeflee and Badariah Mat Isa and Noorani Ab Ghapar and Nurul Ayunie Jasmi and Zafirah Zazali and Noormariana Mohd Din</i>	
CHAPTER 7 THE DETERMINANTS OF ISLAMIC BANKS PERFORMANCE IN MALAYSIA	103
<i>Hazriah Hasan, Muhammad Shafiq Mohd Sani, Muhammad Khalis Zakaria, Muhammad Na'im Nazmi Azman and Muhammad Ikhwan Abdul Rahim</i>	
CHAPTER 8 EFFICIENCY MEASUREMENT OF ISLAMIC AND CONVENTIONAL BANK IN MALAYSIA	127
<i>Muhamad Khairi Azri Roslan, Muhammad Hafis Taufik, Muhammad Amirul Mat Nor and Muhammad Farhan Haliman</i>	
CHAPTER 9 THE CRITERIA FOR RECRUITMENT OF ISLAMIC BANKING AND FINANCE GRADUATES AMONG FINANCIAL INSTITUTIONS	139
<i>Nor Mazirah Serimat, Nor Nadirah Baharudin, Nor Syafiqah Mohamad Zainu, Nor Syuhada Ibrahim and Nurhaiza Nordin</i>	

CHAPTER 10 THE DETERMINANTS OF CUSTOMERS’ SATISFACTION ON ATM SERVICES	159
<i>Farah Hanan Muhammad, Nadiatul Hasmiera Hashim, Nawwar Sobarudin Rahmani, Nur Baiduri Fariahah Abdul Latif and Nur Najihah Mohamiddin</i>	
CHAPTER 11 THE FACTOR INFLUENCING SERVICE QUALITY ON BANK ISLAM MALAYSIA BERHAD IN KOTA BHARU, KELANTAN	175
<i>Abdul Latif Mohd Zalani, Afiqah Anuar, Ahmad Saiful Izzuddin Abdullah, Nik Munirah Nik Mik @ Nik Ali and Mohd Nor Hakimin Yusoff</i>	
CHAPTER 12 CONCLUSION	191
<i>Mohd Zulkifli Muhammad, Noormariana Mohd Din and Siti Rohana Mohamad</i>	
Index	197
Editors’ Biographies	201

LIST OF CONTRIBUTORS

Mohd Nor Hakim Yusoff

Associate Professor, Faculty of
Entrepreneurship and Business
Universiti Malaysia Kelantan

Nurhaiza Nordin

Senior Lecturer, Faculty of
Entrepreneurship and Business
Universiti Malaysia Kelantan

Azwan Abdullah

Senior Lecturer, Faculty of
Entrepreneurship and Business
Universiti Malaysia Kelantan

Noormariana Mohd Din

Lecturer, Faculty of
Entrepreneurship and Business
Universiti Malaysia Kelantan

Hasannuddiin Hasan

Senior Lecturer, Faculty of
Entrepreneurship and Business
Universiti Malaysia Kelantan

Farah Hanan Muhamad

Lecturer, Faculty of
Entrepreneurship and Business
Universiti Malaysia Kelantan

Hazriah Hasan

Senior Lecturer, Faculty of
Entrepreneurship and Business
Universiti Malaysia Kelantan

Mohd Zulkifli Muhammad

Senior Lecturer, Faculty of
Entrepreneurship and Business
Universiti Malaysia Kelantan

LIST OF TABLES

Table 3.1	Summary of Mean Score and Standard Deviation	33
Table 3.2	Correlation between E-Banking and Security	34
Table 3.3	Correlation between E-Banking and Time	34
Table 3.4	Correlation between E-Banking and Convenience	35
Table 3.5	Correlation between E-Banking and Quality Services	36
Table 3.6	Correlation between E-Banking and Social Influences	36
Table 3.7	Data of Respondents Obtained from BPA	37
Table 5.1	Relationship between Privacy and Security on Customer Satisfaction towards Online Banking System	69
Table 5.2	Relationship between Quality Service and Customer Satisfaction towards Online Banking System	69
Table 5.3	Relationship between Accessibility and Customer Satisfaction towards Online Banking System	70
Table 5.4	Summary of Research Objective, Hypothesis and Result	70
Table 6.1	The Results of Factor That Influence Attitude Towards the Intention in Credit Card Usage in Protection on Wealth in Credit Card Usage	88
Table 6.2	The Result of Knowledge and the Level of Understanding about Credit Card in Protection on Wealth in Credit Card Usage	89
Table 6.3	The Result of Awareness about Credit Card in Protection on Wealth in Credit Card Usage	90

Table 7.1	List of a Licensed Islamic Financial Institute in Malaysia	110
Table 7.2	Descriptive Statistic	117
Table 7.3	Regression result	118
Table 7.4	Result of Hypothesis	121
Table 10.1	Cronbach's Alpha of Each Variable	167
Table 10.2	Summary of Descriptive Statistics of All Variables	168
Table 10.3	Correlation Coefficient	169
Table 10.4	Correlation Coefficient for Reliability and Customer Satisfaction	170
Table 10.5	Correlation Coefficient for Security and Customer Satisfaction	171
Table 10.6	Correlation Coefficient for Responsiveness and Customer Satisfaction	172
Table 11.1	Result of the Reliability Test	182
Table 11.2	Loading and Cross Loading	183
Table 11.3	Discriminant Validity of the Constructs	184
Table 11.4	Goodness of Fit	184
Table 11.5	Path Coefficient and Hypothesis Testing	185
Table 11.6	Summary of Results (direct effect)	186

LIST OF FIGURES

Figure 2.1	Conceptual Framework	15
Figure 3.1	Conceptual Framework	28
Figure 3.2	Q-Q Plot of Learning Tools	32
Figure 7.1	Conceptual Framework	109
Figure 10.1	Conceptual Framework	164
Figure 11.1	Research Model	180
Figure 11.2	Results of the Path Analysis	186

PREFACE

In the name of Allah, the Beneficent, the Merciful

Readings in Islamic Banking represents the work of researchers brought on a journey the Islamic banking issues and products. It seeks to shed light on the concerns of customers' perception, satisfaction and criteria in choosing Islamic banking. The chapters in this book are arranged in sequential order, from the standard issue to the sub-common issue, full-fledged Islamic Banking, Islamic windows and performance of Islamic Banking. It will as a concise guide to how Islamic Banking can improve its performance and differ from conventional banking. To truly understand Islamic Banking issues and products, *Readings in Islamic Banking* provide substantial evidence from researchers through their novelty findings. This book serves as a platform for allowing readers to learn about Islamic banking issues and products, understand the criteria needed in choosing Islamic banking products and services and ultimately drive them to understand the possible challenges and opportunities associated with Islamic banking development.

We hope *Readings in Islamic Banking* will serve its noble purpose of enlightening the reader's knowledge and information about Islamic banking. Moreover, as we know, Islamic banking has seen rapid growth nowadays, and it contributes to the economy. The liberalisation of financial regulation, the globalisation of financial markets, and product innovation are significant issues in Islamic banking. In short, this book will give a clear picture of the reality of Islamic banking in Malaysia.

Mohd Zulkifli Muhammad

Noormariana Mohd Din

Siti Rohana Mohamad

CHAPTER 1

INTRODUCTION TO ISLAMIC BANKING

*Mohd Zulkifli Muhammad, Noormariana Mohd Din and Siti Rohana
Mohamad*

Islamic banking can be described as a Shariah (Islamic) banking system. The fundamental principles regulating Islamic banking are shared risk and profit-sharing between parties and justice (*'adil*). Banking activities involving interest (*riba*), gambling (*maysir*), and speculative trading (*gharar*) are prohibited. Therefore, Islamic banking products and services are activities consistent with Shariah principles and their practical application through Islamic economic development.

The Islamic banking system was established in Malaysia in 1983 when Bank Islam Malaysia Berhad (BIMB) started operating. Nowadays, the quantity of Islamic banks increasing, including international banks. According to Bank Negara Malaysia (BNM), Malaysia currently has a small number of full-fledged Islamic banks, including several foreign-owned entities; conventional institutions that formed Islamic subsidiaries. There were 16 Islamic banks in Malaysia as of July 2020 (Bank Negara Malaysia, 2020), namely, Maybank Islamic Berhad, MBSB Bank Berhad, Kuwait Finance House (Malaysia) Berhad, Bank Muamalat Malaysia Berhad, CIMB Islamic Bank Berhad, Hong Leong Islamic Bank Berhad, HSBC Amanah Malaysia Berhad, OCBC Al-Amin Bank Berhad, Public Islamic Bank Berhad, RHB Islamic Bank Berhad, Affin Islamic Bank Berhad, Alliance Islamic Bank Berhad, AmBank Islamic Berhad, Standard Chartered Saadiq Berhad and Al-Rajhi Banking and Investment Corporation (Malaysia) Berhad.

This book will begin with Chapter Two on customer acceptance of Islamic banking products among students at Universiti Malaysia Kelantan