

APPENDICES

Appendix 1: Interview Question



RESEARCH INTERVIEW QUESTION

INTERVIEW ON

Waqf Banking Product for Financial Inclusion In Malaysia

CONFIDENTIALLY,

THE OPINIONS AND VIEWS IN THE COMPLETED
INTERVIEW WILL BE TREATED IN THE STRICTEST
CONFIDENCE.

ANY INFORMATION IDENTIFYING THE RESPONDENT
WILL NOT BE DISCLOSED

DOCTORAL INTERVIEW QUESTION ON THE DEVELOPMENT OF WAQF BANKING PRODUCT BASED ON FINANCIAL INCLUSION IN MALAYSIA

Respected respondent,

This study is performed to gather information and opinion from academicians, practitioners, and regulators regarding the development of waqf banking products in addressing the financial inclusion problem in Malaysia.

This interview session consists of three sections as follows:

Section I: Question on the concept of waqf banking product in Malaysia

Section II: Question on the development of waqf banking product based on financial inclusion in Malaysia

Section III: Question on the examination of the developed product in compliance with Sharia law

The interview session will be conducted within 30 to 60 minutes.

Please be assured that the information and opinion collected from this interview session will strictly be kept, treated confidential, and used for academic purposes only. Thank you very much for your time and cooperation in furthering this research endeavor.

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Introduction to the study

Waqf institutions have proven to be the catalyst for Islamic economic development. Apart from that, waqf institutions also have the potential to address the financial inclusion problem in Malaysia. Financial inclusion is defined as the availability and equality of opportunities to access financial services. It refers to a process by which individuals and businesses can access appropriate, affordable, and timely financial products and services. These include banking services such as loans, equity, and *takaful* products.

There is a huge gap in scientific research in studying the involvement of waqf institutions, especially in addressing the financial inclusion problem in recent years. In particular, the innovation and use of cash waqf in waqf institutions are very limited. This will cause a slowdown in the development of the Islamic economy. Thus, the contribution of waqf institutions to address the problem of financial inclusion in the academic world is limited. For these reasons, this study proposes waqf banking products (WBPs) to address the problem of financial inclusion to fill the gap. The development of WBPs will be based on the financial inclusion indicator provided by Bank Negara Malaysia.

The Financial inclusion indicator shows that three components should be focused on which are the *takaful* product, home financing product, and microfinancing product. This study uses a qualitative approach to answering research questions. The data collection method used in this study is a semi-structured interview. This study will try to answer some questions in this field of research such as WBPs, how WBPs can be created, who will benefit from WBPs, and where, why, and when WBPs need to be created.

The Development of Waqf Banking Product Based on Financial Inclusion in Malaysia

Interviewees personal profile

Name:

Institution:

Level of Education:

Designation:

Age Group:

Income Group:

Years of Service:

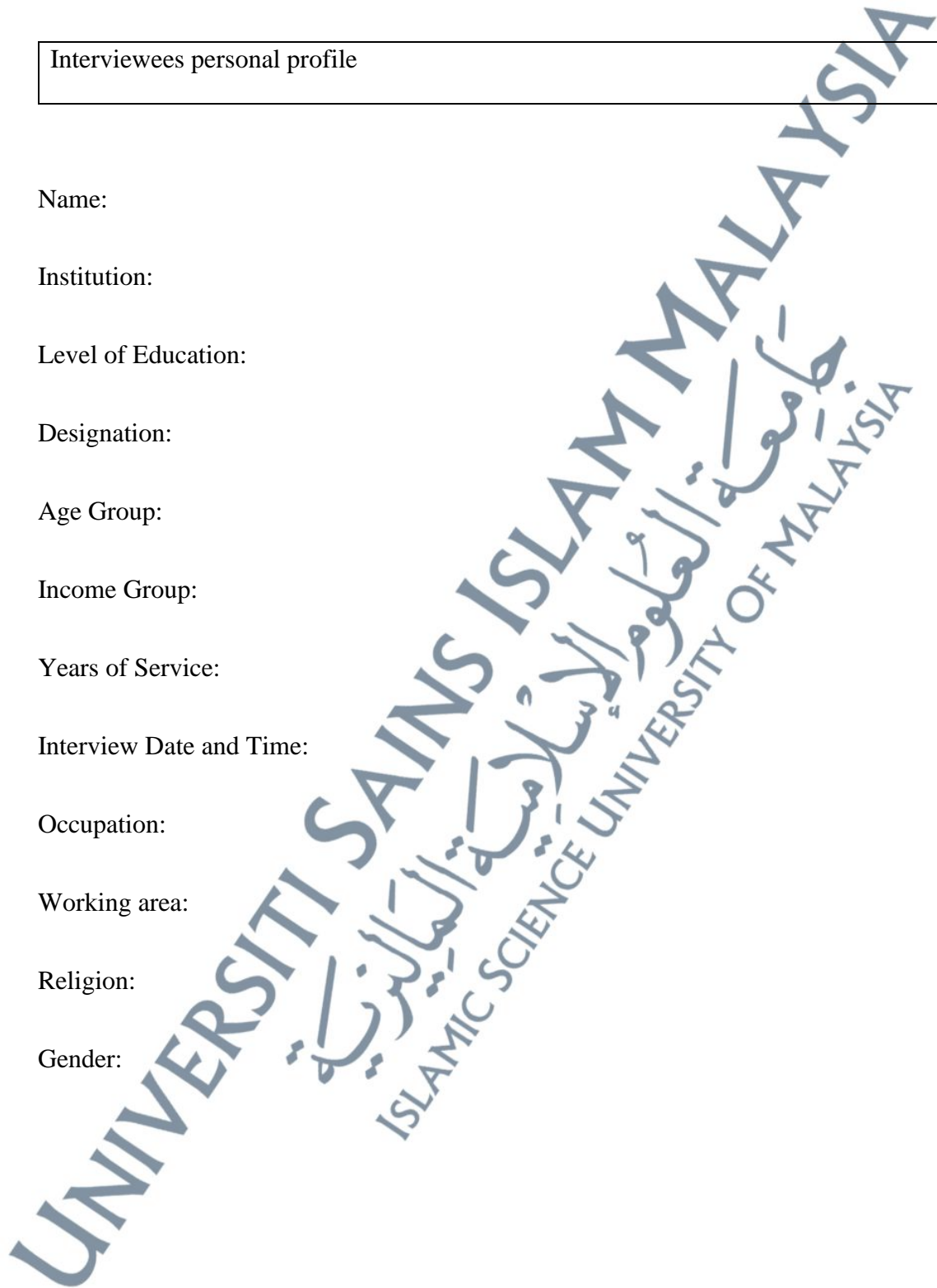
Interview Date and Time:

Occupation:

Working area:

Religion:

Gender:



The Development of Waqf Banking Product Based on Financial Inclusion in Malaysia

Section I: Question on the concept of waqf banking product in Malaysia

This section aims to seek interviewee views and opinions pertaining to the concept of waqf banking products in Malaysia.

Data analysis is performed by analyzing reliable data.

Question 1

According to your perspective/opinion, what is the definition of WBPs?

Question 2

What is the philosophical reason behind the development of WBPs?

Question 3

According to Malaysia's current economic condition, when is the right time for WBPs to be implemented in Malaysia?

Question 4

According to the current waqf practice in Malaysia, where is the perfect location for WBPs to be implemented?

Question 5

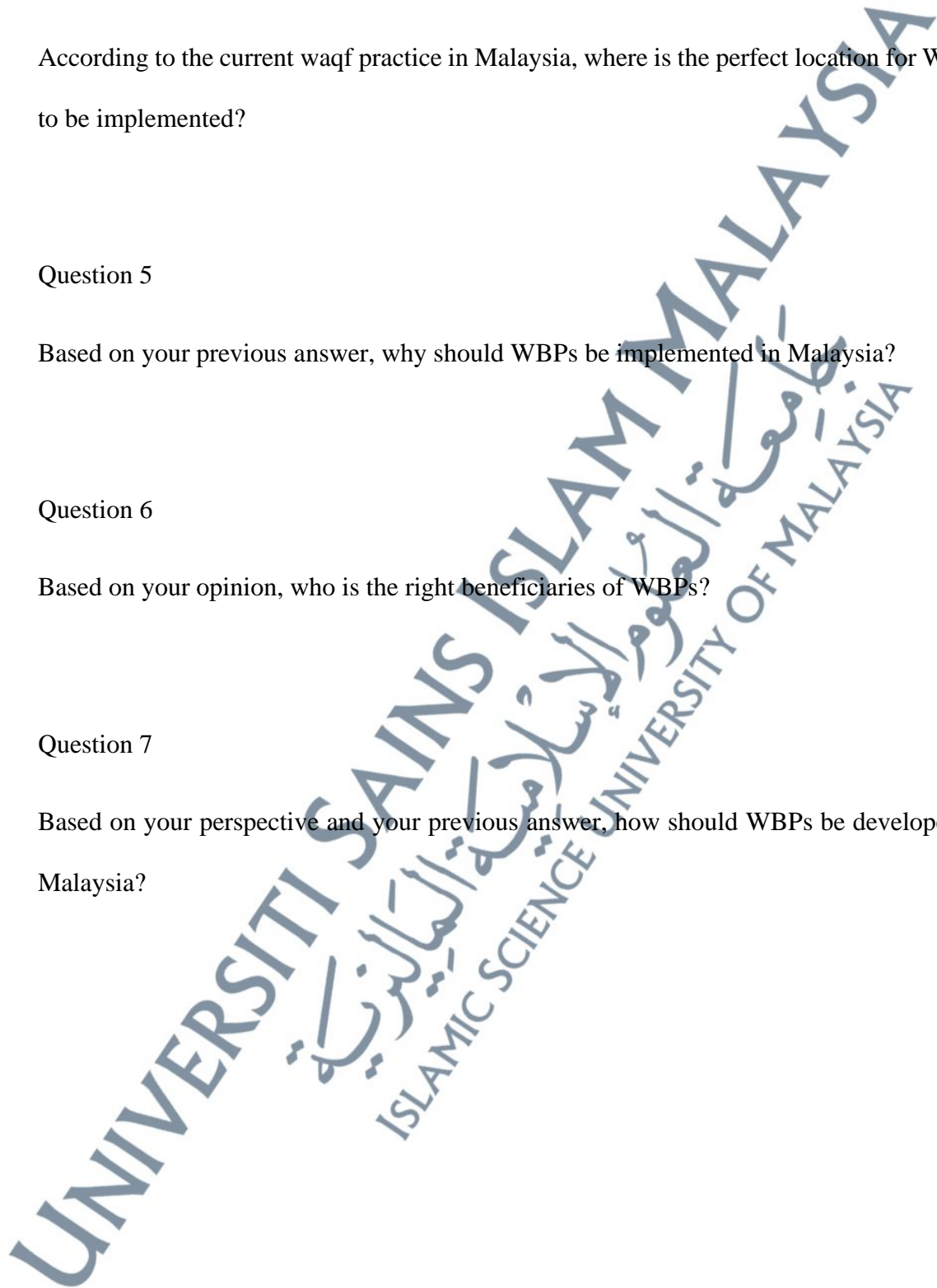
Based on your previous answer, why should WBPs be implemented in Malaysia?

Question 6

Based on your opinion, who is the right beneficiaries of WBPs?

Question 7

Based on your perspective and your previous answer, how should WBPs be developed in Malaysia?



The Development of Waqf Banking Product Based on Financial Inclusion in Malaysia

Question on the development of waqf banking product based on financial inclusion in Malaysia

Section II try to seek the interviewee's opinion regarding the development of waqf banking product based on financial inclusion.

The indicator provided by BNM suggests that this study should be focused on Waqf Takaful, waqf home financing, and waqf micro-financing products. (IPB1)

Question 1

Based on your answer in Section I, what are the suitable and practical ways to develop WBPs based on financial inclusion?

Question 2

Based on the financial inclusion index (see Appendix 1), when is the suitable time for WBPs to be implemented?

Question 3

Based on IPB1, where can WBPs be implemented?

Question 4

Based on all your previous answers, why WBPs must be implemented?

Question 5

Again, based on IPB1, who will be the beneficiaries of WBPs?

Question 6

Based on current waqf practice in Malaysia who should develop WBPs in accordance with IBP1?

Question 7

Based on the financial inclusion index (see appendix 1) and IBP1, how can WBPs be developed?

Question 8

Briefly explain technically and practically how to develop WBPs in Malaysia.

Question 9

How can State Islamic Religious Council apply the developed product that was explained earlier?

The Development of Waqf Banking Product Based on Financial Inclusion in Malaysia

Question on the examination of the developed product in compliance with Sharia law

Section III tries to seek the interviewee's opinion regarding the Sharia guideline for WBPs and to confirm the discussed product is commensurate with Sharia law.

Please back your argument with relevant text from the Quran, Sunnah/Hadith, and text from four Islamic schools of thought. (Shafi'i, Hambali, Hanafi and Maliki).

Question 1

According to all of the previous answers, what are the Sharia guidelines for developing WBPs?

Question 2

When will the Sharia guideline be implemented in WBPs?

Question 3

Why WBPs need to be commensurate with Sharia law?

Question 4

Are the discussed WBPs commensurate with Sharia law?

Question 5

Who will ensure that the discussed product will be commensurate with Sharia law?

Question 6

If the WB products are being practiced in SIRCI, who will ensure that these products will always be commensurate with Sharia law?

Question 7

How do we apply Sharia guidelines for developing WBPs?

Question 8

How do we ensure that WB product is commensurate with Sharia law?

Table Appendix 1. Malaysia's Financial Inclusion Index

<i>Dimension</i>	<i>Indicator</i>	<i>2011 (%)</i>	<i>2015 (%)</i>
<i>Convenient accessibility</i>	% of sub-districts with at least 2,000 population with at least one access point	46	97
	% of the population living in sub-districts with at least one access point	82	99
<i>Take-up rate (% of adults)</i>	Deposit account	92	91
	Financing account	36	25
	Life insurance	18	16
<i>Responsible usage (% of customers)</i>	Active deposits	87	92
	Performing financing accounts	97	98
<i>Satisfaction level (% of customers)</i>	Satisfied with financial services	61	73

Source: (BNM, 2017)

Appendix 2: The critical factor of Unsold Houses

Berita Harian

By Mahanum Abdul Aziz - August 8, 2022, @ 1:30 pm

KUALA LUMPUR: Property developers see the issue of difficulty in obtaining loans among potential home buyers as one of the factors contributing to the issue of unsold ready-made houses.

The president of the Malaysian Real Estate and Housing Developers Association (REHDA), Datuk NK Tong, said unsold finished houses are not a new issue and are unlikely to be fully resolved.

He said that every time a new house is built there will be some that cannot be sold due to several factors including the issue of buyers finding it difficult to get bank loans, a matter that is often highlighted by REHDA.

"Many developers report that even though the loan is approved, the financing margin is not ideal, such as 70 percent. It affects an individual's ability to buy a house because the 30 percent deposit and other fees to be paid are quite high," he told BH.

"Right now the country is still in recovery mode and has not fully recovered even though business activities have been fully operational, including the construction sector, aviation, and so on," he said.

Commenting further, Tong said that the COVID-19 pandemic has also affected people in various aspects, including financially because people are now more careful when spending, especially for large expenses such as buying a house.

He said the rising inflation rate also caused buyers to be more cautious than usual, with some expecting Bank Negara Malaysia (BNM) to raise the Overnight Policy Rate (OPR) again this year, thus affecting people's spending.

"There is no denying that house prices in the open market are increasing. One of the main factors in the increase in house prices is caused by the 'cross-subsidy' method that developers are forced to use to help cover the cost of building low-cost houses that are higher than the selling price. ," he said.

In the meantime, Tong said, REHDA believes the i-Miliki initiative announced by the government recently, in addition to other incentives can help to overcome the issue of unsold houses.

However, he reminded us that the factors that contribute to the existence of unsold ready-made houses also need to be paid attention to so that this issue can be resolved effectively.

"REHDA will always support any effort and cooperate with the government to meet the objective of homeownership among Malaysians," he said.

Appendix 3: Monetary Policies Statement by Bank Negara Malaysia

Bank Negara Malaysia

6 July 2022

At its meeting today, the Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to increase the Overnight Policy Rate (OPR) by 25 basis points to 2.25 percent. The ceiling and floor rates of the corridor of the OPR are correspondingly increased to 2.50 percent and 2.00 percent, respectively.

The reopening of the global economy and the improvement in labor market conditions continue to support the recovery of economic activity. However, these have been partly offset by the impact of rising cost pressures, the military conflict in Ukraine, and strict containment measures in China. Inflationary pressures have continued to increase mainly due to elevated commodity prices and strong demand conditions, despite some easing in global supply chain conditions. Consequently, central banks are expected to continue adjusting their monetary policy settings, some at a faster pace, to reduce inflationary pressures. Going forward, the pace of global growth is expected to moderate and will continue to be affected by the elevated cost pressures, conflict in Ukraine, global supply chain conditions, and financial market volatility.

The Malaysian economy, economic activity continued to strengthen in recent months. Exports and retail spending indicators affirm the positive growth momentum, supported by the transition to endemicity. In the labor market, the unemployment rate declined further,

with higher labor participation and improved income prospects. Looking ahead, while external demand is expected to moderate, weighed by headwinds to global growth, economic growth will be supported by firm domestic demand. Additionally, the reopening of international borders on 1 April 2022 would facilitate the recovery in tourism-related sectors. Investment activity and prospects continue to be supported by the realization of multi-year projects. However, downside risks to growth continue to stem from weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

Year-to-date, headline inflation has averaged 2.4%. While it is projected to remain within the 2.2% - 3.2% forecast range for the year, headline inflation may be higher in some months due mainly to the base effect of electricity prices. Underlying inflation, as measured by core inflation, is expected to average between 2.0% - 3.0% in 2022 as demand continues to improve amid the high-cost environment. Nevertheless, the extent of upward inflation pressures will remain partly contained by existing price controls, fuel subsidies, and the continued spare capacity in the economy. The inflation outlook continues to be subject to global commodity price developments, arising mainly from the ongoing military conflict in Ukraine and prolonged supply-related disruptions, as well as domestic policy measures.

Amid the positive growth prospects for the Malaysian economy, the MPC decided to further adjust the degree of monetary accommodation. This is consistent with the MPC's view that the unprecedented conditions that necessitated a historically low OPR have continued to recede. At the current OPR level, the stance of monetary policy remains accommodative and supportive of economic growth. The MPC will continue to assess

evolving conditions and their implications on the overall outlook for domestic inflation and growth. Any adjustments to the monetary policy settings going forward would be done in a measured and gradual manner, ensuring that monetary policy remains accommodative to support sustainable economic growth in an environment of price stability.

