THE IMPACTS OF REVISED SHARI'AH SCREENING METHODOLOGY ON STOCK MARKET RETURN: EVIDENCE FROM TRADING/SERVICES SECTOR.

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ABSTRACT

The shariah screening process was first introduced on 1995 and had been practiced until now. This process is undertaken by the Shariah Advisory Council (SAC). Recently on June 2012 the Security commission had announced the revision of shariah screening methodology and was implemented on November 2013. Therefore, the objective of this paper is to investigate the impact of revised shari'ah screening methodology on stock market returns of 100 trading or services companies that are listed on shariah-compliance securities. This study aims to see whether the revised shari'ah screening methodology will impact the stock market performance before and after it were implement by using daily stock price and shari'ah index for 60 days before and 60 days after to calculate the abnormal return and using a matched pair t-test to measure the before and after comparison.

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