

**COVER LETTER**

**Research Title:**

Potential Use of Equity-based Financing

**Dear [Participant]**

My name is Siti Nor Amira Mohamad, I'm a PhD student from Universiti Sains Islam Malaysia (USIM) from Faculty of Economics and Muamalat (FEM). For your information, I am supervised by Assoc. Prof. Dr Mohamad Yazis Ali Basah as my main supervisor and Assoc. Prof. Dr. Muhammad Ridhwan Ab. Aziz and Assoc. Prof. Dr Nuradli Ridhwan Shah Mohd Dali as my co-supervisors. I am working on my research in area of Islamic banking & finance. The main objective of this research is to explore the effect of implementing equity-based financing for Islamic banking in Malaysia.

The research covered the importance of financial and customer dimension and other factors towards the implementation of equity-based financing. This research is looking for experts and experienced individual who have comprehensive knowledge and experience in financing, *Shariah*, operational, strategic and risks departments.

It is my pleasure to invite you to be a respondent for interview session. If you are interested in participating in this research, please read the enclosed "Participation Information Sheet" and if you accept this invitation to participate please complete and sign the enclosed "Consent Form" and send it back to me.

Please note that your confidentiality will be preserved and any data gathered will be used for this research only.

Regards,

SITI NOR AMIRA MOHAMAD

Email: sitinoramira.usimfem@gmail.com

## CONSENT FORM

**Full title of Research Project:**

Potential Use of Equity-based Financing

**Name, position and contact address of Researcher:**

Mrs. Siti Nor Amira Binti Mohamad  
PhD Student  
Faculty of Economics and Muamalat  
Universiti Sains Islam Malaysia  
71800, Bandar Baru Nilai,  
Negeri Sembilan

**Please Initial Box**

1. I confirm that I have read and understand the information sheet for the above study and have had the opportunity to ask questions.
2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving reason.
3. I agree to take part in the above study.

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

*Note for researcher:*

*Include the following statements if appropriate, or delete from your consent form:*

4. I agree to the interview / consultation being audio recorded
5. I agree to the interview / consultation being video recorded
6. I agree to the use of anonymised quotes in publications

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

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Name of Participant

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Date

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Signature

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Name of Researcher

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Date

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Signature

## INTERVIEW QUESTIONS

### General Questions:

1. Do you accept that I put your name in the thesis?
2. What is your name?
3. What is your work position in the industry?
4. How long have you worked in the industry? What is your working experience?
5. What is your educational qualification?
6. What does it mean the terms of equity-based financing in your perspective?

### Interview Questions:

1. Why there are limited equity-based financing products in Malaysia?
2. How the best equity-based financing contracts be proposed in Malaysia?

### Conclusions:

1. What change do you hope can take place in the banking industry?
2. Do you have anything to add?
3. Can I get back to you in case of any further questions?

## QUESTIONNAIRE

Please tick (✓) the appropriate option

### Screening Question

1. Are you user of Islamic financing?

Yes ( ) No ( )

\* If your answer is **Yes**, please answer the following question (2, 3 & 4).

\* If your answer is **No**, please answer the following question (5 & 6).

2. Which type/s of product/s financing did you have?

( ) Home financing

( ) Car financing

( ) Personal financing

( ) Business financing

( ) Other/s: \_\_\_\_\_

3. What type/s of contract/s did you used?

( ) *Tawarruq*

( ) *Bai' Bithaman Ajil*

( ) *Bai' Inah*

( ) *Istisna'*

( ) *Ijarah*

( ) *Musharakah*

( ) *Mudharabah*

( ) Other/s: \_\_\_\_\_

4. Are you satisfied with the using of current contract/s of Islamic financing?

Yes ( ) No ( )

5. Which types of product/s financing option do you prefer?

( ) Home financing

( ) Car financing

( ) Personal financing

( ) Other/s: \_\_\_\_\_

6. What type/s of contract/s financing option do you prefer?

( ) *Tawarruq*

( ) *Bai' Bithaman Ajil*

( ) *Bai' Inah*

( ) *Istisna'*

( ) *Ijarah*

( ) *Musharakah*

( ) *Mudharabah*

( ) Other/s: \_\_\_\_\_

### Section A: INTENTION

Please shade (.) the appropriate option

Intention		Strongly disagree	Disagree	Neutral / Not sure	Agree	Strongly agree
A3	I am interested to use <i>Musharakah</i> and/or <i>Mudharabah</i> financing.	①	②	③	④	⑤
A4	I am interested to use <i>Musharakah</i> and/or <i>Mudharabah</i> financing in the future.	①	②	③	④	⑤
A5	I will use <i>Musharakah</i> and/or <i>Mudharabah</i> financing someday.	①	②	③	④	⑤
A6	I will definitely recommend <i>Musharakah</i> and/or <i>Mudharabah</i> financing to others.	①	②	③	④	⑤
A7	If an Islamic bank offers me to participate in <i>Musharakah</i> and/or <i>Mudharabah</i> financing, I intend to find sufficient information about the contract/s in order to become one of the participants.	①	②	③	④	⑤
A8	If I apply for Islamic financing, I will seriously consider <i>Musharakah</i> and/or <i>Mudharabah</i> financing.	①	②	③	④	⑤

### Section B: KNOWLEDGE, AWARENESS & UNDERSTANDING

On a scale of 1 (unfamiliar) to 5 (very familiar), how would you rate your **knowledge** of the following:

KW1	The basic principles and objectives of Islamic banking	①	②	③	④	⑤
KW2	The various retail and finance instruments that are available from Islamic banking	①	②	③	④	⑤
KW3	Knowledge on the existence of EBF in IB	①	②	③	④	⑤
KW4	The name of Islamic banking that operative in Malaysia	①	②	③	④	⑤

Please shade (.) the appropriate option

		Very familiar	Familiar	Not sure / Neutral	Unfamiliar	I know nothing about it
AW1	<i>Mudharabah</i> (Capital trust when the lender share only profit but not loss)	①	②	③	④	⑤
AW2	<i>Musharakah</i> (Full partnership in profits and losses)	①	②	③	④	⑤
AW3	<i>Tawarruq</i> (Mark-ups on sale)	①	②	③	④	⑤
AW4	<i>Ijarah</i> (Lease financing)	①	②	③	④	⑤
AW5	<i>Bai Bithaman Ajil</i>	①	②	③	④	⑤

Please shade (.) the appropriate option

On a scale of 1 (unfamiliar) to 5 (very familiar), how would you rate your **understanding** of the following:

UD1	The profit sharing concept in associated with <i>Musharakah</i>	①	②	③	④	⑤
UD2	The profit-and lonss sharing concept in associated with <i>Mudharabah</i>	①	②	③	④	⑤
UD3	The method of computing profit in <i>Musharakah</i> and/or <i>Mudharabah</i> financing is not similar to other types of contracts in Islamic financing.	①	②	③	④	⑤
UD4	The pricing of <i>Musharakah</i> and/or <i>Mudharabah</i> financing is fair because it is based on rental value of assets/goods.	①	②	③	④	⑤
UD5	<i>Musharakah</i> and/or <i>Mudharabah</i> financing are based on justice and equality.	①	②	③	④	⑤
UD6	<i>Musharakah</i> and/or <i>Mudharabah</i> financing reflects the true spirit of Islam in promoting the well-being of society.	①	②	③	④	⑤
UD7	<i>Musharakah</i> and/or <i>Mudharabah</i> financing contributes positively to the equitable distribution of wealth and income.	①	②	③	④	⑤
UD8	<i>Musharakah</i> and/or <i>Mudharabah</i> financing offers risk-sharing practices among parties	①	②	③	④	⑤

### Section C: ATTITUDES, NORMS & EFFICACY BELIEVE

Please shade (.) the appropriate option

Attitudes towards Current Financing (ATT1)						
		Strongly disagree	Disagree	Neutral / Not sure	Agree	Strongly agree
AT1	Participating in <i>Musharakah Mudharabah</i> is the right thing to do.	①	②	③	④	⑤
AT2	Participation in <i>Musharakah Mudharabah</i> is beneficial and rewarding	①	②	③	④	⑤

AT3	Participating in <i>Musharakah Mudharabah</i> will enable me to contribute to the development of equity-based financing	①	②	③	④	⑤
AT4	I appreciate the fact that <i>Musharakah Mudharabah</i> financing is available in Malaysia.	①	②	③	④	⑤
<b>Attitudes towards EBF (ATT2)</b>						
<b>What is your viewpoint concerning the following statements? (To be Answered by All)</b>		<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral / Not sure</b>	<b>Agree</b>	<b>Strongly agree</b>
AT5	Participating in <i>Musharakah Mudharabah</i> is the right thing to do.	①	②	③	④	⑤
AT6	Participation in <i>Musharakah Mudharabah</i> is beneficial and rewarding	①	②	③	④	⑤
AT7	Participating in <i>Musharakah Mudharabah</i> will enable me to contribute to the development of equity-based financing	①	②	③	④	⑤
AT8	I appreciate the fact that <i>Musharakah Mudharabah</i> financing is available in Malaysia.	①	②	③	④	⑤
<b>Normative Beliefs</b>						
NB1	My spouse/parents think that I will fulfil my religious obligation if I make use of <i>Musharakah</i> and/or <i>Mudharabah</i> financing.	①	②	③	④	⑤
NB2	Most of the people that are important to me think that I should make use of <i>Musharakah</i> and/or <i>Mudharabah</i> financing.	①	②	③	④	⑤
NB3	The viewpoints expressed by Shariah Scholars influence my decision to use <i>Musharakah</i> and/or <i>Mudharabah</i> financing.	①	②	③	④	⑤
NB4	It is expected of me that the <i>Muslim Brotherhood</i> is strengthened if I participate in <i>Musharakah</i> and/or <i>Mudharabah</i> financing.	①	②	③	④	⑤
<b>Efficacy Beliefs</b>						
EB1	I know enough about <i>Musharakah</i> and/or <i>Mudharabah</i> financing products to make an informed decision to use or reject it.	①	②	③	④	⑤
EB2	The use of Arabic terminology for Islamic financing products makes it difficult to understand Islamic finance.	①	②	③	④	⑤

EB3	My knowledge of Arabic is adequate to make an informed decision to accept or reject Islamic finance.	①	②	③	④	⑤
EB4	Knowing that Islamic banking in Malaysia still practice the <i>Musharakah</i> and/or <i>Mudharabah</i> financing affects my attitude.	①	②	③	④	⑤

#### Section D: RELIGIOSITY

Please shade (.) the appropriate option

	Belief	Strongly disagree	Disagree	Neutral / Not sure	Agree	Strongly agree
RB1	Muhammad (PBUH) is His last prophet.	①	②	③	④	⑤
RB2	I believe there is only one Allah.	①	②	③	④	⑤
RB3	I believe Quranic Teachings are suitable in today's life.	①	②	③	④	⑤
RB4	All mankind's good deeds will be judged and rewarded accordingly after death.	①	②	③	④	⑤
RB5	I believe <i>Rasulullah</i> 's traditions are suitable throughout all times.	①	②	③	④	⑤
RB6	I believe that my faith is as a source of comfort.	①	②	③	④	⑤

#### Section E: BIODATA

Please tick (✓) the appropriate option

1. **Gender:**  Male  Female

2. **Age:**  20 or below  21-30  31-40  
 41-50  51-60  61 or above

3. **Marital Status:**  Single  Married

Separated/  
 Divorced

4. **Please select your highest level of education attained:**

Primary School  Secondary School  
 Diploma/ Certificate  Bachelor's Degree  
 Master Degree  PhD

5. Please select your formal religious education level: 6. Please select your gross monthly income:

- No formal religious education    Primary School    < RM3860    RM3861-RM8319  
 Secondary School    University    >RM8320  
 Pondok Education

7. Occupation:

- Government Sector    Private Sector  
 Housewife/ Retired/ unemployed    Student

Please do not hesitate to give some comments and suggestions:-

Your cooperation is needed to ensure all the above statements have been answered in each page.

Your cooperation is highly appreciated.

## META-ANALYSIS FORMULA

By using Schmidt & Hunter approach, meta-analysis for this study computed bare-bone  $r$ . To find weighted mean of corrected correlation and variance:

$$\bar{r} = \frac{\sum N_i r_i}{\sum N_i}$$

$$s_r^2 = \frac{\sum [N_i (r_i - \bar{r})^2]}{\sum N_i}$$

$N$  is combined sample size and the weighted variance estimator is the sample, not population, estimate.

To calculate estimated sampling error variance:

$$\hat{\sigma}_e^2 = \frac{(1 - \bar{r}^2)^2}{N - 1}$$

Noted that mean  $r$  is constant. This is the variance of sampling error as expect if all the studies have a common effect estimated by  $r$ -bar.

$$\hat{\sigma}_\rho^2 = s_r^2 - \hat{\sigma}_e^2$$

$$\hat{\sigma}_\rho^2 = \frac{\sum [N_i (r_i - \bar{r})^2]}{\sum N_i} - \frac{(1 - \bar{r}^2)^2}{N - 1}$$

To find the variance of infinite-sample correlations, find the variance of  $r$  in the meta-analysis and subtract expected sampling error variance. Schmidt would be quick to add that part of the estimated variance of infinite-sample correlations is artifactual.

$$\hat{\sigma}_\rho^2$$

Where  $\hat{\sigma}_\rho^2$  is the estimated variance of the population effect size. The credibility interval is intended to contain a percentage of the values of a random variable – infinite-sample effect sizes. The calculations required for the upper and lower 80% credibility intervals (CV) are as follows:

$$CV\ 80\% = \bar{\rho} \pm 1.28 \hat{\sigma}_\rho^2$$

Confidence interval is a standard statistical estimate (intended to contain rho, or average of rho). The calculations required for the upper and lower 95% confidence intervals (CI) are as follows:

$$CI\ 95\% = \bar{\rho} \pm 1.96 \sqrt{\frac{s_r^2}{k}}$$