



**UNIVERSITI TEKNOLOGI MARA
MELAKA CITY CAMPUS**

**FACTORS AFFECTING THE SHARIAH INDEX IN
MALAYSIA**

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“DECLARATION OF ORIGINAL WORK”

I, NORFARHANA BTE AZERUDDIN , (I/S Number: 890204-01-5982)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature :

Date:

LETTER OF SUBMISSION

20 APRIL 2011

The Head Of Program
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Dear Sir / Madam

SUBMISSION OF PROJECT PAPER

Attached is the project paper title “ Factors Affecting the Shariah Index in Malaysia” to fulfill the requirement as needed by the Faculty of Business Management , Universiti Teknologi MARA.

Thank You

Yours sincerely,

NORFARHANA BTE AZERUDDIN

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Bachelor of Business Administration (Hons) Finance

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ABSTRACT

The focus of this study is to investigate on the factor that effect the shariah index in Malaysia. The researcher focuses on interest rate, currencies and inflation rate. This study will focus on the data collection in the data stream related to the Macro economies information in Malaysia for the past 5 year's period range from November 2006 to August 2010. These studies will only covered non-financial listed public companies on The Bursa Malaysia which have been selected as Shariah

Compliance Index by using systematic sampling. The objectives of this study is to provide a relevant information and important implication for public policymakers, financial managers and investors on how common stock returns react to factor that's that will be affect to Shariah Compliance Index besides enhances the demand of the stock . The shariah compliance price will use as a dependent variables. While Based Lending Rate (BLR), USD Exchange Rate and inflation rate are consider as independent variables. This study will use single regressions as a method to understand the relationship between dependent and independent variables.