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Securitization is the process of transforming illiquid assets into rated long-term marketable securities that measures the relationship between securitized assets and market spread. The previous researches provided some evidences on the relationship between the nature of the assets and the primary market spread. Their models provide predictions on how other pricing characteristics affect US and Euro markets. However, emerging markets, notably Malaysia, remain to be testified, and hence these pending results have motivated this study to testify other tests with reference to the Vink Model to fill the literature gap. Further research found that although credit ratings are the most important variables to determine loan spread at issue date, investors appear not to rely exclusively on these ratings, as well as liquidity and leverage beyond the assigned credit rating. The first objective statement to provide empirical contribution variable such as Liquidity and Leverage as determinant of the primary market spread based on Vink regression model of 2008 and 2012. The result shows that liquidity and leverage are significant determinant in the regression model. The next objective is to test the model of determinant of the primary market spread, the goodness fit model shows that all F-statistics are significant from models 1 to 6. Finally, the objective is to examine both internal (firm specific) and external (macroeconomic market condition) determinants of the primary market spread. It is interesting to note that the coefficients of the variable lose its explanatory power when other macroeconomic and financial indicators are controlled for. These results are testified as the study employs recently developed Panel Data approach and Least Method Regression analysis for the study periods of 2004-2012, eleven hypotheses support that their determinants have relationship with primary market spread. The results also verify that marketability characteristics represent the most important group in explaining loan spread variability in internal determinant. Likewise, the transaction size is the most important variables to determine loan spread at issue date. However, for macroeconomic market condition factor of determinants, capital structure characteristic plays main roles where interest and inflation are the main determinants for the primary market spread. As such, the study concludes that the selected determinants are helpful to issuers of bonds to offer alternative cheaper financing cost to their respective originators and better investment return to portfolio managers, and hence could stimulate the strong growth of the Malaysian securitization market in particular and capital market in general.

Microtakaful is one of the mechanisms to alleviate the poverty and to provide necessary protection to low income and the poor. The purpose of this research is to investigate the need for protection (microtakaful) among low income and the poor respondents and finally to develop a suitable microtakaful model based on the findings of the survey, theories and literature reviews. Firstly, need for protection was examined by investigating respondents’ demographic profile, their exposure to risks, vulnerability (copying strategies), their financial literacy (ability to save and indebtedness), the awareness level, their capacity to contribute, attitude and trust towards takaful or insurance. Secondly, a new variable namely capacity to contribute was established to investigate the statistical relationship with the need for protection. Thirdly, this study employed income and education level as moderators to moderate vulnerabilities and need for protection. The objective is to find the moderation effect of income and education level on vulnerabilities and need for protection. Another new moderator namely government role is employed to test the relationship between capacity to contribute and need for protection. Fourth, this study also investigates respondents’ protection and contribution method preferences, mode of contribution and finally an affordable amount that they are willing to part with on a monthly basis. Need for protection would reflect the potential demand for these population; low income and poor. A face-to-face survey via 760 questionnaires from low income and poor group with household monthly income of RM2,000 and below has been conducted in Kedah, Kelantan and Terengganu. Data was collected and subsequently analyzed to gauge on how microtakaful will be able to assist them in uplifting their economic status. A Structural Equation Modeling (SEM) technique by using AMOS 20.0 software is applied to this research. Six hypotheses namely risks exposure (H1), vulnerability (H2), awareness level (H3), attitude and trust (H4), ability to save (H5) and capacity to contribute (H6) on the relationship with need for protection were examined. Another three hypotheses namely income level (H7), educational level (H8) and government role (H9) were examined under moderation effect. Results indicated that five hypotheses (H1, H2, H3, H5, H6) and government role (H9) out of six hypotheses are statistically significant. However, hypothesis H4 (attitude and trust) was rejected because it was not found to be significant in the hypothesized direction. Hypotheses of income level (H7), education level (H8) and government role (H9) found to be statistically significant and have moderating effects. The eventual Microtakaful Model is proposed at the end of this research will include government role and relevant mechanisms that will be specially designed for the Malaysian low income and poor. A model will assist takaful operators and the government in serving this niche population. By establishing the model, optimistically low income and poor could have their own microtakaful scheme which should be able to provide sufficient benefits thus preventing them from being trapped in the poverty cycle permanently. Nevertheless, the intervention and support from government is vital in providing the financial capacity for low income and poor to have the needed protection.