

From 'Tabung Haji' to Fully Islamic Bank: Analysis of the Twenty Years of Creating Alternative Banking System in Malaysia

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Abstract : Malayan Pilgrims Savings Corporation was introduced in 1963. Six years later, Malaysian Pilgrims Fund Board (Tabung Haji) was formed. The board used to collect funds from pilgrims who expected to perform pilgrimage in the future dates. Money was collected and kept as per given rules and procedures emanated from Islamic sources of law. Twenty years later, the country was ready to run a fully fledged Islamic bank where the Bank Islam Malaysia Berhad (BIMB) came into existence in the year 1983. This paper investigates stages of development of Islamic banking system in Malaysia from 1983 to date. This study discovered that Malaysia had enough time to make Islamic banking system works alongside conventional banking system and for sure, has successfully managed to come up with the comprehensive and workable financial system which accommodates both the conventional and Islamic banking. As a result, Malaysia stands to be the hub of Islamic banking products and services in the world today.

Keywords : Tabung Haji, Islamic Banks, conventional law, Malaysia

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