

CHAPTER 2

CUSTOMER'S ACCEPTANCE TOWARDS ISLAMIC BANKING PRODUCT AMONG UNIVERSITY MALAYSIA KELANTAN STUDENT IN CITY CAMPUS, PENKALAN CHEPA

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INTRODUCTION

The Islamic Banking system was established in Malaysia in 1983 which is the first Islamic Banking System was started when the first Islamic bank, Bank Islam Malaysia Berhad (BIMB), started the operation. BIMB introduced and marketed various interest-free products such as Qard Hassan, Mudharabah, Musharakah, Ijarah, Murabahah, and Kafalah. Islamic banking products and services are banking activity that is consistent with the principles of Shariah and its practical application through the development of Islamic economics. Islamic banking products are available in Malaysia at two fully pledged Islamic banks and at all commercial and merchant banks. They are offered to Muslims and non-Muslims of other religions, free to choose any products depending on their convenience in this country. There is a parallel operation between the Islamic and conventional banking systems, while the product offered is quite similar between both. However, according Amin et al. (2013), they create a new initiative where the level of customer satisfaction has to influence the success of an Islamic bank to attract potential customers among the non-Muslims. As a country with multiracial Malaysian society, especially non-Muslims, not making the issue of religion a major factor in