

## **CHAPTER 7**

# **THE DETERMINANTS OF ISLAMIC BANKS PERFORMANCE IN MALAYSIA**

*Hazriah Hasan, Muhammad Shafiq Mohd Sani, Muhammad Khalis  
Zakaria, Muhammad Na'im Nazmi Azman and Muhammad Ikhwan  
Abdul Rahim*

### **INTRODUCTION**

Islamic Bank was born in 1963, and since that establishment, almost all Muslim countries have accepted Islamic Banking and a few non-Muslims countries. Islam is a religion of prosperity that preserves universal benefits from all aspects. Today, Islamic financial products and services are often raised and questioned. Covered from perspective, methodology, theory, mechanism, instrument, documentation or payment structure. So, it demands a more comprehensive and dynamic survey to ensure the components and elements in Islamic financial instruments meet the *maslahah* in Shariah. One of the five objectives of Shariah is to achieve economic prosperity community. It is important to make the Islamic financial system pragmatic and conform to the principles and Shariah policies that protect *maslahah* and avoid harm (Ahmad, 1999).

In Malaysia, an Islamic bank is currently in an excellent state because of the stability of the operation and the national economy is strengthened with positive consumer acceptance of the products in Islamic banking. However, meanwhile, the Islamic banking excitement produces new competition and is relevant to date, there are still some issues and concerns talks get much attention. Among the issues still discussed and raised is time value, abandoned housing cases, capital costs and damages,