

Banking System in the country side by side with conventional banking system, it is a matter of faith and dignity!

After more than 13 years of operation in the competitive capitalistic banking industry, the bank showed the people around world that it not only worked properly, but also quite successfully. Needless to say that, this endeavour has come to maturity with the right balance of financial and political will coupled with the acceptance by all Malaysians.

Now, Islamic banking system not only provides an effective alternative for all banking needs by Muslim customers, but also looks well positioned and secure to expand into the arena of an Islamic capital market and other markets such as Islamic Insurance, Islamic Leasing, Islamic Unit Trust, and Islamic Stock Exchange.

## **2. Research Objectives**

This research paper aims

- (1) to find out how Islamic Banking System works and operates in Malaysia; such as how it collects fund, what sources of funding are, how it utilises or mobilises its collected funds properly and efficiently.
- (2) to examine whether the Islamic Banking System in Malaysia has performed well.