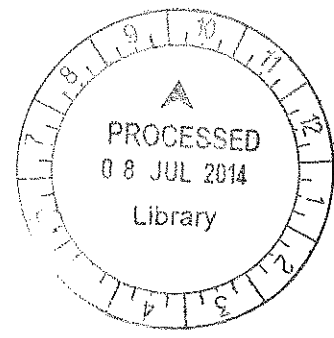


INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

Customer Satisfaction on Islamic Housing loan: A study in Nilai Township

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Date:

Declaration

"I hereby declare that this research project is of my own effort except for those summaries and information of which the sources are clearly specified"

Woon Tah Therk

Date:

Abstract

Islamic banking had been operated in the world for around four decades and it has become one of the fastest growing industries. While having the term "Islamic" banking, Islamic banking operates their businesses using the rules and principles of Sharia'h. Due to the increase in housing development projects, the application of housing loan increases as well. As both conventional banks and Islamic banks offer the housing loan products, some researchers pointed out that customer in Malaysia are satisfied with the housing loan provided by the Islamic banking while other researchers commented that customers in Malaysia are not satisfied with the Islamic housing financing. Therefore, the objective of this study is to find out what are the factors that influence the customer satisfaction of Islamic housing loan in Malaysia. Quantitative method will be used while 250 questionnaires will be distributed to the respondents in public area such as banks and cafeteria. The respondents are of individuals that are 18 years and above who had or currently taking housing loan in Islamic banks. Of the 250 questionnaires distributed, 220 were completed and returned. The data will be analyzed using SPSS software version 20. Factor analysis and Reliability testing will be conducted to test the validity and reliability of the questions before proceeding in analyzing the data. In order to check the relationship and significance of the independent variables to the dependent variable, correlation, linear regression, and multiple regression analysis were used. The results pointed out that service quality, product quality, trust, and perceived value will influence the customer satisfaction of Islamic housing loan in Nilai. On the other hand, religion has tested to have no relationship with the customer satisfaction of Islamic housing loan in Malaysia. Recommendations like trainings, 10 minutes queue system, competitive products, and penalties for miss selling staffs can be done by Islamic banks while government can encourage more of Islamic banks to be established in Malaysia.

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List of Abbreviations

SPSS: Statistical Package for Social Science

KMO: Kaiser-Meyer-Olkin

MSA: Measures of Sampling Adequacy

BNM: Bank Negara Malaysia

KLSE: Kuala Lumpur Stock Exchange

IBS: Islamic Baking Scheme

PWSBH: Perbadanan Wang Simpanan Bakal-Bakal Haji

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

1.1.1 Islamic Banking in the World

According to Dusuki and Abdullah (2007), Islamic banking had been operated in the world for around four decades and it has become one of the fastest growing industries. While having the term “Islamic” banking, Islamic banking operates their businesses using the rules and principles of Sharia’h. According Crane (2014), Sharia’h is also known as the Islamic Law whereby it is the framework of ultimate reality. With the implementation of Islamic law, Sharia’h, any form of payment in interest is strictly not allowed. Islamic banking in this case practices the profit sharing method. Despite of the Sharia’h principles, Islamic banks also offer similar products and services that are offered in the conventional banks such as housing loans, credit cards, investments, savings accounts, and current accounts.

According to Haque (2010), he commented that currently it is estimated that there are about more than 300 over Islamic banks and financial institutions around the world with a total estimated assets of around USD 300 billion. In addition to that Pollard and Samers (2007) also commented that there are about 25% of the Islamic institutions are now operating in countries that do not have Muslim majorities. Furthermore, they also stated that conventional banking are also engaging in Islamic banking to attract the growing numbers of Muslims living in Europe and North America.

In today's world, Islamic banking is no longer about a business that strive to fulfill the needs of Muslim customers but rather a business that strive to serve both the Muslim and non Muslim customers while attracting new customers and maintaining the old ones. (Dusuki and Abdullah, 2007) Islamic banks today face intense competition whereby they will not only compete between Islamic banks, but also competing against conventional banks as the products and services they offer are quite similar. When products and services tend to be quite similar, it all comes to the customer's satisfaction that will determine the performance and success of the banks. According to Bley and Khuen (2005), in the world as we know today, business competition is no longer about the products that a company can provides to their customers, it is more to the services and the ability to go to the extra miles in satisfy the customers and hence building customer loyalty in them. Hence, customer satisfaction plays an important role in today's world as businesses in service industry rely on it to become successful.

1.1.2 Islamic Banking in Malaysia

Malaysia is located in a strategic location where it lies in the centre of the heart of South East Asia. The strategic location enables Malaysia to deal in many business opportunities and Malaysia had became one of the fastest emerging and growing economies in South East Asia. The history of Islamic banking Malaysia started way back in 1963 when the government of Malaysia establishes the Pilgrims' Management and Fund Board also known as Tabung Haji. The Tabung Haji is a special financial institution whereby its purpose is to provide systematic mobilization of funds of the Muslims in order to help them in completing their pilgrimage in Makkah. Makkah is considered to be a holy place for all the Muslims to complete their Haji pilgrimage. Besides, the Tabung Haji also serves as a purpose to encourage Muslims to participate in economic activities as well as opportunity investments. (Khishada and Wahab, 2013)