SADAQAH HOUSE AS ISLAMIC BANKING PRODUCT – BANK AS AN OPERATOR

Nazifah Mustaffha
nazifah@kuis.edu.my

Norhanizah Johari
norhanizah@kuis.edu.my

Nor Suhaily Bakar
norsuhaily@kuis.edu.my

Nur Fikriah Takril
nurfikriah@kuis.edu.my

Kolej Universiti Islam Antarabangsa Selangor (KUIS)

ABSTRACT

Sadaqa House is proposed to be part of the Islamic banking industry due to the nature of its main functions that is similar to the functions of banks. The main functions are to collect funds from the individual or organization; manage and invest the funds and to disburse the funds to the right beneficiaries. Therefore, ideally it is hoped that there is no harm for the bank to have Sadaqa House under their controls. The objective of this study is to explore the opportunities of operationalizing Sadaqa House under Islamic Banking and Finance. The study applied focus group discussion with bank operational managers from four Islamic banks in Klang Valley (Bank A1, B, B2, C and D) and in-depth interview with one Assistant General Manager of an Islamic bank (Bank A2) in Malaysia to acquire their view regarding the viability of having Sadaqa House as part of Islamic banking system. The finding reveals that bank sectors provide the best opportunities having Sadaqa House as Islamic banking product. They are ready to accept Sadaqa House to be implemented in banking industry but certain issues need to be researched further in term of shariah compliance, operation/function and regulation. This study proposed that the Sadaqa House to be operated by subsidiary under Islamic bank or Islamic banking group as Islamic Fund Management prescribed under sections 288 (2) and 289 (1) of the Capital Market and Service Act 2007 (CMSA) approved by Securities Commission.

Keywords: Sadaqa House, Shariah Compliance, Operation, Technology, Marketing and Regulation.

---

1. Introduction

Islamic economy is conceived to have three major sectors – government, private and social welfare sectors. In public or also known as government sector, government normally deals with the private and welfare sectors in area such as administration, defence, rules and regulation. Meanwhile, the private sector is the nerve centre of the economy since people in all the sectors deal among themselves in areas of economics and social activities. Finally, the welfare sector includes the poor and needy in the economy. Then, there are the roles of the economic activity to raise funds from the government and private sector to be distributed to the people in this sector.

The idea of having Sadaqa House as one of the Islamic banking institution is to promote a vehicle to serve the financial requirements and demands of social welfare sector. The function of the Islamic banking industry currently only serves the first two sectors. Since the proposed sadaqah institution falls under Islamic banking industry, it is then falls under the jurisdiction of Bank Negara Malaysia or Monetary Authority.

The current development of Islamic banking and finance has almost no direct role with the social welfare sector. To be specific, the role of social welfare sector is to raise funds from government and private sector and distribute them to the poor and needy. The Islamic bank do paying zakat and waqf, but the roles of collecting and distributing them are played directly by the government sector, not by the private, to be specific by the Islamic banking sector.

1.1 Background of the study

The idea of Sadaqa House has been proposed by the award winning expert of the Islamic banking and finance industry, Dato’ Abdul Halim bin Ismail. The idea to help the poor and needy people is the basic objective underlying the proposal. By having Sadaqa House in practice, Islamic banking and finance industry is considered to have completed their function since they contribute to the social sector of the country. Currently, the industry is serving government and private sectors only.

Sadaqa House is proposed to be part of the Islamic banking industry due to the nature of its main functions that is similar to the functions of banks. The main functions are to collect funds (sadaqah, waqaf and hibah) from the private sectors; manage and invest the funds; and to disburse the funds to the right beneficiaries. Therefore, ideally it is hoped that there is no harm for the bank to have Sadaqa House under their controls.

This study has approached a few officers from several Islamic banks through in depth-interview session and focus group discussions to gather information regarding their strength, opportunity and to certain extend the weakness of current Islamic banking practice if the proposed Sadaqa House is to be implemented.

1.2 Objectives of the study

Since Sadaqa House is still at the proposal stage, and it is proposed to be operated under Islamic banking and finance industry, this study is trying to achieve the following research objectives:

1. To explore the potential opportunities of Sadaqa House as part of Islamic banking system.

1.3 Scope of the study

The study only focuses on the suitability of Islamic commercial banks to operate Sadaqa House. No other types of Islamic banking and finance institution will be referred and analysed in the study.

2. Literature Review

Banks are important institutional mechanisms in local and international markets. In general a bank is required to fulfil the important function of collecting the general public's savings and channelling it into productive investments in the economy. As part of this process, a bank subjects mainly depositors' funds to various types of risk in an endeavour to generate profits. Therefore, bank is strictly needs to adhere to the prescribed governance structure as part of their internal control mechanism.

2.1 Governance of Islamic Banks

The banking industry in Malaysia has come a long way over the last few decades. This industry is highly regulated by the Government and the Central Bank of Malaysia. Segments such as commercial, retail, investments and Islamic banking have made great inroads in the industry. Islamic banks perform the same essential functions as banks do in the conventional system, except that the need for them to carry out their transactions in accordance with the rules and principles of Islam (Iqbal & Mirakhor, 2007).

Governance issues are important in banks compared to industrial firms due to the importance of regulations, convolution of agency problems and the low rate of capitalization existing in the banking sector (Ciancanelli & Gonzalez, 2000 in Wasiuzzaman & Gunasegavan, 2013). Islamic banks have a different governance structure compared to conventional banks with the Shariah Supervisory Board being central to their corporate governance framework.

In a broader and international context, banks in Malaysia expand worldwide. In view of the worldwide expansion of the banks, the Bank for International Settlements (together with other international bodies) is involved in developing and maintaining uniform international minimum standards of supervision on a global scale. Regulators worldwide are required to adhere to these standards if the banks in their jurisdictions are to participate in the international financial markets. In South Africa for example, the Banks Act, 1990 (Act No. 94 of 1990), provides for the regulation and supervision of banks, which banks (other than branches of foreign banks and mutual banks) are required to be public companies (Jurgens, 2012).

Having corporate governance in banks, the company structure offers persons who are equipped with special managerial abilities and skills the opportunity to manage and control the company's business (Jurgens, 2012). This in return will ensure the internal control system of the banks to be performed efficiently and effectively.

2.2 Performance of Islamic Banks in Malaysia

In terms of performance of Islamic banks in Malaysia, they are compatible with conventional banks. This is evidenced by the study by Mohamed Hisham, Junaina and Abdul Razak (2012) in which they found that even though Islamic banks are limited by Islamic tenets in their operations, they are able to maintain a performance that is equivalent to the conventional banks. The finding is supported by Wasiuzzaman and Gunasegavan (2013) where they found that Islamic banking institutions were very profitable having a fix income and improving their assets. For instance, they have found that operational efficiency, asset quality, liquidity, capital adequacy and board independence were higher for Islamic banks as compared to the conventional banks.

In addition, a report in The Star newspaper puts the domestic banking industry's annualized growth to be 9.8 percent, with a 9.5 percent growth in fixed deposits and 9.1 percent growth in savings deposits. However, the performance of all the banks in the country may not necessarily be on the positive side especially since the recent financial crisis of 2007. Banks have managed to pull through but not without some being injured in terms of stock prices or profits (Wasiuzzaman & Gunasegavan, 2013).

Since 2000, the domestic Islamic banking industry has been growing at an average rate of 18 percent per annum in terms of assets (Aziz, 2006). The Malaysian Islamic banking sector continues to outperform the conventional banking sector with average annual asset growth rate of 18.6% during 2008-2012, in comparison to the conventional banking growth of 9.3% during the same period. In addition, the sector is tipped to be the fastest growing segment for the year 2013 with forecasts indicating Islamic banking assets has surpassed USD1.4 tln as at end-Dec 2013 (MIFC, 2014). In this regard, the ability of the Islamic banking industry to capture a significant market share in a rapidly evolving and challenging financial environment particularly in a dual-banking system like Malaysia, is dependent on the strategic positioning of the Islamic banking players to maintain their competitive edge and offer services and products that satisfy the needs of their customers.

A report by Malaysia International Islamic Financial Centre (2012) stated that there were several factors contributed to the strong growth of Islamic banking in Malaysia. These factors include the continuous products innovation, a wide range of innovative Islamic financial products, a large and diverse pool of Islamic finance talent, diversity of financial institutions, a comprehensive Islamic financial infrastructure as well as adoption of global regulatory, legal and Shariah best practice, alongside the unwavering support by the government in providing the impetus for growth of the local Islamic financial services industry (Farah Amalina, Ahmad Shukri & Mustafa, 2013).

2.3 Shariah Compliance

A study done by Ernst and Young in 2013 claimed that the Islamic finance industry has grown on average by almost 20 per cent per annum, a standalone growth excluding the conventional finance sector. The market are eyeing on the development of the Shari'ah-compliant assets and the development are expected to reach a worldwide total worth of about US$1.8 trillion in 2013, and the focus of it is in Islamic sukuk and equity funds (Ho, 2014). In response to the rapid growth and demand of Shariah's- compliant product, Islamic

financial institutions and investment houses are in research of new Shari'ah-compliant asset to meet the growing market demand. Thus, it is vital to have a strong foundation of the Shari'ah standards and compliance in development of the product.
The Shariah-compliant practice is usually referred to the practice of the Prophet Muhammad PBUH which is the practice of Shura group or discussion was conducted among his companions to discuss all matters related to life, muamalah and ibadah. In the context of Shariah compliant practices, the decisions of the corporation should cling on the Shura or consultation between the Shariah Supervisory Board (SSB). As suggested by Muneeza and Hassan (2014), the structure of a good shura system composition may be based on two tier system in which an independent shari'ah board would be setup to safeguard the Islamic value and element of the corporation while the Board of Directors responsible in managing and directing the corporation governed by Shariah laws. Consequent to the Shariah compliant requirement, a Shariah audit shall be carried out to ensure that the operation is comply with the Shariah rules and accountable to God, shareholders, stakeholders and to the society as a whole.

As highlighted by Ho (2014), a Shariah-compliant product should passed the screening criteria which widely adopted by Islamic financial markets which grounded on the criteria consist of two levels which is the business activity in the qualitative aspect screen and financial ratio which oversee the quantitative screen. A basic foundation of shariah-compliant business activity is the profit generated or the income is derived from a Shariah-compliant activities. Profit is prohibited from non-permissible sources, such as gambling; involve elements of “Riba” (interest), “Maisir” (gambling) and “Gharar” (speculative trading). For the financial ratio screen, a company would be accepted as Shariah-compliant if it meets the criteria set in terms of debt ratio, liquidity ratio, interest income threshold and others (Mian, 2008).

The proposed Sadaqa House is in view to be complying with the Shariah-compliant business activity and financial ratio. The concept of Sadaqa House is in accordance to Shari'ah compliance as the pooled fund from the public allow relocation of wealth and promote social well-being in the society. The activity of the Sadaqa House that is accordance to Islamic principles and investments are encouraged in these fields. The principle donated in the fund is pooled and invested in a shariah-compliant investment. The income generated is used to fund the public whilst the principle remains invested. The Sadaqa House applies the concept of sadaqah jariah in which the principle of donor fund will proceed to generate more income for the benefit of the public.

2.4 Operation/Function

It is evident, in both practitioner and academic circles, that there is a debate raging on whether Islamic Financial Institutions (IFIs) have a social purpose beyond their role as a financial institution and what the ambit of this social purpose is, if any. It is posited that IFIs are meant to be socially responsible for two interrelated reasons: their status as a financial institution fulfilling a collective religious obligation and their exemplary position as a financial intermediaries. It is proposed that the guidelines for Islamic corporate social responsibilities should analogously follow a framework similar to that of personal responsibility, based on the dichotomy of permissible and recommended actions on the other. Specific responsibilities within this dichotomy are also framed allowing for a clear structured logic for IFIs to implement policies (Farook, 2014).

Commonly accepted definition of corporate social responsibility (CSR), it generally refers to business decision making linked to ethical values, compliance with legal requirements, respect for people, involvement in social activities, communities, and the environment. CSR reporting and disclosure takes place within a framework of social relations. Therefore, the Islamic perspective of CSR disclosure is an understanding of the concepts of accountability, social justice, and ownership that are central to social relations (Abul Hassan & Sofyan, 2010).

2.5 Technology

The usage of information technology (IT), broadly referring to computers and peripheral equipment, has seen tremendous growth in service industries in the recent past. The most obvious example is perhaps the banking industry, where through the introduction of IT related products in internet banking, electronic payments, security investments, information exchanges banks now can provide more diverse services to customers with less manpower. According to Hassan Ghaziri (1998), this explosion of technology is changing the banking industry from paper and branch banks to digitized and networked banking services. It has already changed the internal accounting and management systems of banks. It is now fundamentally changing the delivery systems banks use to interact with their customers.

Furthermore, A. Radheshyam et al (2013), claimed that first, IT can reduce banks' operational costs (the cost advantage). For example, internet helps banks to conduct standardized, low value-added transactions (e.g. bill payments, balance inquiries, account transfer) through the online channel, while focusing their resources into specialized, high-value added transactions (e.g. small business lending, personal trust services, investment banking) through branches. Second, IT can facilitate transactions among customers within the same network (the network effect).

Other major advantages for the bank including: i) availability of a wide range of inquiry facilities by helping the bank in business development; ii) immediate replies to customer queries; iii) generation of various reports and periodical returns on due dates; iii) fast and up-to-date information transfer enabling speedier decisions by interconnecting computerized branches and controlling offices; and iv) reduce cost by improving the efficiency of employees by automate business processes (Allen, 2003).

2.6 Marketing/Sale

Asadollah et al (2013) study on relationship marketing, six variables (trust, link, communication, shared values, empathy and mutual relations) were considered as the basics of relationship marketing and the relations between these variables and customers' satisfaction of Tehran banks. The finding show that in terms of importance, shared values, mutual relations, trust and link have significant relationship with customer satisfaction on bank services and customer satisfaction has a significant relationship with word of mouth. This relationship marketing approach is looking for creating supportive long term relations with customers.

According to Sudin and Wan (2015), marketing strategy becomes imperative as Islamic banks not only operate in an environment where service quality and financial returns are perceived as the essential criteria from customers' viewpoint, but they must also compete with conventional banks which are known to have better experience and expertise in the banking business. Religious element, which was once thought as the major factor that drives Muslims to use Islamic banking facilities offered by Islamic banks, has now become irrelevant to Muslim customers. Coupled with an increasing competitive environment from both Islamic and conventional banks and changes in customers' perception; it is of paramount importance for Islamic banks to assess the effectiveness of their marketing strategy. Current marketing strategies of Islamic banks in Malaysia are related to product, pricing, promotion, distribution channel, and human resources. They found that the newest Islamic bank and Islamic banking department of conventional banks have more aggressive marketing objectives than the pioneering Islamic bank.

3. Methodology

The topic area is still in conceptual and proposal in nature. There is lack of information regarding its implementation available. Due to that reason, the study was conducted by having in-depth interview with the relevant bank officers in acquiring their view regarding the viability of having the Sadaqa House as part of Islamic banking system. Interview method is chosen since it becomes evident that one of the big advantages of using interviews is that whilst data collection (interviewing) might be more demanding than distributing, say, online questionnaires, designing an interview schedule, is much easier, and requires much less pre-knowledge than designing a well-constructed questions. Interviews are generally used in conducting qualitative research, in which the researcher is interested in collecting "facts", or gaining insights into or understanding of opinions, attitudes, experiences, processes, behaviors, or predictions. Interviews can be conducted either with one person, individual interviews, or with a group of people, focus groups (Jeniffer, 2012).

This research applied focus group discussions with bank operational managers from four Islamic banks in Klang Valley – first stage to get general idea of acceptance from Bank A1, B, C and D). At second stage, in-depth discussion has been conducted with eight bank officers from different departments from bank B (later known as B2) to get their views on having Sadaqa House in banking industries. Before getting their views, they were explained further regarding the proposal of having Sadaqa House in Islamic banking industry. Most of them were never heard about the idea earlier. Once they have understood the concept and proposed operational structure of Sadaqa House, the researcher asked their opinion regarding the proposal.

In addition to that, in-depth interview was also conducted with one person at a point of time. This study managed to have in-depth interview with one Assistant General Manager of an Islamic bank (Bank A2) in Malaysia to get his views on Sadaqa House proposal. Since he has understood the general idea of Sadaqa House, the researcher directly asked his views regarding the viability of having the institution under Islamic banking industry.

4. Findings

The Sadaqa House is proposed to collect funds from the clients. It may accept as minimum as RM10 at one time, anywhere through deposit, bank transfers, salary deduction, etc. The funds will be kept in one account for investment for a specific period of time. The profits generated from the investment would be divided into several portions. The main portion is for disbursement to the recipients. Some other portion could be reinvestment and to cover Sadaqa

House operational costs. The principle amount of donation will be retained in the account to be reinvested.

As per proposal, the form of Sadaqa House institution is still open for further study. However, it is proposed that the institution should be wholly-owned, or at least majority-owned by the Islamic banking group or Islamic bank. The institution also should hold the license or approval from the authority for the purpose of maintaining effective control (Abdul Halim Ismail, 2015).

4.1 Shariah Compliance

Generally, all the respondents (A1, A2, B1, B2, C and D) have agreed that the operation of Sadaqa House is in line with Shariah principles. This is due to the concept of sadaqa itself which is highly recommended in Islam. However, the structure of the Sadaqa House should be further explained in detail in order to conclude that its operation is complies with Shariah precepts. For example, the common method of sadaqah in Islam is that, the amount of sadaqah should be directed to the beneficiaries. However, Sadaqa House was proposed to retain the sadaqah money for the investment. The hukm of retaining the principle amount of sadaqa should be further studied (Respondent A1, B1, B2, C and D).

In addition to that concept of principle retained, B2 also opines that there are few other things need to be researched further. They are distribution rate of profit sharing and management or operational fee charged on the customer or principle donated. The hukm of these items should clear and transparent to both operator and donator before the decision of having Sadaqa House is concluded.

However, Respondent A2 opines that as long as there is transparency by the institution to its client, and the clients are willing to donate, given that they understood the operational structure of the Sadaqa House, it should be no shariah issue. As far as investment channel is concerned, A2 said that Islamic bank has its own Shariah Advisory Council to monitor their operation. Again, there is no shariah issue in investment activities of proposed Sadaqa House. This is opportunity to Sadaqa House to be an Islamic banking product.

4.2 Operation/Function

Operation of the proposed Sadaqa House is almost similar to what banks have. All respondents do agree that if the Sadaqa House is to be implemented, the banks are ready. This is due to the reason that, without Sadaqa House, they already have their own corporate social responsibility projects. Even, two of them (A1 and A2) said that their banks already have specific projects on waqf. The waqf project is a collaborative project between their bank and one of the State Islamic Religious Council (SIRC) in Malaysia. Respondent B also agreed with the statement since their bank has one specific department that manage waqf project, also in collaboration with one SIRC.

In term of operational cost, A2 responded that they would incur additional cost but the cost is moderately low since the Sadaqa House would involve almost the same staff, specialists and managers, if it is to be operated by the bank. Other respondents (A1 and B) said the bank may convert their existing corporate social responsibility department or unit to Sadaqa House unit since they have the same objective with the objective of Sadaqa House. The proposed operation of Sadaqa House might be different with theirs, but the existing operational structure can be amended to have one mutual agreement on the operational structure of Sadaqa House.

On the other hand, B2 opines that the operation of Sadaqa House is somewhat similar to the operation of Islamic fund management. Therefore, they suggested that the framework should clearly define the involved parties in managing the Sadaqa House. This might include bank, Sadaqa House (subsidiary/ Islamic fund manager), trustee and distribution agency.

4.3 Technology

Similar to operation, the respondents (A1 and B2) do agree that they already have banking computerized system that might be suitable with the proposed operation of Sadaqa House. Sadaqa House might have some difference in term of regular banking operations, but since the main functions of Sadaqa House are similar to what banks have, there might be slight additional costs incurred to modify the system. But the costs will not be too much.

4.4 Marketing/Sale

As far as marketing is concerned, respondent A2 said that Islamic bank should have their marketing strategy to approach the right customer at the right point of time. The term ‘marketing’ is no longer suitable for that case. ‘Sale’ is more concise to define the strategy that the bank should take in order to promote their new or existing products to the customer.

It is similar to Sadaqa House. If it is to be offered by bank, the bank should take proactive initiative to attract their customers to donate through the institution. This sale will incur some costs, but the costs could be covered by the profit generated from the product. Again, there will be not much disadvantage on the bank side in term of marketing or sale for the proposed Sadaqa House.

4.5 Regulation

Sadaqa House main operation which is collecting funds for investments and disbursing profits to the recipients while maintaining the principle funds/donation for reinvestment do not fall directly under any definition of ‘Islamic banking business’ in the Islamic Financial Services Act (IFSA) 2013. The IFSA 2013 defines Islamic banking business as (a) accepting Islamic deposits on current account, deposit account, savings account or other similar accounts, with or without the business of paying or collecting cheques drawn by or paid in by customers; (b) accepting money under an investment account; (c) provision of finance; and (d) such other business as prescribed in Section 3 – any recommendation of the Central Bank to have additional business or activity as an addition to the definition of Islamic banking business (IFSA 2013, Section 2 and 3(a)).

Therefore, if the Sadaqa House is to be operated directly under Islamic banking institution, its function must be first approved by the Central Bank of Malaysia. In other words, the activity or function of Sadaqa House should be defined clearly by the IFSA 2013 or the Central Bank of Malaysia at the first place. In order to have this into reality, it might take few years with a first step taken.

It is recommended that the Sadaqa House to be operated by subsidiary under Islamic bank or Islamic banking group. If that is so, the mandate for the institution is no longer falls directly under the Central Bank of Malaysia. It might fall under the jurisdiction of the Securities Commission or Companies Commission of Malaysia, depending on the proposed operational structure of the Sadaqa House.

However, if the Sadaqa House is operated by a subsidiary, it will incur higher cost as compared to if it is operated directly under Islamic bank (A2). The additional costs involved due to requirement of new staff and independent system for the institution.

5. Recommendation

Based on the findings above, it is suggested that the structure of Sadaqa House should be clearly define. The structure takes into consideration the four parties involved in operating Sadaqa House if Sadaqa House is operated by a subsidiary, Islamic bank as a parent bank, Sadaqa House as Islamic fund manager, trustee and distribution agencies. The Islamic bank will collect funds from donator as well as inject some funds (qard) to the Sadaqa House. Sadaqa House will manage and invest the funds and deal with the trustee who will invest the funds. Finally, distribution agencies will play roles to distribute profits to the rightful beneficiaries. However, distribution functions will only be managed by the distribution agencies at the early stage of Sadaqa House operation. Once the Sadaqa House has strong governance, it will distribute the profits by its own in the long-run.

6. Study Limitation

There are several limitations in conducting the research. Firstly, since Sadaqa House proposal is an innovation and it is the first of its kind in the banking sector, there is no relevant literature to be referred to. This exploratory study is conducted based on conceptual study of sadaqa, banks characteristics, functions, performance and governance. Secondly, there is no endorsed operational structure for the Sadaqa House. In order to overcome this limitation, the study proposes an operational structure of Sadaqa House based on the findings from interview and focus group discussion sessions in order to realize the suitability of the Sadaqa House to be operated by the commercial banks. Thirdly, the time allocated for the research is also limited. Due to that, the study managed to get respondents for interview and group discussions from two Islamic banks only. Finally, it is quite hard to get response from bank to get an appointment date. However, once appointment has been set up, their feedback and cooperation in providing information need was very impressive.

References

Abbas Mirakhor. (2009) Recent Crisis: Lessons for Islamic Finance. Issue 173, October – December 2009. www.newhorizon-islamicbanking.com.

Abdul Halim Ismail. (2015). The Concept of Sadaqa House: A Proposal for an Inclusive Islamic Banking and Finance System by Embracing the Social Welfare Sector. Keynote Address at the 6th Asia Islamic Banking Conference.

Abul Hassan & Sofyan Syafri Harahap. (2010). Exploring corporate social responsibility disclosure: the case of Islamic banks. International Journal of Islamic and Middle Eastern Finance and Management, Vol. 3(3), 203 – 227.

Dusuki, A.W. (2014). Group Based Lending Scheme and Ibn Khuldun's Social Solidarity. Islamic Finance for Micro and Medium Enterprise, 16-36.

Dyson, R. G. (2004). Strategic Development and SWOT Analysis at The University of Warwick. *European Journal of Operational Research*, 152, pp. 631 – 640.

Farah Amalina Md Nawi, Ahmad Shukri Yazid and Mustafa Omar Mohammed (2013). A Critical Review for Islamic Banks Selection Criteria in Malaysia. *International Business Research*, Vol. 6(6), pp. 143 – 151.

Federal Constitution. (2006). Kuala Lumpur: The Commissioner of Law Revision, Malaysia.

Financial Systems in Malaysia. (n.d.) Retrieved from www.kpmg.com.my/kpmg/publications/tax/I_M/Chapter5.pdf

Ho, C,S.F. (2015). International comparison of Shari'ah Compliance Screening Standards. International Journal of Islamic and Middle Eastern Finance and Management, Vol. 8(2), 222 -245.

Iqbal, Z. and Mirakhor, A. (2007), An Introduction to Islamic Finance: Theory and Practice, John Wiley and Sons Ltd, Chichester.

Islamic Financial Services Act 2013 (Act 759) & Orders. (2014). Selangor: International Law Book Services.

Jennifer R. (2012). Conducting research interviews. Management Research Review, Vol. 35(3/4), 260 – 271.

Jurgens, J. J. (2012), The management of banks in South Africa: legal and governance principles. PhD Thesis, University of Johannesburg.

Kashif M.S.,and Sarifuddin A.H. (2015). Charity donation: intentions and behavior. Marketing Intelligence & Planning, Vol. 33(1), 90 – 102.

Lwin, M., Phau,i., and Lim,A. (2013). Charitable donations: empirical evidence from Brunei. Asia-Pacific Journal of Business Administration, Vol. 5(3), 215 – 233.

Malaysia International Islamic Financial Centre (MIFC) (2014). Islamic Finance Industry Outperforms in 2013. http://www.mifc.com/. Retrieved 6 July 2015.

Mian, K.M. (2008). Shariah Screening and Islamic Equity Indices. Hedge Fund.

Mohamed Hisham Yahya, Junaina Muhammad and Abdul Razak Abdul Hadi (2012). "A comparative study on the level of efficiency between Islamic and conventional banking systems in Malaysia". *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 5(1), pp. 48 – 62.

Monthly,www.eurekahedge.com/news/08_august_EH_IFN_Vol5_Iss17_Shariah_Screening_and_Islamic_Equity_Indices.asp (accessed 12 June 2015).

Muneeza, A., Hassan, R. (2014). Shari'ah Corporate Governance: The Need for a Special Governance Code. Corporate Governance, Vol. 14(1), 120 – 129.

Parker, D. (2011), "Malaysia's Islamic banking continue to be resilient", Arab News, 17 April, available at: www.Arabnews.com.

Sayd Farook (2014), A Standard of Corporate Social Responsibilities for Islamic Financial institutions: A preliminary Study, Islamic Finance for Micro and Medium Enterprises, Research Gate.

Wasiuzzaman, S. and Gunasegavan, U. N. (2013). "Comparative study of the performance of Islamic and conventional banks", *Humanomics*, Vol. 29(1), pp. 43 – 60.