

UNIVERSITI TEKNOLOGI MARA

STUDENT'S AWARENESS AND

PERCEPTIONS REGARDING

ISLAMIC CAPITAL

MARKET IN UITM MACHANG

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Thesis submitted in fulfillment
of the requirements for the degree of
Bachelor of Muamalat

**Faculty of Academy of Contemporary Islamic
Studies (ACIS)**

January 2025

ABSTRACT

Despite being a vital tool for enabling Shariah-compliant investments, students' knowledge and comprehension of the Islamic capital market (ICM) is still disproportionately poor. Misconceptions and a lack of clarity on the ICM's principles and operations are caused by a lack of educational tools and engagement opportunities. This study attempts to address these issues. Lack of access to a variety of modern educational resources makes it difficult for many students to make the connection between the theoretical knowledge they acquire in the classroom and its practical applications. Because of this, the common misconceptions reinforce the false belief that Islamic finance is similar to conventional finance, which discourages people from looking into job prospects in the ICM. The study lays out three main goals to investigate these issues: analysing existing educational programs related to the ICM, examining students' attitudes and perceptions of Islamic finance, and gauging students' overall ICM knowledge. This study is important because it can shed light on the obstacles that students encounter and emphasise the need for creative teaching methods. Realistic tactics like improved industry-academic collaborations, networking gatherings, and the incorporation of internet resources might give pupils the crucial exposure they require to comprehend moral investments that are in line with Islamic values. Finally, enabling students to interact with the ICM requires building financial knowledge and clearing up misconceptions. The goal of this research is to educate industry stakeholders and educational institutions about the reforms that are required to empower students and develop a new generation of skilled professionals in the Islamic finance sector who will be able to positively impact a financial landscape that is becoming more and more diverse.

Meskipun merupakan alat penting untuk memungkinkan pelaburan yang mematuhi Syariah, pengetahuan dan pemahaman pelajar tentang pasaran modal Islam (ICM) masih terlalu rendah. Kesalahfahaman dan kekurangan kejelasan tentang prinsip dan operasi ICM disebabkan oleh kekurangan alat pendidikan dan peluang penglibatan. Kajian ini berusaha untuk menangani isu-isu ini. Kekurangan akses kepada pelbagai sumber pendidikan moden menjadikan sukar bagi banyak pelajar untuk menghubungkan pengetahuan teoretikal yang mereka perolehi dalam bilik darjah dengan aplikasi praktikalnya. Disebabkan oleh ini, kesalahfahaman umum mengukuhkan kepercayaan palsu bahawa kewangan Islam adalah serupa dengan kewangan konvensional, yang menyebabkan orang tidak berminat untuk mencari prospek pekerjaan dalam ICM. Kajian ini menetapkan tiga tujuan utama untuk menyiasat isu-isu ini: menganalisis program pendidikan sedia ada yang berkaitan dengan ICM, mengkaji sikap dan persepsi pelajar terhadap kewangan Islam, dan menilai pengetahuan keseluruhan pelajar tentang ICM. Kajian ini penting kerana ia dapat menjelaskan halangan yang dihadapi oleh pelajar dan menekankan keperluan untuk kaedah pengajaran yang kreatif. Taktik realistik seperti kolaborasi industri-akademik yang ditingkatkan, pertemuan rangkaian, dan penggabungan sumber-sumber dalam talian mungkin memberi pelajar pendedahan yang penting yang mereka perlukan untuk memahami pelaburan moral yang sejajar dengan nilai-nilai Islam. Akhirnya, membolehkan pelajar untuk berinteraksi dengan ICM memerlukan pembinaan pengetahuan kewangan dan menghapuskan kesalahfahaman. Tujuan penyelidikan ini adalah untuk mendidik pihak berkepentingan industri dan institusi

ACKNOWLEDGEMENT

First and foremost, I want to sincerely thank Allah SWT for giving me the fortitude, endurance, and patience I needed to finish my thesis. This undertaking would not have been feasible without His direction.

My profound gratitude goes out to my supervisor, Dr. Ahmad Murshidi bin Mustapha whose exceptional assistance, insight, and encouragement were crucial to this study process. Your enlightening criticism and steadfast faith in my abilities have been a source of inspiration.

I want to express my gratitude to every student who answered my survey questions and shared their understanding on the Islamic capital market. Your readiness to contribute your ideas and experiences was essential to this study's success.

I want to express my gratitude to my family for their continuous love and support. Throughout this difficult time, your support and understanding have been tremendous. I am particularly appreciative of my parents for teaching me the importance of perseverance and diligence.

Last but not least, I want to dedicate this thesis to anyone who wants to comprehend and value how the Islamic Capital Market promotes moral financial behavior. It is my goal that this effort may help students and others become more conscious and understanding.

TABLE OF CONTENTS

	Page
CHAPTER 1 INTRODUCTION	1
1.1 Research Background	1
1.2 Problem Statement	2
1.3 Objectives	4
1.4 Significance of Study	4
1.5 Conclusion	6
CHAPTER 2 LITERATURE REVIEW	8
2.0 Introduction	8
2.1 Overview in Islamic Capital Market	8
2.3 Components of Islamic Capital Market	10
2.4 Ethics of Islamic Capital Market	11
2.5 Islamic Equity	12
2.6 Sukuk Market	14
2.6.1 Ijarah Sukuk	15
2.6.2 Sukuk Mudharaba	16
2.6.3 Sukuk Musharaka	17
2.6.4 Sukuk Murabaha	18
2.7 Conclusion	19
CHAPTER 3 RESEARCH METHODOLOGY	20
3.0 Introduction	20
3.1 Sampling Method	21
3.3 Sampling Size	22
3.4 Conclusion	22

CHAPTER 1

INTRODUCTION

1.1 Research Background

The Islamic capital market (ICM) conducts transactions in a way that is consistent with Islamic teachings and Muslims' ethical convictions. Operating on core principles including the proscription of *riba* (usury), *gharar* (uncertainty), and *haram* (forbidden) activities, the ICM is a growingly important participant in the field of ethical and socially responsible investing, encouraging risk-sharing and moral investing (Uddin,M.,2015). The ICM plays a crucial role in Malaysia's entire capital market and makes a substantial contribution to the country's economic expansion. It enhances Malaysia's Islamic financial markets by functioning in tandem with the traditional capital market and bolstering the Islamic banking system. At the moment, Malaysia's ICM is still a desirable choice for all stakeholders. To provide crucial infrastructure assistance, the Securities Commission (SC) moved quickly to create a separate Islamic Capital Market Department (ICMD) (Securities Commission Malaysia, n.d).

The ICMD is in charge of development and research, as well as devising a long-term strategy to strengthen Malaysia's ICM. Malaysia has also driven innovation by establishing a two-tier Shariah governance system for the ICM. The National Shariah Advisory Council (SAC), created in May 1996, is governed by the Securities Commission Act and has the authority to issue verdicts. (Securities Commission Malaysia, n.d). Essentially, Islamic equities and Sukuk comprised the commodities exchanged in the ICM. ICM plays an important function in fulfilling its raison d'être of shifting funds from surplus to deficit units of the economy. The rise of ICM has captured the attention of institutions and investors all across the world. In particular, this is the case in countries with a majority Muslim population, where shariah compliance is a need for advancing financial inclusion (Alshater et al.,2021).

The existence of an Islamic capital market is essential for the identification of permissible investments or transactions and the exclusion of haram ones. The objective of this research is to conduct a critical analysis of the current products, emphasising